

Human Resources

Local Government Pension Scheme Discretions Policy Statement

Effective from 18 April 2016

HR

This statement outlines the Council's policies in relation to a number of discretions that may be exercised in respect of pension and compensation matters.

The policies as detailed here will be operated in all normal cases and, except where use of the discretion has been specifically reserved to the appropriate Member Committee, authority to exercise the discretion in accordance with the policy has been delegated to the Chief Human Resources Officer in consultation with the Director of Finance and Resources and the Borough Solicitor and Secretary.

However, in exceptional circumstances the Council reserves the right to exercise the full range of its powers contained in legislation, each case will be considered on its own merits and exceptional circumstances may be taken into consideration when deciding the level of any award. Such cases would be referred to the appropriate Member Committee for decision.

In the case of Chief Officers authority to exercise discretions is not delegated to officers and will not be exercised by officers. Authority to exercise discretion in such cases is reserved to the appropriate Member Committee.

Discretionary payments resulting from cases of compulsory redundancy will continue to be made in accordance with this policy statement.

However, as a result of unprecedented financial challenges and the need to critically review the way it delivers its services and transform how it works, the Council has also implemented a Voluntary Redundancy Scheme.

Voluntary redundancy is intended to help the Council reduce the number of its employees, and enable dignified exits for employees where appropriate.

Each tranche of voluntary redundancies will be targeted at specific employees, or groups of employees, and will operate over different timeframes.

The level of discretionary payments available for each tranche of voluntary redundancies may be different to those operated for compulsory redundancy and will be agreed as necessary taking into account the Council's financial position at the time.

For example,

In circumstances where individuals leave employment with the council as a result of voluntary redundancy, the following basis will be used for calculating the additional benefits that will be paid to the employee.

The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor which will be agreed and set by the council from time to time taking into account the councils financial position. For example, a multiplier of 1.50 will be used for leavers up to 30 April 2016 and 1.25 for leavers from 1 May 2016 onwards, subject to a maximum of 45 weeks pay (30 x 1.50) up to 30 April 2016, and 37.5 weeks pay (30 x 1.25) from 1 May 2016 .

Details of the criteria for application for each tranche and the discretionary payments available will be published as each tranche is announced.

LGPS 2014 Employer Policy Statement - Employers Discretions.

Employee Contributions

1. The London Borough of Redbridge will determine the appropriate contribution band for an employee by using the pensionable pay from the previous year as a basis for the determination (ignoring reductions due to sickness, child related leave, reserve forces service leave or other absences from work).
2. A reassessment will take place where there is a material change to an employee's contractual pay. A material change is defined as a change in grade or a change in hours.
3. Variable time employees will have their initial contribution rate set at 6.5% with a reassessment every six months.

Augmentation - Additional Pension

4. Where an individual's employment is to be terminated as a result of redundancy or in the interests of efficiency and as a result would be awarded lump sum compensation the employee will be allowed, as an alternative, to choose to take an actuarially equivalent valued amount of additional pension.
5. Where an individual's employment is not to be terminated prematurely, the council will only exercise its discretion to award a period of augmentation after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers).

Flexible Retirement

6. The Council will allow, subject to the identification and resolution of any business delivery issues, flexible retirement in cases where there is no or only minimal cost* to the Council. The employee's new combined gross contractual salary and pension payments (before any election is made for lump sum instead of pension under Regulation 33 of the Local Government Pension Scheme Regulations 2013 (as amended)) must not be in excess of the pre-retirement earnings on which the pension benefits were based. In addition, where an employee is moving to a lower graded post they must be placed on the highest point of the new scale and this point must be lower than the salary scale point the employee was on before flexible retirement. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary. Employees being granted flexible retirement will normally be expected to remain on the new contractual Terms and Conditions of employment until the date of termination of their employment with the council. The only exception to this ruling will be if/when the employee incurs any salary increment or annual salary 'cost of living' or pension increase award as this does not justify a 'significant' change to contract. Any other Council-imposed pay increases (for example assimilation onto a higher grade as a result of restructuring) will also not incur any claw back to the pension.
7. Where there is likely to be more than a minimal cost*, the case will be considered by the appropriate Member Committee and discretion under this Regulation will only be exercised after "careful consideration of the detailed merits of each individual case taking into

account the Council's financial position at the time and the balance of the likely costs against any realisable benefits to the Council".

8. The council will only exercise its discretion under this regulation to waive, in whole or in part, any actuarial reduction after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.
9. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Minimal cost refers to circumstance whereby, in one or two quite rare cases, there is a small cost (in the order of a few hundred pounds) even where the individual is suffering an actuarial reduction to their benefits. In all other cases authority is not delegated to officers where there is a cost. (Irrespective of the business case). Such cases must be referred to the appropriate Member Committee for decision.*

Early Payment of Pension

10. Each case will be considered on its merits and must be supported by a robust business case, which for current employees will be prepared by the employing service. The business case in respect of a current employee must set out fully any cost to the Council of early payment of pension benefits, any savings that will result in order to offset these costs, and how agreement to the early retirement will contribute to the efficient exercise of the authority's functions.
11. In the case of a deferred pensioner the key criteria contained in the business case will be any cost to the Council of early payment of pension benefits together with consideration of any compassionate grounds brought forward by the deferred pensioner in support of their request.
12. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.
13. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.
14. The council will only exercise its discretion under these regulations to waive, in whole or in part, any actuarial reduction in exceptional circumstances after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.
15. The London Borough of Redbridge resolves to make use of the discretion to retain the 85 year rule option to allow benefits to be paid before age 60, only in exceptional circumstances where there are operational or financial reasons for doing so. Each case will be considered on its merits and before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Shared Cost Additional Pension Contributions

16. The London Borough of Redbridge, as an employer, will only agree to voluntarily fund in part or in full a member's option to pay an Additional Pension Contribution (APC) in exceptional circumstances where there are operational or financial reasons for doing so. Each case will be considered on its merits and before exercising delegated authority the

CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Right to Aggregate Previous LGPS Membership

17. The London Borough of Redbridge, as an employer, will only allow an extension of the one year period for new scheme members in exceptional circumstances. Each case is to be considered on its merits and the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary before reaching a decision.

Transfers

18. The London Borough of Redbridge, as an employer, will only allow an extension of the one year period for new scheme members in exceptional circumstances. Each case is to be considered on its merits and the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary before reaching a decision.

Power to increase statutory redundancy payments

19. Where

no immediate pension is payable as a result of the redundancy,

and

the employee is not already receiving a pension from the council as a result of an earlier flexible retirement from the post the employee is being made redundant from,

and

the employee is not already receiving a pension from the council as a result of an earlier flexible retirement where the employee reduced grade by moving to the post the employee is being made redundant from,

the council will calculate the redundancy payment using actual pay, subject to an upper limit that will be reviewed and set from time to time taking into account the council's financial position, rather than restricting pay to the Statutory Maximum amount, ie the amount set from time to time by the Secretary of State as the maximum weeks' pay for redundancy purposes

20. In circumstances where

a pension benefit is payable immediately as a result of the redundancy,

or

the employee is already receiving a pension from the council as a result of an earlier flexible retirement from the post the employee is being made redundant from,

or

the employee is already receiving a pension from the council as a result of an earlier flexible retirement where the employee reduced grade by moving to the post the employee is being made redundant from,

the pay will be restricted to the statutory maximum.

21. Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.
22. Where a case involves a Chief Officer the case will be referred to the appropriate Member Committee for decision.

Discretionary Compensation in cases of Redundancy or Grounds of Efficiency Retirement

23. In circumstances where individuals leave employment with the council as a result of redundancy or efficiency reasons, the following basis will be used for calculating the additional benefits that will be paid to the employee.
 - a. The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor which will be agreed and set by the council from time to time taking into account the councils financial position. For example, a multiplier of 1.25 for will be used for leavers up to 30 April 2016 and 1.00 for leavers from 1 May 2016 onwards, subject to a maximum of 37.5 weeks pay (30 x 1.25) up to 30 April 2016, and 30 weeks pay (30 x 1.00) from 1 May 2016 . (This method of calculating a value will apply irrespective of whether or not redundancy is the reason for employment ceasing).
24. If the termination is as a result of redundancy, the employee will, subject to any qualifying criteria contained in the council reorganisation, redeployment and redundancy (the 3R's) policy, receive:
 - a. a statutory, or statutory plus balance, redundancy payment, plus either:
 - i. an additional lump sum compensation payment up to the overall value of compensation calculated under 23(a) above, or
 - ii. additional pension of the equivalent value to the additional lump sum compensation under 24(a)(i).
25. If the termination is in the interests of efficiency of the service, the employee will , subject to any qualifying criteria contained in the council reorganisation, redeployment and redundancy (the 3R's) policy, receive either:
 - a. a lump sum compensation payment equivalent to the overall value of compensation calculated in 23(a) above, or
 - b. additional pension of the equivalent value to the additional lump sum compensation under 25(a).
26. Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.
27. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

LGPS 2014 Administering Authority Policy Statement - Use of Administering Authorities Discretions That Apply to The London Borough of Redbridge

This statement outlines the council's policies in relation to a number of discretions that may be exercised in respect of pension and compensation matters.

The policies as detailed here will be operated in all normal cases and, except where use of the discretion has been specifically reserved to the appropriate Member Committee, authority to exercise the discretion in accordance with the policy has been delegated to the Chief Human Resources Officer in consultation with the Director of Finance and Resources and the Borough Solicitor and Secretary.

However, in exceptional circumstances the Council reserves the right to exercise the full range of its powers contained in legislation, each case will be considered on its own merits and exceptional circumstances may be taken into consideration when deciding the level of any award. Such cases would be referred to the appropriate Member Committee for decision.

In the case of Chief Officers authority to exercise discretions is not delegated to officers and will not be exercised by officers. Authority to exercise discretion in such cases is reserved to the appropriate Member Committee.

Abatement of Pension on Re-Employment

1. The London Borough of Redbridge resolves that any pensioner who retired after 31st March 2014 who is subsequently re-employed in further LGPS employment after 1st April 2014 will not have any element of their pension abated subject to the following conditions.
2. All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications.
Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual.
There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment can proceed.
3. In exceptional circumstances, where it is felt that not abating pre 1 April 2014 pension benefits in an individual case could lead to a serious loss of confidence in the public service [regulation 60(5) of the LGPS Regulations 2013], the Council may, notwithstanding paragraph 2 above, choose to exercise its full powers under the regulations and abate these benefits.

Transfers

4. The London Borough of Redbridge as the Administering Authority, will only object to an employer's extension of the one year period for new and existing scheme members in exceptional circumstances.

Blank Page

Retained policy statements concerning the Exercise of Discretions for scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014.

Policy statements concerning the exercise of discretions as provided for by The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)

**Regulation 12
Power of employing authority to increase total membership of active members**

This provision permits an employing authority to award an additional period of scheme membership to a scheme member (commonly referred to as "augmentation"). Subject to some other statutory limitations, the maximum that can be awarded is 10 years. The period can be awarded at any time as long as the employee who is to receive the award is still an active member of the Local Government Pension Scheme. The cost of granting the additional period of scheme membership falls entirely on the employing authority.

It is also possible to use the augmentation provision within the Local Government Pension Scheme to provide a scheme member with the alternative of augmentation, rather than receiving lump sum compensation upon redundancy or grounds of efficiency retirement under the Regulations.

Where an individual's employment is to be terminated as a result of redundancy or in the interests of efficiency, and as a result would be awarded lump sum compensation, the employee will be allowed, as an alternative, to choose to take an equivalent valued period of augmentation.

Where an individual's employment is not to be terminated prematurely, the council will only exercise its discretion to award a period of augmentation after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers).

Regulation 13

Power of employing authority to award additional pension

This provision permits an employing authority to award additional pension to a scheme member. The maximum that can be awarded is £5,000. The cost of awarding the additional pension falls entirely on the employing authority.

The council will only exercise its discretion to award additional pension after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers)

Regulation 18

Flexible retirement

The tax regime introduced from 2006 permits the concept of members of occupational pensions schemes drawing all or part of their accrued rights whilst continuing in employment with the same employer. Within the LGPS flexible retirement can only occur where there has been an actual reduction in hours or grade.

Where there has been such a reduction employers may therefore permit scheme members to draw all or part of their accrued rights whilst continuing in employment with the same employer as long as they have attained age 55. As with other early retirement provisions, depending on their age and length of membership, they may suffer a reduction to the value of their accrued pension and lump sum.

The Council will allow, subject to the identification and resolution of any business delivery issues, flexible retirement in cases where there is no or only minimal cost* to the Council. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary.

Where there is likely to be more than a minimal cost*, the case will be considered by the appropriate Member Committee and discretion under this Regulation will only be exercised after "careful consideration of the detailed merits of each individual case taking into account the Council's financial position at the time and the balance of the likely costs against any realisable benefits to the Council".

The council will only exercise its discretion under this regulation to waive, in whole or in part, any actuarial reduction after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Minimal cost refers to circumstance whereby, in one or two quite rare cases, there is a small cost (in the order of a few hundred pounds) even where the individual is suffering an actuarial reduction to their benefits. In all other cases authority is not delegated to officers where there is a cost. (Irrespective of the business case). Such cases must be referred to the appropriate Member Committee for decision.*

Regulation 30

Choice of early payment of pension

The Local Government Pension Scheme allows a scheme member to retire voluntarily (or to receive payment of deferred benefits in the case of employees who have already left) at any point from age 60. Depending on their accrued scheme membership at that point, they may suffer a reduction in the value of their pension and lump sum.

The Pension Regulations also provide that employers may permit scheme members to retire (or receive payment of deferred benefits) before age 60 as long as they have attained age 55. As with retirement after age 60, they may suffer a reduction to the value of their accrued pension and lump sum.

In either of these cases the council may determine on compassionate grounds that the accrued value of the pension and lump sum should not be reduced.

Each case will be considered on its merits and must be supported by a robust business case, which for current employees will be prepared by the employing service. The business case in respect of a current employee must set out fully any cost to the Council of early payment of pension benefits, any savings that will result in order to offset these costs, and how agreement to the early retirement will contribute to the efficient exercise of the authority's functions.

In the case of a deferred pensioner the key criteria contained in the business case will be any cost to the Council of early payment of pension benefits together with consideration of any compassionate grounds brought forward by the deferred pensioner in support of their request.

Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

***Policy statements concerning the Exercise of Discretions as provided for by
The Local Government Pension Scheme (Administration) Regulations 2008***

Regulation 70

Statements of policy concerning abatement of retirement pensions in new employment

Where a scheme member who is in receipt of a Local Government Pension Scheme pension from the council's fund enters a local government employment where they are again eligible to join the scheme the council can decide to reduce or suspend that person's pension (commonly referred to as "abatement").

All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications. Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual. There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment can proceed.

Subject to the above conditions the council will not abate Local Government pensions during a period of re-employment.

***Policy statements concerning the Exercise of Discretions as provided for by
The Local Government (Early termination of Employment) (Discretionary Compensation)
(England and Wales) Regulations 2006 (as amended)***

**Regulation 5
Power to increase statutory redundancy payments**

The council may use its discretion to calculate redundancy payments by reference to an individual's actual weeks pay, rather than the statutory maximum (£380.00 per week from 1 October 2009), where it is greater than the statutory maximum.

Where no immediate pension is payable the council will use actual pay subject to an upper limit of £960 per week (£50,000 pa) rather than restricting pay to the Statutory Maximum amount, ie the amount set from time to time by the Secretary of State as the maximum weeks pay for redundancy purposes (£380.00 per week from 1 October 2009).

In circumstances where a pension benefit is payable immediately the pay will be restricted to the statutory maximum (£380.00 per week from 1 October 2009).

Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Regulation 6
Discretionary compensation**

Where an employee's employment is terminated due to redundancy or in the interests of efficiency the council may pay the individual lump sum compensation of up to 104 weeks pay.

In circumstances where individuals leave employment with the council as a result of redundancy or efficiency reasons, the following basis will be used for calculating the additional benefits that will be paid to the employee.

1. The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor of 1.50 subject to a maximum of 45 weeks pay. (This method of calculating a value will apply irrespective of whether or not redundancy is the reason for employment ceasing).
2. If the termination is as a result of redundancy, the employee will receive:
 - a. a statutory, or statutory plus balance, redundancy payment, plus either:
 - i. an additional lump sum compensation payment up to the overall value of compensation calculated under 1 above, or
 - ii. a period of augmented service for pension benefit purposes (under Regulation 12 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)) of the equivalent value to the additional lump sum compensation under 2(a)(i).

- 3.** If the termination is in the interests of efficiency of the service, the employee will receive either:
- a. a lump sum compensation payment equivalent to the overall value of compensation calculated in (1) above, or
 - b. a period of augmented service for pension benefit purposes (under Regulation 12 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)) of the equivalent value to the lump sum compensation under 3a.

Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

Retained policy statements concerning the Exercise of Discretions as provided for by The Local Government Pension Scheme Regulations 1997 (as amended) in relation to active Councillor members and pre 1 April 2008 scheme leavers only.

Regulation 109

Administering authority duty to have a statement of policy concerning abatement of retiring pension in new employment. (in relation to active Councillor members and pre 1 April 2008 scheme leavers only)

Where a scheme member who is in receipt of a Local Government Pension Scheme pension from the council's fund again enters a local government employment where they are again eligible to join the scheme the council can decide to reduce or suspend that person's pension (commonly referred to as "abatement").

All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications. Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual. There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment could proceed.

Subject to the above conditions the council will not in future abate pensions as previously required under Schedule D5 of the Local Government Pension Scheme Regulations 1997.

Regulation 31

Consent to the immediate payment of pension benefits between the ages of 50 and 60 (in relation to active Councillor members only)

Consent to the early payment of deferred pension benefits on compassionate grounds on or after the age of 50 and the waiving of an actuarial reduction to pension benefits on compassionate grounds (in relation to active Councillor members and pre 1 April 2008 scheme leavers only).

The Local Government Pension Scheme allows a scheme member to retire voluntarily (or to receive payment of deferred benefits in the case of employees who have already left) at any point from age 60. Depending on their accrued scheme membership at that point, they may suffer a reduction in the value of their pension and lump sum. The Pension Regulations provide that employers may permit scheme members to retire (or receive payment of deferred benefits) before age 60 (as long as they have attained age 50). As with retirement after age 60, they may suffer a reduction to the value of their accrued pension and lump sum

The council will exercise its discretions under this Regulation after careful consideration of the merits of each individual election taking into account the council's financial position at the time of the election.

Where a case involves an Ex Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.