

**Category: Retirement****Organisation: The Co-operative Group****Date: October 2007****EFA overview**

For the Co-operative Group it doesn't make sense to force someone to retire when they reach a certain age. They don't want to lose skills and experience from the business, and pay to recruit a new person who will take months to be trained, when they already have someone who is ready and willing to perform to a high standard? Removing the retirement age allows the Group to ensure that it is able to tap into the best of the talent that is available.

**The initiative**

To remove the fixed retirement age across the group of businesses and develop a new flexible pension policy.

**Aims and purpose**

- To ensure that the Group was able to keep talented employees
- To ensure capability was not being judged by age
- To ensure that people of all ages would feel welcome within the Group.

**Business drivers**

- Changing Demographics
- Aligning policy with the organisation's values and principals; in particular meeting the ethical responsibility of not forcing people to retire where that may impact their financial situation
- The likelihood of review in legislation (2011)
- A desire to be a best practice employer

**Approach taken**

As part of the overall project to look at the changes that would be required to comply with the Age Regulations, a specific project team was assigned to look at retirement age. This involved representatives from Employee Relations, Human Resources Shared Service, Talent, Financial Services, Retail and Specialist Retail, with project management responsibility within Diversity.

The Co-operative Group worked closely with the EFA to understand the implications of retirement age removal and came to the conclusion that it was the right way to proceed. They then proceeded to gain buy-in with both trading Group and CFS executives and other stakeholders, and make all policy and process changes as required.

A great deal of work was done to ensure that managers and employees understood the nature of the changes taking place. This included a communications campaign, training on age discrimination to all managers in the business and a letter sent to all employees who were over 55. This meant all employees affected by the change clearly understood the new choices

available to them and managers were clear on how the process needed to be managed.

## **Barriers**

There was a great deal of resistance to removal of retirement age, especially as for many of the key decision makers it represented something quite personal to them. It was difficult to make them understand that removing the retirement age and introducing flexibility around how pensions could be taken merely increased choice, and was not being forced on all employees.

This barrier was overcome by educating the executive team - on a one to one basis as required - and explaining why removing retirement age was the right decision to take based on a robust business case.

Once the Executive team realised it was about 'choice', and the financial implications of the change from a redundancy and pensions perspective had been clarified, they were convinced to go ahead.

The Co-operative Group also formulated clear retirement policies in the Retail and Financial Services businesses that outlined the reasons for making the changes.

## **Impact**

Since October 2006 the number of employees over the age of 65 in the business has increased from 758 then to 855, a 13% increase in this employee group. Further to this, nearly 50% of those who turned 65 in the period elected to remain in work.

Group figures show that it costs in the region of £750 to recruit a member of store staff. Retaining these employees has saved the business approximately £71,000 in direct recruitment costs. This is without factors such as re-training and efficiency impacts being costed in.

Overall, the Group's assessment is that both the business groups and employees have welcomed the approach taken.

The changes made have also enabled The Co-operative to be recognized as one of the leading employers when it comes to tackling age discrimination, including recognition as an Age Positive employer champion by the DWP.

Most importantly, the changes made are giving employees of all age groups opportunities to continue to be assets to the business.

As a 66 year old employee in the Funeralcare business comments: *'We have a lifetime of experience to offer, and it's a two way street, because the flexible working and lower levels of stress really suit my needs.'* He adds: *'You're never too old to learn, and I've found out about other faiths and cultures in this role which has been amazing. I'll carry on for as long as I can.'*

## Monitoring

Human Resource management information systems are used to track changes across any age group. The Group's age profile and changes in employee numbers aged 65+ are reported each period in the summary dashboard highlights.

Further to this employee engagement surveys are conducted in retail and financial services businesses on a yearly basis. Engagement scores are analysed by different age groups and the impact of the new retirement policy will be studied in this year's survey.

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