



Haringey Council

Agenda item:

[No.]

General Purposes Committee

On 11<sup>th</sup> March 2008

**Report Title:** Pensions Policy Statement Update

**Forward Plan reference number (if applicable):** Not Applicable

**Report of:** Assistant Chief Executive People and Organisational Development

**Wards(s) affected:** All

**Report for:** Information

**1. Purpose (That is, the decision required)**

1.1 To consider regulatory changes affecting the administration of the Local Government Pension Scheme and approve changes to the Council's Policy Statement on the exercise of its pensions discretions.

**2. Recommendation**

2.1 That the policy decisions set out in 14 a–c are approved

2.2 That the deletion of discretions from the current Policy Statement at 14 d are noted

2.3 That the amended policy statement at Appendix 1 is approved.

**Report Authorised by:** Stuart Young – Assistant Chief Executive People and Organisational Development

**Contact Officer:** Ian Benson, Pensions Manager (tel no: 020 8489 3824)

### **3. Chief Financial Officer comments**

3.1 The Chief Financial Officer has been consulted and concurs with the financial implications paragraph.

### **4. Head of Legal Services Comments**

There are no specific legal implications arising from this report. The statutory basis for the issues considered is set out in full in the body of the report

### **5. Local Government (Access to Information) Act 1985**

**The following background papers were used in the preparation of this report:**

**5.1 The Local Government Pension Scheme (Benefits, Membership and Contributions ) (Amendment) Regulations 2007.**

**5.2 The draft Local Government Pensions Scheme (Amendment) Regulations 2008**

**5.3 The Government Pension Scheme Regulations 1997 (as amended)**

### **6. Strategic Implications**

6.1 There are no strategic implications arising from this report

### **7. Financial Implications**

The Council expects to exceed the national target for employee contributions of 6.3% of pensionable pay. Informal advice from the Council's actuary suggests that Haringey Council will achieve an overall income of 6.7% in line with other London Boroughs.

In exercising his delegated authority in respect of the discretions published in the Pensions Policy Statement, the Section 151 Officer has regard to the financial and operational requirements as they impact on Service provision as well as ensuring that the Pension Fund is properly protected.

### **8. Legal Implications**

8.1 See paragraph 4.

### **9. Equalities Implications**

9.1 There are no equalities issues arising from this report

### **10. Consultation**

10.1 The Employees Side have been consulted on the content of this report

### **11. Background**

11.1 The New Look Local Government Pension Scheme comes into effect on 1<sup>st</sup> April 2008, both introduces or amends a number of discretions which the Council as the Employing Body can exercise.

11.2 At the same time Council policy is to review the Policy Statement every three years to coincide with the actuary's report on the Fund Valuation. An

interim report on the 2007 Fund Valuation was presented to Pensions Committee on the 29<sup>th</sup> January 2008.

- 11.3 A further report will be submitted following receipt of awaited regulations and guidance.

## 12 Policy decisions

### a. New and amended Policy Decisions:-

#### i. Attributing salary bands

The New Look LGPS moves from a flat rate 6% contribution to a rate based on the member's salary band. (see **Appendix 1**).

Attributing a member to a salary band is an employer decision.

On 1<sup>st</sup> April 2008, the Council will attribute salary bands based on the member's basic annual pensionable pay on 1<sup>st</sup> April plus variable pensionable pay (bonus, sleeping-in allowance etc) earned over the last twelve months.

New starters will be attributed to a salary band on appointment.

No interim changes will be made to attributed salary bands to take account of promotions or reductions but a review will take place on the 1<sup>st</sup> April in each year. The exception will be back dated pay awards to 1<sup>st</sup> April.

This approach is not expected to have any adverse effect on achieving the target income from employee contributions of 6.3% although the position will be reviewed in the light of experience over the forthcoming inter-valuation period. Informal advice from the Council's actuary anticipates an income of 6.7% based on the 2007 valuation data.

To ensure the smooth implementation of this change any variations to this policy are delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

#### **Policy decision:**

**That salary bands are attributed on 1<sup>st</sup> April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.**

**New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.**

**That with the exception of back-dated pay awards to 1<sup>st</sup> April, no variation will be made to a member's attributed salary band other than at each annual review date on 1<sup>st</sup> April of each subsequent year.**

**To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.**

#### ii. Early Retirement on Redundancy and Business Efficiency

This Policy Decision is amended to reflect the change in the early retirement date from 50 to 55 from 1<sup>st</sup> April 2008 and new rules covering the discretion to award added membership.

Members age 55 and over who are retired on redundancy or business efficiency grounds have entitlement to immediate payment of unreduced benefits. A member in the scheme at 31<sup>st</sup> March 2008 retains the right to immediate payment of benefits having attained age 50 provided they are retired on redundancy or business efficiency before 1<sup>st</sup> April 2010.

The scheme rules allow the Council to award added membership or added pension at retirement. Guidance from the Government Actuary on cost is outstanding.

The Councils current policy is not to award added membership on redundancy retirement.

No added membership is awarded on business efficiency retirement other than in exceptional circumstances where the Council require additional flexibility to manage the workforce.

The discretion to award both added membership and added pension will be reviewed when the Government Actuary's Department publishes its advice on this provision.

**Policy decision:**

**That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes advice on the cost of making these awards.**

**Any Capital Cost arising from an early retirement on retirement /business efficiency grounds will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**First and second tier Officers will require Member approval**

**iii. Choice of early payment of pension. (Regulation 30)**

New regulation 30 draws together a number of provisions which allow eligible members leaving employment to request the early payment of their retirement benefits. Further advice is needed on the options available to members who leave before 1<sup>st</sup> April 2008 with a deferred pension entitlement.

A member who leaves a local government employment before entitlement to immediate payment of benefits may choose to receive payment of them once he/she has attained age 55. (age 50 for members on 31<sup>st</sup> March 2008 who make an election before 31<sup>st</sup> March 2010).

For a member under age 60, an election is ineffective without the consent of his/her employer or former employing authority.

Benefits put into payment before age 65 are likely to attract an actuarial reduction unless the 85 Year Rule protection applies.

The Council can determine on compassionate grounds that the actuarial reduction will not apply.

This Policy Decision is drafted to make clear that an eligible member leaving before the scheme's Normal Retirement Date of age 65 can request

immediate payment of benefits which may be subject to an actuarial reduction unless the 85 Year Rule protection applies.

**Policy Decision:**

**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.**

**The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement (see Appendix 3 attached)**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.**

**First and second tier Officers will require Member approval.**

**b. Discretions which are deleted and no longer apply:-**

- i. The right to set up a Shared Cost AVC scheme
- ii. Waiving the entry restriction for members who opted out of the scheme more than once. This restriction is not carried forward to the new scheme.

- 13. Decisions under Part 1 B (Redundancy Compensation Regulations) and Part 2 (Councillors Scheme) remain unchanged. Amendments to the Councillors scheme have been put on hold for twelve months**

**14 Conclusion**

Members are invited to approve the Policy Decisions a – c below, to note the deletion of the discretions described at paragraph d below and approve the updated Policy Statement at **Appendix 2**

**a. Salary Bands**

**That salary bands are attributed on 1<sup>st</sup> April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.**

**New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.**

**That with the exception of back-dated pay awards to 1<sup>st</sup> April, no variation will be made to a member's attributed salary band other than at each annual review date on 1<sup>st</sup> April of each subsequent year.**

**To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.**

**b. Redundancy / Business Efficiency Retirements**

**That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes its advice on the cost of making these awards.**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period**

**First and second tier Officers will require Member approval**

**c. Choice of early payment of pension**

**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.**

**The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement (see Appendix 3 attached)**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.**

**First and second tier Officers will require Member approval.**

**d. Discretions removed by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007 as follows:-**

- i The right to set up a Shared Cost AVC scheme**
- ii Waiving the entry restriction for members who opted out of the scheme more than once. This restriction is not carried forward to the new scheme.**

**15 Use of Appendices / Tables / Photographs**

Appendix 1 Is the Banded Contribution Rates

Appendix 2 is the Policy Statement updated to include the recommendations and changes referred to in this report.

Appendix 3 is the Councils definition of 'compassionate grounds' for the purpose Regulation 30 of the Local Government Pensions Scheme (Benefits, Membership and Contributions) (Amendment ) Regulations 2007

Appendix 4 is the current Policy Statement.

## Appendix 1

Band	Pay Range	Contribution rate
1	£0 - £12,000	5.5%
2	More than £12,000.	5.8%
3	More than £14,000	5.9%
4	More than £18,000.	6.5%
5	More than £30,000.	6.8%
6	More than £40,000	7.2%
7	More than £75,000	7.5%

## Appendix 2

### POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS:

Reviewed and updated by General Purposes Committee on 11<sup>th</sup> March 2008

#### Part 1

**The Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007.**

**The Local Government Pension Scheme (Administration) Regulations 2008 Regulation 66**

**The Council and its employing bodies are required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.**

**This Policy Statement applies to members of the Local Government Pension Scheme employed by Haringey Council from 1<sup>st</sup> April 2005 and to Councillor Members from 1<sup>st</sup> December 2003.**

**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 1A ((Employee Members).

##### **1. Choice of early payment of pension (Regulation 30)**

A member who leaves a local government employment before entitlement to immediate payment of benefits may choose to receive payment of them once he/she has attained age 55. (age 50 for members on 31<sup>st</sup> March 2008 who make an election before 31<sup>st</sup> March 2010).

For a member under age 60, an election is ineffective without the consent of his/her employer or former employing authority.

Unless the 85 Year Rule protection applies, the member's pension will be subject to an actuarial reduction if claimed before age 65..

The Council can determine on compassionate grounds that the actuarial reduction will not apply. (see paragraph 2 below)

#### **Policy Decision:**

**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.**

**The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement below.**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.**

**First and second tier Officers will require Member approval.**

##### **2. Discretion to waive an actuarial reduction under Regulation 30**

The Council has discretion to waive an actuarial reduction arising from Regulation 30, on compassionate grounds.

#### **Policy Decision:**



**Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-**

**'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.'**

**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.**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

### **3. Early Retirement on Redundancy and Business Efficiency**

Members age 55 and who are retired on redundancy or efficiency grounds have entitlement to immediate payment of unreduced benefits. A member in the scheme at 31<sup>st</sup> March 2008 retains the right to immediate payment of benefits having attained age 50 provided they are retired on redundancy or business efficiency before 1<sup>st</sup> April 2010.

The scheme rules allow the Council to award added membership or added pension at retirement.

The Councils current policy is not to award added membership on redundancy retirement.

The discretion to award both added membership and added pension will be reviewed when the Government Actuary's Department publishes its advice on the capital cost required to be paid to the Fund.

#### **Policy decision:**

**That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes advice on the cost of making these awards.**

**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 the Fund within a three month period.**

**Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.**

**First and second tier Officers will require Member approval.**

### **4. Flexible retirement (Regulation 18)**

**The Council will consider applications for Flexible Retirement from scheme members age 55 and over. Flexible Retirement is linked to the Council's existing policies on Flexible Working and extending employment beyond age 65. It provides opportunities for re-skilling and redeploying older workers across the workforce as well as retaining skills and experience as part of a transition towards retirement.**

**Flexible Retirement allows scheme members age 55 and over to apply to transfer to a lower graded post or to reduce hours of employment and at the same time access their retirement benefits. 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. As a minimum requirement, a member's pay must reduce by at least four spinal points or the equivalent in reduced hours.

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 Deputy Head of Personnel.

The early release of benefits before age 65 has the potential to incur an actuarial reduction in benefits. The Council's 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.

Acceptance of Flexible Retirement debars the member from changing their job to a post offering higher pay within the Council or from returning to employment on higher pay with the Council for a period of not less than three years.

The procedure and criteria for approving Flexible Retirement applications is available on Harinet.

#### **5. Payment of Death Grants for Active Members Reg 23, Deferred Members Reg.32 and Pensioner Members Reg 35,**

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:

- 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 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).

Payment may be made in the manner and proportions the Council believe appropriate in the circumstances of the case.

In all cases, the release of the Death Grant is delegated for approval to the Section 151 Officer.

#### **6. Abatement (reduction) of pensions on re-employment**

The pension payable to pensioner members who return to employment covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.

The abatement rule allows a reduction in pension if the pension plus salary in the new employment is more than the salary at date of retirement.

The Council's policy is to abate a pension where the member retired on medical grounds and returns to employment or Office covered by the LGPS.

Abatement is also applied on 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

**Policy Decision:**

**Members of the Fund who commence re-employment or who return to Office after 31<sup>st</sup> March 1998 will be liable for an abatement in their pension in the circumstances described below.**

**The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995.**

**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.**

#### **7. Waiving of time limits**

**The Council's policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the requirement to make an election at the proper time.**

#### **8. Medical clearance to purchase Added Years of membership Regulation 55(4)**

**An application to purchase added years of membership 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.**

#### **9. Attributing salary bands**

**The New Look LGPS moves from a flat rate 6% contribution to a rate based on the member's salary band. (see Appendix 1)**

**Attributing a member to a salary band is an employer decision.**

**On 1<sup>st</sup> April 2008, the Council will attribute salary bands based on the member's basic annual pensionable pay on 1<sup>st</sup> April plus variable pensionable pay (bonus, sleeping-in allowance etc) earned over the last twelve months.**

**New starters will be attributed to a salary band on appointment.**

**No interim changes will be made to attributed salary bands to take account of promotions or reductions but a review will take place on the 1<sup>st</sup> April in each year. The exception will be back dated pay awards to 1<sup>st</sup> April.**

**This approach is not expected to have any adverse effect on achieving the target income from employee contributions of 6.3% although the position will be reviewed in the light of experience over the forthcoming inter-valuation period. Informal advice from the Council's actuary anticipates an income of 6.7% based on the 2007 valuation data.**

**To ensure the smooth implementation of this change any variations to this policy are delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.**

**Policy decision:**

**That salary bands are attributed on 1<sup>st</sup> April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.**

**New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.**

**That with the exception of back-dated pay awards to 1<sup>st</sup> April, no variation will be made to a member's attributed salary band other than at each annual review date on 1<sup>st</sup> April of each subsequent year.**

**To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.**

## **Part 1B**

### **Discretions exercised by Haringey Council in accordance with provisions of**

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) and the Local Government (Discretionary Payments) Regulations 1996 as amended

**Staff of Employing Bodies should ask their Personnel Officer for a copy of their Policy Statement regarding the discretions listed below.**

#### **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 Increase of 1996 Act Redundancy Payments**

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).

#### **3 Injury Allowances: Summary of current Policy**

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:-

Is certified as being permanently incapacitated and ceases employment. or

Suffers a reduction in pay.

In deciding on the amount of Injury Allowance payable, the Council takes into account all the circumstances of the case.

The maximum amount payable is 85% of Final Pay.

Injury Allowances in payment are reviewed annually, and at age 65.

Each case is referred for a decision to the Section 151 Officer acting under delegated authority.

#### **4 Gratuities for Non- Pensionable Service: Summary of current Policy:**

Gratuities are paid to retiring employees for service with the Council during which they were not eligible to join the Local Government Pension Scheme.

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.

Part Time employees who worked less 15 hours per week can count service up to 16/8/1993.

Gratuity payments do not apply to casual employment

The payments are calculated on 3.75% of Annual Pay for each year of gratuity service as described above.

The employee can choose between a once off lump sum or an annuity payment.

A Death Gratuity is also paid if an employee dies in Service.

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.

### **Requests for early retirement estimates:**

Any request for early retirement estimates or flexible retirement quotes must be referred to your Line Manager, Personnel Officer or Member Support Officer. All early retirements must be approved in the first instance by the Chief Finance Officer.

### **Contact information:**

**Contact the Pensions Team at:-**

**Alexandra House 10 Station Road London N22 7TR**

Tel Number 020 8489 5916

**E-Mail [Pensions.Mailbox@haringey.gov.uk](mailto:Pensions.Mailbox@haringey.gov.uk)**

Important Note:

*Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.*

## **Part 2**

COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS: (Councillor Members).

The Local Government Pension Scheme Regulations 1997 (as amended) Regulation 106

The Council is required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.

The policy was updated by Pensions Panel on 10<sup>th</sup> October 2005

### **1. Voluntary early retirement from age 50 (Regulations 31)**

**Subject to the Council's consent, the Scheme Rules allow councillor members who cease to be a member of the Council between the ages of 50 – 65 to claim immediate payment of benefits. Early payment of benefits in these circumstances incur a cost to the Fund.**

**Policy Decision:**

**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.**

### **2. Early payment of Benefits from age 65 (Regulations 31)**

**If on ceasing to be a member of the Council the member's age and membership<sup>1</sup> equate to 85 or more, benefits are payable immediately and in full. If not, they are reduced by reference to tables produced by the Government Actuary.**

**The Council has discretion to waive this reduction.**

**If the benefits are left in the fund until age 70, they are paid without any actuarial reduction.**

**Waiving the actuarial reduction in these circumstances incurs a cost to the Fund**

**Policy Decision:**

**That 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.**

### **3. Re-employed pensioners – Abatement of pensions (Regulation 109)**

**The pension payable to pensioner members who return to employment or Office covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.**

**All members of the Fund who commence re-employment or who return to Office will be liable for an abatement in their pension. The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995. In general terms, this requires abatement where pensionable earnings and pension on re-employment / return to Office, exceed pensionable earnings on retirement.**

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<sup>1</sup> For councillor members, this means membership as a councillor member in the Haringey Council Pension Fund

**Policy Decision:**

The Council's policy is to abate a pension in all cases of :-

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.

**4. Waiving of time limits**

The Council's general policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the option at the proper time. Each case is considered on its merits having regard to the interests of the employee and the Council's trusteeship of the pension fund.

**Policy Decision:**

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.

**Waiving restriction on entry to the Fund Regulation 7 (9)**

The regulations permit elected members to opt in and opt out of the scheme. The regulations restrict the right to opt in if a member has opted out more than once. The Council has discretion to waive this restriction.

**Policy Decision**

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.

**Important Note:**

*Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.*

**For more information contact the Pensions Team at:-**

Alexandra House 10 Station Road London N22 7TR

*Tel Number 020 8489 5916*

**E-Mail [Pensions.Mailbox@haringey.gov.uk](mailto:Pensions.Mailbox@haringey.gov.uk)**

### **Appendix 3**

**Definition of Compassionate Grounds for the purpose of Regulation 30 of the Local Government Pension Scheme (Benefits Membership and Contributions) (Amendment) Regulations 2007.**

**Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-**

**'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.'**

**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.**

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



**COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS:**

Reviewed and updated by Pensions Panel on 29<sup>th</sup> January 2007 (subject to any amendments from the Council and Employee Side Committee due to be considered on the 26<sup>th</sup> March 2007)

Part 1

**The Local Government Pension Scheme Regulations 1997 (as amended) Regulation 106.**

**The Council and its employing bodies are required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.**

**This Policy Statement applies to members of the Local Government Pension Scheme employed by Haringey Council from 1<sup>st</sup> April 2005. 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

(Employee Members).

Part 1A

**1 Voluntary early retirement (Regulations 31)**

**Subject to the employer's consent, the Scheme Rules allow members age 50 and over to retire with immediate payment of benefits. If the member's age and membership equate to 85 or more benefits are paid in full.**

**If not, they are reduced by reference to tables produced by the Government Actuary. The Council has discretion to waive this reduction on compassionate grounds. (See 4 below).**

**Policy Decision:**

**The Council's policy is to allow early retirement in these circumstances where there is a clear financial or operational advantage to the Council in doing so,**

**Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.**

**Any Capital Cost arising will be met from Service/Business Unit budgets. Repayment over a period of not more than 3 years or as otherwise approved by the Director of Finance.**

**2 Early payment of Deferred Benefits from age 50 (Regulations 31)**

**Deferred Benefits apply to members who leave the Local Government Pension Scheme early with at least 3 months' membership or transferred-in membership. They become payable at age 65.**

**The Scheme Rules allow early payment of benefits before age 65 but between ages 50-59, this is subject to the employer's consent.**

**Benefits claimed before age 65 may be subject to a reduction unless the Council agrees to waive the reduction on 'Compassionate Grounds' (see 4 below)**

**Policy Decision:**

**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 3 below or otherwise where there is no financial disadvantage to the Council for doing so.**

**Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.**

### **3 Discretion to release Deferred Benefits at NRD for active employees**

**Regulation 31(7) gives the Council the discretion to allow payment of Deferred Benefits to an employee who attains age 60 and reaches his/her Normal Retirement Date (NRD). This discretion will apply to active employees who have previously opted out of the scheme while continuing in employment**

**Policy Decision**

**The Council's policy is to allow the early release of Deferred Benefits held in the Fund for an active scheme member who has attained his /her NRD, subject to approval by the Acting Director of Finance and there being no financial strain placed on the Fund.**

### **4 Discretion to waive an actuarial reduction under Regulation 31(5)**

**The Council has discretion to waive an actuarial reduction arising from Regulation 31 on compassionate grounds.**

**Policy Decision:**

**Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-**

**'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.'**

**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.**

**Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.**

### **5 Early Retirement (Regulation 26) and Awards of Increased Membership (Regulation 52)**

**Members age 50 and over] retired on redundancy or efficiency grounds have entitlement to immediate payment of unreduced benefits**

**The Scheme Rules allow the employer to award increased membership at any time before a member leaves active membership of the scheme.**

## **Policy Decision:**

**No added years to be awarded for redundancy retirements (Regulation 26).**

**No added years to be awarded for efficiency retirements (Regulation 26) other than in exceptional circumstances where the Council requires additional flexibility to manage change within the workforce. Subject to statutory limits, the maximum that can be awarded is 6 years 243 days.**

**The capital cost to the pension fund of early retirements to be met from Service/Business Unit budgets. Repayment over a period of not more than 3 years or as otherwise approved by the Director of Finance.**

**Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.**

**First and second tier Officers will require member approval.**

### **6 Flexible retirement Regulation 35**

**The Council will consider applications for Flexible Retirement from scheme members age 55 and over. Flexible Retirement is linked to the Council's existing policies on Flexible Working and extending employment beyond age 65. It provides opportunities for re-skilling and redeploying older workers across the workforce as well as retaining skills and experience as part of a transition towards retirement.**

**Flexible Retirement allows scheme members age 55 to apply to transfer to a lower graded post or to reduce hours of employment and at the same time access their retirement benefits. 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. As a minimum requirement, a member's pay must reduce by at least four spinal points or the equivalent in reduced hours.**

**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 Deputy Head of Personnel.**

**The early release of benefits before age 65 has the potential to incur an actuarial reduction in benefits. The Council's 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.**

**Acceptance of Flexible Retirement debars the member from changing their job to a post offering higher pay within the Council or from returning to employment on higher pay with the Council for a period of not less than three years.**

**The procedure and criteria for approving Flexible Retirement applications is available on Harinet.**

### **7 Payment of Death Grants Regulation 38**

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:

- 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 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).

Payment may be made in the manner and proportions the Council believe appropriate in the circumstances of the case.

In all cases, the release of the Death Grant is delegated for approval to the Acting Director of Finance.

#### **8 Shared Cost Additional Voluntary Contributions (SCAVCs) (Regulation 67)**

The Council's policy is not to make use of this discretion at the present time.

#### **9 Re-employed pensioners – Abatement of pensions (Regulation 109)**

The pension payable to pensioner members who return to employment covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion..

All members of the Fund who commence re-employment or who return to Office after 31<sup>st</sup> March 1998 will be liable for an abatement in their pension. The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995.

The Council's policy is to abate a pension in all cases of :-  
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.

#### **10 Waiving of time limits**

The Council's policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the requirement to make an election at the proper time.

#### **11 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.

#### **12 Medical clearance to purchase Added Years of membership Regulation 55(4)**

**An application to purchase added years of membership 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.**

## **Part 1B**

### **Discretions exercised by Haringey Council in accordance with provisions of**

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) and the Local Government (Discretionary Payments) Regulations 1996 as amended

**Staff of Employing Bodies should ask their Personnel Officer for a copy of their Policy Statement regarding the discretions listed below.**

#### **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 Increase of 1996 Act Redundancy Payments**

**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).**

#### **4 Injury Allowances: Summary of current Policy**

**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:-**

**Is certified as being permanently incapacitated and ceases employment.**  
**or**

**Suffers a reduction in pay.**

**In deciding on the amount of Injury Allowance payable, the Council takes into account all the circumstances of the case.**

**The maximum amount payable is 85% of Final Pay.**

**Injury Allowances in payment are reviewed annually, and at age 65.**

**Each case is referred for a decision to the Director of Finance acting under delegated authority.**

#### **5 Gratuities for Non- Pensionable Service: Summary of current Policy:**

**Gratuities are paid to retiring employees for service with the Council during which they were not eligible to join the Local Government Pension Scheme.**

**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.**

**Part Time employees who worked less 15 hours per week can count service up to 16/8/1993.**

**Gratuity payments do not apply to casual employment**

**The payments are calculated on 3.75% of Annual Pay for each year of gratuity service as described above.**

**The employee can choose between a once off lump sum or an annuity payment.**

**A Death Gratuity is also paid if an employee dies in Service.**

**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.**

Requests for early retirement estimates

**Any request for early retirement estimates must be referred to your line manager personnel officer or Member Support Officer. All early retirements must be approved in the first instance by the Director of Finance**

Contact information:

**Contact the Pensions Team at:-  
Alexandra House 10 Station Road London N22 7TR**

Tel Number 020 8489 5916

**E-Mail [Pensions.Mailbox@haringey.gov.uk](mailto:Pensions.Mailbox@haringey.gov.uk)**

## Part 2

### COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS: (Councillor Members).

The Local Government Pension Scheme Regulations 1997 (as amended)  
Regulation 106

**The Council is required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.**

**The policy was updated by Pensions Panel on 10<sup>th</sup> October 2005**

#### **1. Voluntary early retirement from age 50 (Regulations 31)**

Subject to the Council's consent, the Scheme Rules allow councillor members who cease to be a member of the Council between the ages of 50 – 65 to claim immediate payment of benefits. Early payment of benefits in these circumstances incur a cost to the Fund.

##### **Policy Decision:**

**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.**

#### **Early payment of Benefits from age 65 (Regulations 31)**

**If on ceasing to be a member of the Council the member's age and membership<sup>1</sup> equate to 85 or more, benefits are payable immediately and in full. If not, they are reduced by reference to tables produced by the Government Actuary.**

**The Council has discretion to waive this reduction.**

**If the benefits are left in the fund until age 70, they are paid without any actuarial reduction.**

**Waiving the actuarial reduction in these circumstances incurs a cost to the Fund**

##### **Policy Decision:**

**That 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.**

#### **2. Re-employed pensioners – Abatement of pensions (Regulation 109)**

**The pension payable to pensioner members who return to employment or Office covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.**

**All members of the Fund who commence re-employment or who return to Office will be liable for an abatement in their pension. The abatement**

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<sup>1</sup> For councillor members, this means membership as a councillor member in the Haringey Council Pension Fund

will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995. In general terms, this requires abatement where pensionable earnings and pension on re-employment / return to Office, exceed pensionable earnings on retirement.

**Policy Decision:**

The Council's policy is to abate a pension in all cases of :-

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.

**5. Waiving of time limits**

The Council's general policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the option at the proper time. Each case is considered on its merits having regard to the interests of the employee and the Council's trusteeship of the pension fund.

**Policy Decision:**

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.

**Waiving restriction on entry to the Fund Regulation 7 (9)**

The regulations permit elected members to opt in and opt out of the scheme. The regulations restrict the right to opt in if a member has opted out more than once. The Council has discretion to waive this restriction.

**Policy Decision**

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.

**Important Note:**

*Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.*

**For more information contact the Pensions Team at:-**

Alexandra House 10 Station Road London N22 7TR



*Tel Number 020 8489 5916*

**E-Mail [Pensions.Mailbox@haringey.gov.uk](mailto:Pensions.Mailbox@haringey.gov.uk)**