

REPORT TO: Executive Board

DATE: 15th December 2011

REPORTING OFFICER: Strategic Director – Policy and Resources

PORTFOLIO: Resources

TITLE: Local Government Pension Scheme (LGPS) – Policy Discretions and Statements

WARD: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to outline those aspects of the Pension Regulations that are subject to employer discretion and to review the discretions that the Council adopts and seek approval for the discretions from the Board.

2.0 RECOMMENDATION: That the Board approves the LGPS Pensions Policy Discretions and Statements as contained in the attached scheme and as, in the case of augmentation, further detailed in the Staffing Protocol.

3.0 SUPPORTING INFORMATION

3.1 Employees of Halton Borough Council, other than teachers, have an option to join the Cheshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

3.2 The Scheme allows for employers to exercise certain discretions and to publish those discretions in an annual scheme. The council is required to publish an annual statement setting out which discretions it intends to adopt.

3.3 This policy forms an integral element in the Council's overall approach to the management of its employees – its H.R. Management. It has been negotiated and agreed with the Trade Unions.

4.0 REVIEW

4.1 This policy will be reviewed on an annual basis by the Council to consider its continued appropriateness in the light of changes in regulations and other circumstances.

5.0 POLICY IMPLICATIONS

5.1 Although the provisions contained within the scheme are discretionary, this Policy and the terms for Voluntary Early Retirement, as contained in the Staffing Protocol, give guidance on the exercise of those discretions.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The exercise of these discretions require approval of the relevant Strategic Director in consultation with the Executive Board Member for Corporate Services and will only be approved in the interests of the efficiency of the service. The advice of Accounts and H.R. must be sought when exercising these discretions.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 Children & Young People in Halton

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities and ensure that there are no implications for the children and young people in Halton.

7.2 Employment, Learning & Skills in Halton

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

7.3 A Healthy Halton

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

7.4 A Safer Halton

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

7.5 Haltons' Urban Renewal

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

8.0 EQUALITY & DIVERSITY ISSUES

Application of these discretions must be applied consistently and fairly to ensure that unlawful discrimination does not take place. Human resources processes have been robustly tested over time and have been subject to consultation to reach agreement with trade union colleagues.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

HALTON BOROUGH COUNCIL

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

PENSIONS POLICY DISCRETIONS &

STATEMENTS

1.0 INTRODUCTION

- 1.1 The Local Government Pension Scheme (LGPS) has two sets of regulations – The Administration Regulations 2008 and The Benefits, Membership and Contributions Regulations 2007.
- 1.2 Regulation 66 of the Administration Regulations 2008, require the Council to produce and publish written policy statements on certain discretions contained within the LGPS Regulations. These are set out in sections 2 to 5 of this document.

2.0 INCREASE TOTAL MEMBERSHIP OF ACTIVE MEMBERS REGULATION 12 (BR) REGULATION 40 (AR) -AUGMENTATION

- 2.1 Employees who are aged 55 or above and who have at least 3 months membership in the Local Government Pension Scheme (LGPS) can apply to leave in the Interest of Efficiency.
- 2.2 If Management agree that the application meets the criteria set out in the Councils Retirement Policy 2007 and the employee wishes to proceed with the voluntary retirement, the scheme gives unreduced payment of accrued pension
- 2.3 Additionally, in the case of voluntary early retirement, in agreeing to the request, the Council will augment the individuals LGPS service under the provisions of Regulation 12 of The Benefits, Membership and Contributions Regulations 2007 and Regulation 40 of The Administration Regulations 2008.
- 2.4 The total amount of membership that will be augmented under this regulation will be in accordance with the current Staffing Protocol, subject to a maximum 40 years service in the LGPS.
- 2.5 Augmentation will not be awarded on leaving if a pension member is paid a compensatory payment under The Local Government (Early termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.

3.0 AWARD ADDITIONAL PENSION – REGULATION 13 (BR) REGULATION 40 (AR)

- 3.1 The Council will not award a member of the LGPS any additional pension (in addition to any increase of total membership – Augmentation Regulation 12 Benefits, Membership and Contributions Regulations 2007) under Regulation 13 of The Benefits, Membership and Contributions Regulations 2007 and Regulation 40 of The Administration Regulations 2008.

4.0 FLEXIBLE RETIREMENT – REGULATION 18 (BR)

- 4.1 Employees who are aged 55 or above may apply to have their hours and/or their pay grade reduced and to seek agreement to early release of all or part payment of their accrued benefits without retiring from the Council
- 4.2 Applications will be considered if the employee's contractual hours reduce by a minimum of 25%.
- 4.3 Benefits released under the Flexible Retirement Scheme will be reduced if paid before age 65 (regardless of whether the member is in the protected group, i.e. 60 or more before 31st March 2013.)

5.0 CHOICE OF EARLY PAYMENT OF PENSIONS –REGULATION 30 (BR)

- 5.1 The Council will only consider requests for the early release of pension benefits on compassionate grounds to employees aged 55 to 60 who have left local government employment. If the Application is approved benefits will be unreduced.

6.0 Sections 6 to 15 below set out the out the discretions that the Council is not required to publish however it is good practice to include them in a policy statement.

7.0 CONTRIBUTIONS PAYABLE BY ACTIVE MEMBERS – REGULATION 3 (BR)

- 7.1 The employee rate of pension contributions is normally calculated on 01 April each year. However, if the contract changes during the year, i.e. due to promotion or grade reduction, any change to the contribution band will be effected before 01 April. If an employee receives a mid year increment or a late pay award, which changes their contribution band, the banding will not change until the following 01 April.

8.0 RE-EMPLOYED AND REJOINING DEFERRED MEMBERS – REGULATION 16 (AR)

- 8.1 Where a deferred member becomes an active member again before becoming entitled to the immediate payment of retirement benefits in respect of the former membership, the member may elect to have the former membership aggregated with the current membership.
- 8.2 Employees must make the election in writing to the member's appropriate administering body before the expiry of the period of twelve months, beginning with the date that they again became an active member.

9.0 APPLICATIONS TO MAKE ABSENCE CONTRIBUTIONS – REGULATION 22 (AR)

9.1 Employees, who are members of the LGPS who have been absent without pay due to maternity leave, industrial dispute or authorised leave of absence must apply, in writing, to pay the relevant contributions to enable the membership to count, **within 30 days** from returning to work or termination of employment.

10.0 INWARD TRANSFERS OF PENSION RIGHTS – REGULATION 83 (AR)

10.1 An employee who becomes an active member who has relevant pension rights may request to transfer some or all of their former pension rights.

10.2 An election must be made in writing before the expiry of the period of twelve months, beginning with the date that they became an active member.

11.0 FINAL PAY: FEES – REGULATION 11 (BR)

10.1 Where a variable time employee's final pensionable pay consists of fees, the final pay is calculated by averaging the sum of all fees earned in a consecutive three year period ending with the termination date.

12.0 EARLY LEAVERS ILL HEALTH – REGULATION 20 (BR)

12.1 Following receipt of an ill health certificate from an independent registered medical practitioner a decision will be made as to which ill health tier the member falls into.

12.0 EARLY LEAVERS ILL HEALTH –REGULATION 31 (BR)

12.1 Following receipt of an ill health certificate from an independent registered medical practitioner a decision will be made whether the **deferred** member of the Local Government Pension Scheme meets the permanent ill health criteria and whether the medical condition is likely to prevent the member in undertaking any gainful employment before the normal retirement age or within three years whichever is the sooner.

13.0 PAYMENT OF THIRD TIER PENSIONS – REGULATION 30A (BR)

13.1 An employee who has a "suspended" tier 3 pension can apply to have their pension paid early from age 55, the same as any other Deferred Pensioner. Payment can only be made before age 60 if the Council gives consent. The pension is reduced if it is paid before age 65 (unless the member is protected under the "85 year rule"),

14.0 AGGREGATION OF PREVIOUS LOCAL GOVERNMENT SERVICE-REGULATION 83 (AR)

14.1 Employees who become members of the LGPS can link **any** previous periods of unlinked LGPS membership to their current period, as long as they elect, in writing, to do so **within 12 months** of becoming an active scheme member

15.0 BACKDATING OF MEMBERSHIP FOR CONTRACT EXTENSIONS

15.1 Employees with contracts of employment of less than three months are not eligible to join the LGPS. If the contract is extended to more than three months employees can join the LGPS and opt to backdate membership to the start of employment. An employee must request to pay arrears of contributions to backdate membership **within three months** of becoming eligible to join, i.e. six months from starting employment.

16.0 REVIEW

16.1 The policy will be published and disclosed to the administering authority within three months of the commencement date. The Policy will be kept under review and any revisions will be published and disclosed within one month of the revised commencement date.