

# **Halton Borough Council - Pensions Discretions Statement**

**Local Government Pension Scheme (LGPS)  
(Benefits, Membership and Contributions)  
Regulations 2008**

**Employer name: Halton Borough Council**

**Policy effective from: 1<sup>st</sup> April 2013**

The Employing body which is

Halton Borough Council

has resolved that the following discretions available in the above Statutory Instrument, should be implemented in compliance with Regulation 66 of the Local Government Pension Scheme (LGPS) Administration) Regulations 2008 as set out below:

## PART A - where formulation of policy is compulsory

REGULATION 12	POLICY DECISION
<p><b><i>Power of employing authority to increase total membership of active members</i></b></p> <p>An employer may resolve to increase the total membership of an active member. The maximum award (including additional membership in respect of different employments) must not exceed 10 years.</p> <p>An employer may also resolve to award augmented service to a member up to 6 months after they have left employment provided that their termination of employment was on redundancy/efficiency grounds.</p>	<p><i>This discretion will be exercised.</i></p> <p><i>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.</i></p> <p><i>If Management agree that the application meets the criteria set out in the Staffing Protocol and the employee wishes to proceed with the voluntary retirement, the scheme gives unreduced payment of accrued pension</i></p> <p><i>Additionally, 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.</i></p> <p><i>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. 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 &amp; Wales) Regulations 2006.</i></p>

REGULATION 13	POLICY DECISION
<p><b><i>Power of employing authority to award additional pension</i></b></p>	<p><i>The Council will not award a member of the LGPS any additional pension (in addition to any increase of total membership –Augmentation</i></p>

<p>An employer may resolve to award a member additional pension of not more than £5,000 a year payable from the same date as his LGPS pension. This award may be paid in addition to any increase of total membership awarded to that member under Regulation 12 above.</p>	
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REGULATION 18	POLICY DECISION
<p><b><i>Flexible retirement</i></b></p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up whilst still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction either fully or in part or a member has protected rights.</p>	<p><i>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</i></p> <p><i>Applications will be considered if the employee's contractual hours reduce by a minimum of 25%.</i></p> <p><i>Flexible retirement will not be granted for a grade reduction</i></p> <p><i>Benefits released under the Flexible Retirement Scheme will be reduced if paid before age 65 (with the exception of members in the protected group, i.e. 60 or more before 31st March 2013.)</i></p>

REGULATION 30	POLICY DECISION
<p><b><i>Choice of early payment of pension</i></b></p>	<p><i>The Council will only consider requests for the early release of pension benefits on compassionate grounds to employees aged 55</i></p>

<p>Employers can allow voluntary early retirement to members of the LGPS between the ages of 55 and 59. In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights. The employer is responsible for paying to the Pension Fund any strain on fund costs arising from the exercise of this discretion.</p> <p>Employers can also allow the early payment of deferred benefits to former members of the LGPS between the ages of 55 and 59. In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights. The employer is responsible for paying to the Pension Fund any strain on fund costs arising from the exercise of this discretion.</p> <p><b>Please note where a deferred member left the LGPS before 1 April 2008 then the employer policy under the 1997 Regulations will apply</b></p>	
REGULATION 30A	POLICY DECISION
<p><b><i>Choice of early payment of pension : pensioner member with deferred benefits</i></b></p> <p>Employers can allow the early payment of deferred benefits to pensioner members of the LGPS between the ages of 55 and 59. A deferred pensioner member is a former employee retired on ill health grounds with the award of Tier 3 benefits that have now ceased.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights. The employer is responsible for paying to the Pension Fund any strain on fund costs arising from the exercise of this discretion.</p>	<p><i>Employees who have left local government with an entitlement to a tier three ill-health pension which has since been suspended and who apply for early payment on or after age 55 and before age 60, pension benefits will not be released early.</i></p>

**PART B - where formulation of policy is NOT compulsory**

REGULATION 3 (LGPS (Benefits etc) Regs 2007)	POLICY DECISION
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<p><b>Contributions payable by active members</b></p> <p>Employers determine the contributions payable by members by attributing each member to one of the contribution bands set out in Regulation 3. Employers have the capacity to re-attribute the specific payband (upwards or downwards) where there is a material change in a member's contractual terms.</p>	<p><i>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.</i></p>
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<p><b>REGULATION 16 (4) (b) (ii) (LGPS (Admin) Regs 2008)</b></p>	<p><b>POLICY DECISION</b></p>
<p><b><i>Facility to extend time limits for active members to aggregate deferred periods of LGPS membership</i></b></p> <p>Where a deferred member becomes an active member, then the member can elect to aggregate his deferred membership with his active membership. The election to aggregate must be made by the member within 12 months of becoming an active member and the member must be active at the date of election. Employers may allow a longer period than 12 months.</p>	<p><i>This discretion will be exercised.</i></p> <p><i>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. The Council will not extend this time limit.</i></p>

<p><b>REGULATION 83 (8) (LGPS (Admin) Regs 2008)</b></p>	<p><b>POLICY DECISION</b></p>
<p><b><i>Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS</i></b></p> <p>Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member. Employers may allow a longer period than 12 months.</p>	<p><i>This discretion will be exercised.</i></p> <p><i>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. The Council will not extend this time limit</i></p>

There are other non-compulsory discretions available for the Council to consider, and cases where these may arise in the future will be considered on an individual basis; the merits of each case being fully investigated.

HBC, in exercising the discretionary powers available under the above Regulation has acted with due prudence and propriety and considered the financial impact of applying the discretions.

These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.

HBC will notify the Fund of any revisions to this Statement within one month of the revised

### PART C - where formulation is undertaken by the ERPF as administering authority

REGULATION 30 (LGPS (Benefits etc) Regs 2007)	POLICY DECISION Approved by the Pensions Committee (Minute 816, 14 December 2012)
<p><b><i>Choice of early payment of pension in cases where a member's former employing authority has ceased to exist</i></b></p> <p>Where a member's former employer has ceased to exist and there is no successor body, the administering authority can allow the early payment of deferred benefits to former members of the LGPS between the ages of 55 and 59. In such cases, pension benefits will be reduced in accordance with actuarial tables unless the administering authority waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Each case will be initially assessed taking account of the member's former employer's statement of policy. Where the policy allows for early payment of benefits, then this will be approved if there is no strain on fund costs.</p> <p>Where there is no former employer's statement of policy or if there is strain on fund costs then the request for early payment of benefits will only be approved on compassionate grounds. This is where a deferred member is unable to work because they are providing full time care to a dependant. In compassionate cases, any actuarial reduction will be waived and the strain on fund costs will be met by all Fund employers.</p> <p>The Chief Executive in consultation with the Leader has delegated authority to exercise the discretion in accordance with the policy.</p>

REGULATION 30A (LGPS (Benefits etc) Regs 2007)	POLICY DECISION Approved by the Pensions Committee (Minute 816, 14 December 2012)
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<p><b><i>Choice of early payment of pension : pensioner member with deferred benefits in cases where a member's former employing authority has ceased to exist</i></b></p> <p>Where a member's former employer has ceased to exist and there is no successor body, the administering authority can allow the early payment of deferred benefits to pensioner members of the LGPS between the ages of 55 and 59. A deferred pensioner member is a former employee retired on ill health grounds with the award of Tier 3 benefits that have now ceased.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the administering authority waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Each case will be initially assessed taking account of the member's former employer's statement of policy. Where the policy allows for early payment of the pension, then this will be approved if there is no strain on fund costs.</p> <p>Where there is no former employer's statement of policy or if there is strain on fund costs then the request for early payment of benefits will only be approved on compassionate grounds. This is where a deferred pensioner member is unable to work because they are providing full time care to a dependant. In compassionate cases, any actuarial reduction will be waived and the strain on fund costs will be met by all Fund employers.</p> <p>The Chief Executive in consultation with the Leader has delegated authority to exercise the discretion in accordance with the policy.</p>
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<p><b>REGULATION 31 (LGPS (Benefits etc) Regs 2007)</b></p>	<p><b>POLICY DECISION Approved by the Pensions Committee (Minute 816, 14 December 2012)</b></p>
<p><b><i>Early payment of pension : ill-health in cases where a member's former employing authority has ceased to exist</i></b></p> <p>Where a member's former employer has ceased to exist and there is no successor body, the administering authority can allow the early payment of deferred benefits to a deferred member or the suspended Tier 3 ill health pension brought back into payment for a deferred pensioner member of the LGPS before Normal Retirement Age where a member has become permanently incapable of undertaking any gainful employment as defined in the LGPS Regulations 2008.</p> <p>In the case of the deferred pensioner member, this could be because the original ill health condition has worsened or the member is suffering from another ill health condition that renders the deferred pensioner member permanently incapable of undertaking any gainful employment.</p>	<p>Before deciding whether to agree to such a request, the Fund must obtain a certificate from an Independent Registered Medical Practitioner (IRMP) as to whether, in the IRMP's opinion, the member is suffering from a condition that renders the member permanently incapable of undertaking any gainful employment.</p> <p>Where in the IRMP's opinion, the member is suffering from a condition that renders the member permanently incapable of undertaking any gainful employment, the Fund will approve the early payment of the deferred pension benefits or the deferred pensioner tier 3 ill health pension and the strain on fund costs will be met by all Fund employers.</p> <p>The Chief Executive in consultation with the Leader has delegated authority to exercise the discretion in accordance with the policy.</p>
<p><b>REGULATION 70 ( LGPS (Admin) Regs 2008)</b></p>	<p><b>POLICY DECISION Approved by the Pensions Committee (Minute 440, 26 January 2007)</b></p>

***Statements of policy concerning abatement of retirement pensions in new employment***

Where a scheme member retires and seeks re-employment, if they choose to remain outside the local government sphere, their pension continues. If they return to an employer who participates in the LGPS, their pension can be reduced or stopped.

Subject to consultation with Fund employers, the administering authority has discretion to determine how it wishes to treat re-employed scheme members who retire after 31<sup>st</sup> March 1998.

Where the re-employment starts before 1 April 2007, then the policy approved is:

- (a) That any ill health pension should cease in the event of re-employment subject to the protection afforded to members who were subject to the 1995 Regulations;
- (b) That with regard to other retirement pension no abatement be applied where the statutory pension in payment is £5,000 per annum or less, this amount to be increased in line with the annual index linking from April 1999 and thereafter; and
- (c) That where an annual statutory pension exceeds £5,000 per annum then the statutory pension in excess of this amount be abated subject to the protection afforded to members who were subject to the 1995 Regulations.

Where the re-employment starts after 31 March 2007, there will be no abatement of the retirement pension.