

# **PENSIONS DISCRETIONS STATEMENT 2019/20**

**HALTON BOROUGH COUNCIL**

## Introduction

This statement is prepared and published in accordance with the requirements of Regulation 60 (1) of the Local Government Pension Scheme Regulations 2013, which states that;

A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations –

- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
- (b) 30(6) (flexible retirement);
- (c) 30(8) (waiving of actuarial reduction); and
- (d) 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer. This statement fulfils that requirement.

There are no material changes to the discretions contained within this statement, which covers the financial year 2018/19.

Where relevant, monetary amounts used within the explanations of discretions have been revised as appropriate.

This statement aligns with the Council's Staffing Protocol and the position with regard to discretionary payments for early termination of employment is contained herein.

This document is confirmed as the Council's Pensions Discretions Statement for the financial year 2019/20.

The discretions will be exercised by the appropriate Strategic Director, in consultation with the Portfolio Holder for Resources, and Operational Director Finance. (In the case of applications from Strategic Directors or the Chief Executive, the discretions will be exercised by the Chief Executive, in consultation with the Portfolio Holder for Resources and Strategic Director, Enterprise, Community and Resources).

Any questions relating to this statement should be directed to:

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## **COMPULSORY POLICY STATEMENTS IN ACCORDANCE WITH LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013**

### **Regulation 16 (2) (e) & 16 (4) (d)**

#### **Ability to contribute to a shared cost additional pension contribution (APC) scheme.**

##### **Explanation:**

Where an active scheme member wishes to purchase extra annual pension of up to £6,755 (2017/18 rate) by making an Additional Pension Contribution (APC) the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension (SCAPC).

##### **HBC decision:**

A SCAPC will only be entered into when the member decides that they wish to make an APC in order to repay the loss of pension which they have suffered from the purchase of unpaid leave relating to the changes to Terms and Conditions.

As long as the member enters into the APC contract by the 31<sup>st</sup> March of the leave year in which they wish to repay the loss of pension (i.e. 31<sup>st</sup> March 2019 for the unpaid leave purchased in 2018/19) then the Council will contribute two thirds of the cost of repayment. All other APC contracts will be funded in full by the member.

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### **Regulation 30 (6)**

#### **Ability to award Flexible Retirement**

##### **Explanation:**

A member who is aged 55 or over and with their employers consent reduces their hours/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment.

##### **HBC decision:**

The Council will adopt this discretion and will assess applications from those employees aged 55 and over who reduce their hours by 25% (not for a grade reduction). Applications will be considered on the basis of future service provision and cost. The decision to release benefits will be taken by the appropriate Strategic Director.

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## **Regulation 30 (8)**

### **Waiving of Actuarial Reduction on Flexible Retirement and early retirement (age 55+)**

#### **Explanation:**

Employers can elect to waive some or all of the reduction on benefits if a member chooses to take flexible retirement and take their benefits before Normal Pension Age (NPA)

#### **HBC decision:**

HBC will only waive actuarial reduction on flexible retirement in exceptional circumstances.

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## **Transitional Protections – Regulation 1 (1) (c) Schedule 2**

### **Power of the Employing Authority to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.**

#### **Explanation:**

A member who meets the 85 year rule and elects to draw their pension benefits from age 55 will no longer require their employers consent if they retire after 31<sup>st</sup> March 2014. However, certain members will lose some 85 year rule protections if they wish to draw their pension between age 55 and 60.

An employer may decide to “switch on” protection to the 85 year rule for a member who voluntarily retires from age 55 but before age 60 and meet any additional cost of the retirement.

#### **HBC decision:**

In exceptional circumstances, where this is in the interest of the Council and the costs of allowing such requests are considered against the benefits to the Council, that the Council will pay the additional cost of an unreduced pension.

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## **Regulation 31**

### **Ability to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency.**

#### **Explanation:**

An employer may decide to award a member additional pension up to a limit of £6822 per year (current amount, will increase each April) payable from the same date as their pension is payable.

#### **HBC decision:**

The Council will not award additional pension.

## NON COMPULSORY DISCRETIONS

### **Regulation 9 (3)**

#### **Contributions Payable by an Active Member.**

##### **Explanation:**

Employers must assess the appropriate rate of contribution band, in a reasonable and consistent manner and review the contribution bands on any material change in pay.

##### **HBC decision:**

The Council will review contribution bands annually or at a significant change, unless an employee exercises their right to appeal their band allocation when the review may be conducted earlier.

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### **Regulation 22 (7) & (8)**

#### **Re-employed and Re-joining Deferred Members**

##### **Explanation:**

This provision permits an employer the discretion to extend the statutory 12 month window within which a scheme member can elect to aggregate deferred LGPS benefits into their current employment.

##### **HBC decision:**

The Council will not normally extend the time limit beyond 12 months.

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### **Regulation 100 (6)**

#### **Inward Transfer of Pension Rights**

##### **Explanation:**

This provision allows an employer the discretion to extend the statutory 12 month window within which a scheme member can elect to transfer benefits from another scheme into their current scheme.

##### **HBC decision:**

The Council will not normally extend the time limit beyond 12 months.

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## **Regulation 30 (5)**

### **Ability to Waive Actuarial Reduction on Compassionate Grounds**

#### **Explanation:**

This regulation provides for early payment of retirement benefits, reduced by the amount shown in actuarial guidance issued by the Secretary of State for Local Government, in relation to an employment, for a scheme member who is not an employee in local government service in that employment, and has not attained normal pension age, but is aged over 55 years.

#### **HBC Decision:**

The Council will consider, on a case by case basis, exercising its discretion to waive some or all of the reduction. This will be where it is felt to be in the best interests of the Council as well as the employee (deferred member) and the costs of allowing such requests will be considered against the benefits to the Council.

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**Discretion under the  
Local Government (Early Termination of Employment) (Discretionary Compensation)  
(England and Wales) Regulations 2006.**

The Council is required to formulate, publish and keep under review a statement of policy on how it will exercise its discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. Such a statement is contained in the Councils Staffing Protocol. It is reproduced here for completeness.

By virtue of regulation 7 (1) of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 Scheme employers are required to formulate a Statement of Policy on whether it intends to base a redundancy payment on an employee's actual weeks' pay where this exceeds the statutory weeks' pay limit and whether to make a termination payment (inclusive of any redundancy payment) of up to a maximum of 104 weeks' pay (regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

The Council will pay a redundancy payment based on actual weeks' pay where this exceeds the redundancy payment and will enhance payments in line with the multiplier applicable at that time and contained in the Councils Staffing Protocol. The multiplier has been set at 1.4, effective from 1<sup>st</sup> April 2016.