

## Council 24 June 2019

### Item 8 refers

Recommendation from the meeting of the Employment Committee of 27<sup>th</sup> March 2019

#### LOCAL GOVERNMENT REVIEW OF ADDITIONAL PENSIONS DISCRETIONS

The Committee considered an officer report following the Council being advised of a change to the Pensions regulations by the Leicestershire County Council Pensions Office which have expanded the period in which many deferred members can claim their pension without the need for employer consent.

The Committee considered the four options set out in the report and recommended that the Council adopts the proposed Harborough District Council policy revisions/additions to the pension discretions as detailed in paragraphs 4.2 and 4.10 of the report, as set out below:

#### 4.2:

Explanation	Proposed Council Policy	Explanation of the change
The Council has the discretion, under a number of retirement scenarios to waive actuarial reductions on compassionate grounds. The cost of which would fall upon the Council. n.b. "Compassionate grounds" is not defined in the regulations.	In relation to waiving any reduction which may apply on compassionate grounds, the Council may exercise this discretion on a case by case basis if there are exceptional circumstances and there is a clear financial or operational benefit to the Council.	This discretion has been broadened to allow greater flexibility to potentially provide for situations where employees are seeking to take early retirement while maximising their pension benefits.

#### 4.10:

Explanation	Proposed Council Policy	Explanation of the change
A former member who has not attained normal pension age (NPA) but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment if that member is not an employee in local government service in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.  In these circumstances (other than flexible retirement) the 85 year rule	The Council should not apply this discretion	New discretion –The most recent amendments to the LGPS regulations have expanded the period in which many deferred members can claim their pension without the need for employer consent. Since 2014, members who leave and are over age 55 may claim an actuarially reduced pension benefits if they wish <i>without</i> the consent of their employer. However this ease of access <i>was not</i> extended to those who had already left the pension scheme before 1 April 2014 – until now. It has now been extended to all deferred leavers between 1.4.1998 and

<p>does not automatically apply to members who would otherwise be subject to it who choose to voluntarily draw their benefits on or after age 55 and before NPA.</p> <p>The employer has the discretion to “switch on” the 85 year rule for such a member.</p> <p>If the employer does agree to switch back on the rule of 85, the cost of any strain on the fund resulting from the payment of benefits before NPA would have to be met by the employer.</p>		<p>31.3.2014. This new discretion could lead to a capital cost being payable by this Council to the pension fund, so each case would be considered on its merits.</p>
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There is requirement for the Council to consider each request on a case by case basis, not just in the implementation of a blanket policy, so, whilst the Council has determined its overall policy steer, each case requires the exercise of a general discretion which will also be linked to demonstrable financial or operational benefit. This means that there will be cases where the Council grants an application under one of the policies and cases where the Council declines an application. It is recommended that the Head of Paid Service is given delegated authority to consider and determine any requests made under this policy.

In answer to members' questions the Committee was informed that:

- compassionate grounds were not defined in the regulations but could be taken into account when considering individual cases;
- local authorities did not set a retirement date for their employees but tended to work to the statutory pension age;
- where an employee is made compulsory redundant at age 55 or over they are entitled to receive their full local government pension without actuarial reduction.

**RECOMMENDED TO COUNCIL:**

- (i) That the proposed Harborough District Council policy revisions/additions to the pension discretions as detailed in 4.2 and 4.10 of the officer's report (above) be adopted;
- (ii) That subject to Council approving (i) above the Head of Paid Service is given delegated authority to consider any cases and determine whether the actuarial reduction should be waived, taking into account the financial position of the Council.

**The report to the meeting of the Employment Committee on 27<sup>th</sup> March 2019 is attached.**