

Case study - working without a fixed retirement age

Stoke on Trent College

Case summary

- Project:** Retaining older workers as part of strategic workforce and succession planning.
- Profile:** A total of 956 employees; a significant 7 per cent (69) staff are aged 61+ and 18 staff (2 per cent of the workforce) are over the age of 65.
- Approach:** Using the Employment Equality (Age) Regulations 2006 to remove the clause that required staff on permanent contracts to retire at the default retirement age; agreement with trade unions, board approval; agreeing flexible working arrangements with individuals who wish to continue working; succession planning to strengthen internal capacity and ensure continuity when members of staff retire.
- Impact:** Retaining knowledge and skills in key areas; age discrimination claims avoided; older workers feeling valued.

Case study – working without a fixed retirement age

Despite having a set retirement age prior to the Employment Equality (Age) Regulations 2006, some staff in the college had been working beyond this for some time. Stoke on Trent College saw the legislation of 2006 as an opportunity to remove the set retirement age, continuing to place the emphasis on retaining the valuable knowledge and skills that resided with older staff, and supporting them to continue in their jobs.

The HR Director says:

“The change from having a set retirement age did not in reality make a great deal of difference, as the practice of staff carrying on working where they wished to do so was already taking place; those who wanted to carry on working in the college accepted it as a reasonable way of prolonging their employment.”

Drivers for removing the set retirement age

If they wished to do so, employees in the college who were approaching the set retirement age initiated discussions about their options for carrying on working. The college facilitated such discussions. If the member of staff chose not to initiate a discussion they were allowed to continue working as normal.

Initially, the policy operated on an informal basis, and this helped the college to develop and implement a formal policy when the 2006 regulations were introduced. The college assessed the implications of the regulations and how they would work to the mutual benefit of the individual and the organisation.

“We anticipated that in due course a mandatory retirement age would be deemed age discriminatory and put forward a proposal to the remove the clause for retirement at age 65 from all our contracts of employment.”

Stoke on Trent College formalised the policy as part of its workforce and succession planning policies and procedures. It was necessary to involve the unions to negotiate a change in the contract wording to remove all references to a retirement age.

“The negotiations with the trade unions that resulted in a collective agreement were an essential part of the change in formal policy.”

Removing the fixed retirement age

The college reviewed its equality policies and procedures and considered how the legislation would enable the retention of its key staff, in particular, older staff with skills and knowledge across different areas of the organisation. The 2006 regulations helped the college to formalise this arrangement and to take a more strategic approach to staff working beyond the retirement age. Previously, staff would approach the college and ask to continue in their jobs rather than the college requesting staff to work beyond 65. In some instances, part of the agreement with the individual staff member would include a reduction of working hours or other flexible working arrangements.

Initial impacts

- Retention of those staff those staff wishing to continue working.
- Continuation of the service the college provides.
- Savings on recruitment/replacement costs.
- Age discrimination claims avoided.

“Staff who wanted to retire did so and those wishing to continue working discussed this with the college. Staff are now aware that removing the fixed retirement age means they do not have to request to continue working if they do not want to retire.”HR Director

Bedding in the changes

After 2006, the policy to retain staff who wanted to continue working in the college was formalised in all staff Contracts of Employment. This involved writing to inform staff of the contractual change and stating that staff of pensionable age were simply free to retire when they chose to do so – the sixty-fifth birthday therefore ceased to have any contractual significance. HR would discuss the options available to the individual on request.

“All pressure on staff to retire at a particular point in time has been removed. Most staff still make a life choice to retire when they reach pensionable age but the key point is that they are free to choose.”

Removing the fixed retirement age has been a seamless transition because of the way the college managed its employment contracts previously.

Key learning points for the college

The HR Director highlights the following as the key learning points from working without a fixed retirement age:

Retaining older staff

Retaining staff who have reached the age at which they can retire can make succession planning difficult. For example, a person might wish to continue in a role indefinitely. While the college always kept this under review, it created a strategy around the eventual replacement of the person in the role.

The importance of succession planning

- The college manages the succession issue by putting a bridging process in place at middle and senior management level. This allows the organisation to identify and train potential successors to be ready to apply to replace the manager who is retiring.
- At other levels, the college uses its CPD arrangements to strengthen internal capacity by developing staff to succeed more senior staff when they retire. The college believes that such advance planning helps to ensure older staff are valued in the same way as other staff whilst protecting the continuity of its services.

Balancing individual and organisational needs

- It is an advantage to be proactive in the process of discussing retirement options prior to the decision being taken by the individual.
- It is important to be flexible about working options for workers of all ages and to link this to organisational needs.
- College staff, in particular line managers undertaking performance reviews, need to manage and support workers of all ages consistently.

Restructuring can greatly affect the college's ability to retain valued older workers. Many older staff have taken the option to volunteer for severance and redundancy as the financial gain was an attractive option in their situation.