

Haringey Council

Report for:	Corporate Committee 22 nd January 2012	Item Number:	
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Title:	Pensions (Discretionary) Policy Statement
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Report Authorised by:	Report Of Assistant Chief Executive P.O.D Signed <i>Stuart X</i> , Dated 14/1/13
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Lead Officer:	I M Benson Pensions Manager Tel: 0208 489 3824 Email: ian.benson@haringey.gov.uk
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Ward(s) affected:	Report for Key Decisions:
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1. Describe the issue under consideration

1.1. As a result of amendments introduced by the Local Government Pension Scheme (Miscellaneous) Regulations 2010, Members are requested to approve an update to the Council's policy on the discretion to re-instate a suspended Tier 3 ill health retirement pension on application from a member on or after age 55 and before age 60.

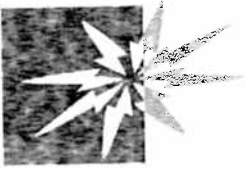
1.2 In addition, where this discretion is exercised in favour of a scheme member, the Council has a further discretion to waive any actuarial reduction that might otherwise be applied to the benefits.

2 Cabinet Member introduction

2.1 N/A

3 Recommendations

3.1 That item 3 of the Council's Policy Statement is amended to allow reinstatement of a Tier 3 Ill Health retirement pension only if the case can be considered on 'Compassionate Grounds' as defined in paragraph 5 of the Policy Statement Document (attached as Appendix 1) or otherwise where there is no financial disadvantage to the Council in doing so.



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3.2 Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.

4 Alternative options considered

4.1 N/A

5 Background information

5.1 There are three tiers of Ill-Health retirement as follows:-

- Tier 1 where a member is permanently incapable of carrying out any gainful employment before Normal Retirement Age ;
- Tier 2 where the member is incapable of carrying out any gainful employment within 3 years of leaving but may be capable of gainful employment before Normal Retirement Age and
- Tier 3 where a member has a reduced capability of returning to gainful employment within 3 years.

5.2 In respect of a Tier 3 ill health retirement, the pension paid must be suspended if:-

- i. the members finds paid employment or
- ii. if following a medical review at 18 months the member is found fit for employment.

In all cases the pension must be suspended after a period of three years. Once suspended, the pension is held as a deferred benefit in the fund and becomes payable again when the member attains Normal Retirement Age.

5.3 The LGPS (Miscellaneous) Regulations 2010 amends the LGPS (Benefits, Membership and Contributions) Regulations 2007 to bring the option for members with a deferred benefit arising from the suspension of a Tier 3 ill-health retirement in line with the option that all deferred benefit members age 55 and under age 60 have to request early release their deferred benefits. (LGPS Benefits Regulation 30A)

5.4 The recommendation in this report mirrors the Council's current policy shown at paragraph 3 on the policy statement attached as Appendix 1.

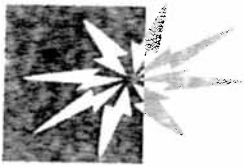
5.5 The Employees Side have been consulted on this report.

6 Chief Financial Officer Comments

6.1 The recommendation in this report proposes that the position for suspended tier 3 ill health retirees is brought into line with that already in place for other deferred beneficiaries. A cost to the Council only arises if the actuarial reduction which would be applied if benefits are taken early, is waived. The draft policy proposes that the only circumstances in which this would be considered is where there is no financial disadvantage to the Council in exercising this discretion or otherwise under compassionate grounds and that each case would be considered on it's merits by me.

7 Head of Legal Services and legal implications

7.1 The Local Government Pension Scheme (Miscellaneous) Regulations 2010 makes various changes to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007. It is therefore necessary for the Council in its capacity as the employing body to make certain amends the



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Policy Statement to bring it in line with relevant changes brought in by the 2010 Regulations.

8 Equalities and Community Cohesion Comments

8.1 There are no equalities issues arising from this report

9 Head of Procurement Comments

N/A

10 Policy Implication

N/A

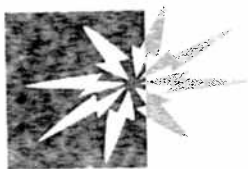
11 Reasons for Decision

11.1 Regulatory requirement arising from the LGPS Miscellaneous Regulations 2012.

Use of Appendices

Appendix 1 shows the amended Pensions Policy Statement.

12 Local Government (Access to Information) Act 1985



POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS:

This Policy Statement sets out the Council's use of its discretionary powers under the Local Government Pension Scheme Regulations¹ and Local Government Pension Scheme Compensation Regulations.

The document can be viewed on the Harinet Pensions Page (click Personnel and follow the links) and the Haringey Pensions Web Page (www.haringey.gov.uk/pensionfund.)

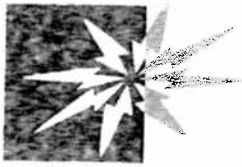
The current policy was reviewed and updated by Corporate Committee on 20th January 2013

This policy statement only applies to scheme members employed by Haringey Council. Scheme members not employed by the Council must refer to the Policy Statement issued by their employing body.

Councillor Members should refer to Part 2

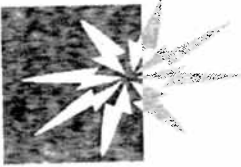
Part 1.A Pensions Discretions	
Employee Members	
1.	<p><u>Choice of early payment of pension (Regulation 30)</u></p> <p>This applies to members who cease employment after age 55 and before age 60 who elect for early payment of their retirement benefits.</p> <p>The Council's policy is to allow early payment of benefits as provided by Regulation 30 where there is a clear financial or operational advantage to the Council in doing so.</p> <p>The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 5 of the Policy Statement below.</p> <p>Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.</p> <p>Any Capital Cost arising will be met from Service / Business Unit budgets and will be paid into the Fund within a three month period.</p> <p>First and second tier Officers will require Member approval.</p>
2.	<p><u>Early Retirement on Redundancy and Business Efficiency (Reg 19)</u></p> <p>Members age 55 and over who are retired on redundancy or efficiency grounds have entitlement to immediate payment of unreduced benefits.</p> <p>Any Capital Cost arising from an early retirement on redundancy or business efficiency will be met from Service/Business Unit budgets and must be paid into</p>

¹ The main scheme regulations referred to are :-
 The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
 The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended)
 The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended).



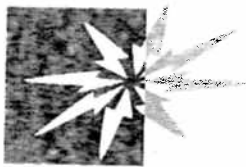
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	<p>the Fund within a three month period.</p> <p>Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.</p> <p>First and second tier Officers will require Member approval</p>
3.	<p><u>Early payment of Deferred Benefits (Regulations 30 : 30A)</u></p> <p>A member who left with entitlement to Deferred Benefits or whose Tier 3 Ill Health Retirement Pension was suspended under Regulation 20(9)) can elect from age 55 to have the benefits put into payment early. An election made before age 60 requires employer consent.</p> <p>Benefits claimed before age 65 may be subject to an actuarial reduction unless the Council agrees to waive the reduction</p> <p>The Council's policy is to allow early payment of Deferred Benefits only if the case can be considered on 'Compassionate Grounds' as defined in paragraph 5 below or otherwise where there is no financial disadvantage to the Council for doing so.</p> <p>Deferred Member Benefits which began before 1st April 1997 can only be released early on 'compassionate grounds as defined in paragraph 5 below. There is no discretion to waive any actuarial reduction if an election to receive early payment of benefits from age 60 is made</p> <p>Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.</p>
4.	<p><u>Flexible retirement (Regulation 18)</u></p> <p>The Council will consider applications for Flexible Retirement from scheme members age 55 and over.</p> <p>As a minimum requirement, a member's pay must reduce by at least four spinal points or the equivalent in reduced hours</p> <p>Both the transfer to a lower graded post or reduction in hours of work and the early release of retirement benefits is an employer discretion</p> <p>In considering Flexible Retirement both the needs of the member and the Service must be taken into account. Initial approval rests with the Service Chief Officer e.g. Assistant Director or equivalent with final approval by the y Head of Human Resources.</p> <p>The early release of benefits before age 65 has the potential to incur an actuarial reduction in benefits. The Section 151 Officer has delegated authority to waive any actuarial reduction, but only in exceptional circumstances that benefit the business and operational needs of the service. The cost to the Fund will be met from the Service budget.</p> <p>Acceptance of Flexible Retirement debars the member from changing their job to a post offering higher pay or increasing their hours within the Council or from returning to employment on higher pay with the Council for a period of not less than three years.</p> <p>The full Flexible Retirement Policy, Procedure and Documentation is available on Harinet (click Personnel and follow the links)</p>



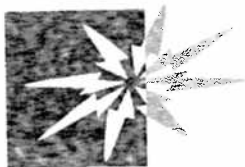
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5.	<p><u>Discretion to waive an actuarial reduction under Regulation 30</u></p> <p>Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-</p> <p>'Compassionate Grounds means that the scheme member is required to look after a sick dependant relative on a whole time basis, is therefore unable to take up gainful employment, and in consequence is suffering financial hardship.'</p> <p>In addition, the Council will satisfy itself that the sick dependant relative has a permanent long-term condition with a reasonable life expectancy having regard to his/her age.</p> <p>Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers</p>
6.	<p><u>Awards of Added Membership Reg. 12</u></p>
	<p>The Council's policy is not to award additional membership</p>
7.	<p><u>Awards of Additional Pension Reg.13</u></p>
	<p>The Council's policy is not to award additional pension</p>
8.	<p><u>Payment of Death Grants for Active Members Regulation 23, Deferred Members Reg.32 and Pensioner Members Regulation 35,</u></p>
	<p>A death grant will usually be paid in accordance with the member's nomination or, where there is no nomination, to the legal personal representatives. However where it is considered that:</p> <ul style="list-style-type: none"> a) an existing nomination may no longer reflect the member's intentions (for example there is a subsequent marriage, divorce or children) or, b) there is a deserving recipient (who must be have been his relative or dependant at some time) who would otherwise be excluded by payment to the Estate or, c) payment to the Estate may be inappropriate for other reasons (for example where inheritance tax may be a factor if payment were made to the Estate). <p>Payment may be made in the manner and proportions the Council believe appropriate in the circumstances of the case.</p> <p>In all cases, the release of the Death Grant is delegated for approval to the Section 151 Officer.</p>
9.	<p><u>Disregarding a break in full-time education for a Childs Pension to continue in payment.</u></p>
	<ul style="list-style-type: none"> a. Where there is a break in full-time education or training, the Chief Financial Officer will decide whether such a break can be ignored on the child's return to full-time education or training b. The Chief Financial Officer will have regard to the circumstances of each case within the guideline that the break should not generally extend beyond 12 months from the beginning of one academic year to the end of one academic year, or include periods of full-time employment of more then three months c. Where the gap extends beyond the 12 month limit as described above, the child must be able to clearly demonstrate a clear intention to return to full-time education or training and has not undertaken paid employment as an



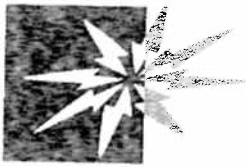
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	<p>alternative career option to returning to full-time education or training</p> <p>d. Where the Section 151 Officer deems it appropriate to ignore a break in full-time education or training, the child's pension will be reinstated from the re-commencement of full-time education or training or such earlier date as the Section 151 Officer deems appropriate based on the individual circumstance of the case.</p> <p>e. The exercise of this discretion will be reported to the Corporate Committee.</p>
10.	<p><u>Abatement (reduction) of pensions on re-employment</u></p> <p>Members of the Fund who commence re-employment or who return to Office after 31st March 1998 will be liable for an abatement in their pension in the circumstances described below.</p> <p>The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995.</p> <p>Pensioner members who commence re-employment or return to Office in local government following retirement on medical grounds, or re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits will be subject to an abatement except in cases of Flexible Retirement agreed in accordance with Regulation 18.</p>
11.	<p><u>Waiving of time limits</u></p> <p>The Council's policy is to waive time limits set within the Pension Scheme Regulations² where it is satisfied that the individual could not have known of the requirement to make an election at the proper time.</p>
12.	<p><u>Medical clearance to purchase Additional Pension (ARCs) Regulation 23 (Administration Regulations)</u></p> <p>An application to purchase additional pension will only be accepted if the member makes a declaration that he/she is in reasonably good health and has not been seen by a medical practitioner within the last 12 months or otherwise where the member provides a report by a registered medical practitioner of the results of a medical examination undertaken at the member's own expense</p>
13.	<p><u>Attributing salary bands</u></p> <p>Salary bands are attributed on 1st April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.</p> <p>New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.</p> <p>That with the exception of back-dated pay awards to 1st April, no variation will be made to a member's attributed salary band other than at each annual review date on 1st April of each subsequent year.</p> <p>To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Human Resources subject to approval at the next available meeting of Corporate Committee</p>



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14.	Shared Cost Additional Voluntary Contribution Scheme
	The Council's policy is not to provide a Shared Cost AVC scheme
Part 1.B Compensation Discretions	
Discretions exercised by Haringey Council in accordance with provisions of The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) and the Local Government (Discretionary Payments) Regulations 1996 as amended	
1.	Compensation for Redundancy
	Compensation on redundancy will be based on ; 1 weeks pay for each complete year of service up to a maximum of 20 years total service.
2.	Rate of Pay for Redundancy Purposes
	The redundancy payment is based on the actual weekly rate of pay at the relevant date. (This is usually but not always, the date notice is given).
Injury Allowances	
3.	<p>An Injury allowance may be paid to an employee who sustains an injury or contracts a disease as a result of anything he/she was required to do in carrying out their work; and either:-</p> <p>Is certified as being permanently incapacitated and ceases employment. or</p> <p>Suffers a reduction in pay.</p> <p>In deciding on the amount of Injury Allowance payable, the Council takes into account all the circumstances of the case.</p> <p>The maximum amount payable is 85% of Final Pay.</p> <p>Injury Allowances in payment are reviewed annually, and at age 65.</p> <p>Each case is referred for a decision to the Section 151 Officer acting under delegated authority.</p>
4.	Gratuity Payments
5.	<p>Gratuities for Non- Pensionable Service: Summary of current Policy:</p> <p>Gratuities are paid to retiring employees for service with the Council during which they were not eligible to join the Local Government Pension Scheme.</p> <p>Part Time employees who worked at least 15 hours per week for 35 weeks a year can count service up to 31/3/1987 for gratuity entitlement.</p> <p>Part Time employees who worked less 15 hours per week can count service up to 16/8/1993.</p> <p>Gratuity payments do not apply to casual employment</p> <p>The payments are calculated on 3.75% of Annual Pay for each year of gratuity service as described above.</p> <p>The employee can choose between a once off lump sum or an annuity payment.</p>



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	<p>A Death Gratuity is also paid if an employee dies in Service.</p> <p>The Death Gratuity is paid to an employee's dependants. It is calculated on 3.75% of Annual Pay for all local government service up to 31/3/1987. It is payable to members of the Local Government Pension Scheme and non-scheme members alike.</p>
Part 2.A	
Councillor Members:	
1.	Voluntary early retirement from age 55
	<p>The Council will not exercise its discretion to release retirement benefits early to councillor members who cease or have ceased to be a member of the Council age 50 and under 65</p> <p>The Council will not exercise its discretion to waive the actuarial reduction for councillor members who cease to be a member of the Council and claim immediate payment of benefits</p>
2.	Re-employed pensioners – Abatement of pensions (Regulation 109)
3.	<p>The Council's policy is not to abate a pension in all cases except :-</p> <p>re-employment or return to Office in local government following retirement on medical grounds. or</p> <p>re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits</p>
4.	4. Waiving of time limits
	That the time limits set within the Pension Scheme Regulations will be waived where the member could not have known of the requirement to make an election at the proper time.
5.	Waiving restriction on entry to the Fund Regulation 7 (9)
	The Council's policy is not to restrict re-entry to the Fund where a member has previously elected to opt out more than once
6.	

Important Note:

Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme and Compensation Regulations³ or related legislation.

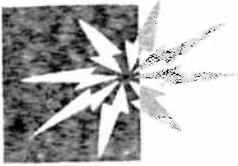
In the event of any dispute over your pension benefits, the appropriate legislation will prevail

For more information contact the Pensions Team at:-

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