

## **HENLEY ON THAMES TOWN COUNCIL**

### **Pensions Discretions Policy Statement**

#### **The Local Government Pension Scheme Regulations 2013**

1. This policy statement is made in accordance with Paragraph 60 of the Local Government Pension Scheme Regulations 2013 ('the Regulations'). The statement sets out how the Council will apply the discretionary provisions available within those Regulations. The policy is applicable to employees, not to Councillors. This policy will be reviewed annually. If the Council decides to change its policy, it will publish a statement of the amended policy within one month of the date of its decision.
2. In formulating and reviewing its policy, the Council:
  - has regard to the extent to which the exercise of their discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service; and
  - is satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.
3. Any references to 'employees' in this policy will be taken to include former employees who keep a deferred benefit in the fund.

#### **Purpose of Policy**

3. This policy aims to provide fairness and consistency in situations where the Council is considering cases of flexible retirement and increasing pension benefits. It covers an intention to retire on or after 1<sup>st</sup> April 2014 for employees only.

#### **Flexible retirement - Regulations 30(6) and 30(8)**

4. The Pension Scheme allows flexible retirement from age 55 with the payment of all or part of accrued pension benefits in situations where the employer agrees to the hours of work or the level of responsibility being reduced and to the release of pension benefits. In most cases pension benefits will be reduced if taken before normal retirement age.
5. Flexible retirement can benefit both the employee through enabling a gradual adjustment to retirement and the Council through the ability to retain valuable experience and knowledge and increases the opportunity for succession planning.
6. The Council will consider all requests for flexible retirement in response to written requests from eligible employees.
  - The Council will approve requests only where it is in their interest to do so, where there will be no adverse impact on the service and where the costs are affordable or where there are likely to be costs savings achieved as a result of the proposal. A business case should be prepared indicating that will be no adverse impact on Council service.

- A request should typically involve a substantial reduction in salary either through reduced hours or level of responsibility.
- The employee's contract of employment will be amended by mutual agreement to reflect the new hours or grade, as agreed, and continuity of service will be preserved.
- Employees may draw their accrued pension benefits, subject to any actuarial reduction, and continue to pay into the Pension Scheme with a new fund until the age of 75.
- Employees can choose to draw all of their pension benefits or defer payment of all or part of the part of their fund.
- Flexible retirement will normally result in an actuarial reduction of pension benefits. In exceptional circumstances the Council may consider waiving the actuarial reduction where it is in the Council's interest to do so under Regulation 30(8).
- Flexible retirements will be considered and approved by the Finance Strategy & Management Committee.

### **Awarding additional pension – Regulation 31 of the Regulations**

7. The Council will not generally make use of the provision to award additional pension. However there may be exceptional circumstances where it is of benefit to the Council to award an additional pension to an employee. The maximum figure is £6,500 per annum as at 1<sup>st</sup> April 2014 and increases annually in accordance with the Regulations and could result in savings for instance in staff recruitment or retention costs. Awards of any such additional pension will be supported by a business case and considered and approved by the Finance Strategy & Management Committee.

### **Awarding Additional Pension Contributions - Regulations 16(2)(e) and 16(4)(d) of the Regulations**

8. The Council will not fund any additional pension contributions normally payable by employees save when required to do so by the Regulations.

### **Other Discretions Pursuant to the 2013 Regulations**

9. The Council will not exercise any other pension discretions pursuant to the Regulations.

### **Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 TP Sch 2 and (1)(c)**

### **Discretion to 'switch on' the 85 Year Rule for 55 to 60 year olds**

10. The Council will not usually exercise discretion to fund additional costs applicable to the 85 Year Rule for 55 to 60 year olds. However in exceptional circumstances when a business case is made showing that this would be of benefit to the Council, then the Council may exercise discretion to pay the cost of waiving actuarial reductions. Discretion to pay additional costs to switch on the 85 Year Rule for 55 to 60 year olds may be made by Full Council.

### **Early payment of pension**

11. Employees can retire from age 55 and receive immediate payment of their pension benefits however the pension benefits payable will be subject to an actuarial reduction to allow for early payment unless Regulation 30(7) is applicable (redundancy or business efficiency termination of employment). The Council will not adopt the discretion to waive the actuarial reduction.

### **Monitoring the application of the Policy**

12. The Council will carry out equality monitoring of the employees who apply for flexible retirement to be aware if a disproportionate number of employees from any individual equality strand are affected. Should that be the case, it will consider the reasons why and, if necessary, amend this policy to ensure that any inequalities in the policy which are subsequently identified are removed.

### **Dealing with requests from employees**

13. Requests from employees should be directed in writing to the Responsible Financial Officer who will bring information and a detailed business case to be considered by Full Council.

### **Review of Policy**

14. This Policy will be reviewed annually by the Finance Strategy & Management Committee.

15. Minor amendments to this policy, for example to reflect changes to legal requirements, may be made by the Financial Strategy & Management Committee. Substantial changes should be referred to Full Council.

16. Next review date will be July 2020.

#### **Document information**

Document originator: Liz Jones, Accountant/RFO

Amendments at 3 and 13 above approved at Finance Strategy & Management Committee 9 July 2019 and ratified at Full Council on 30<sup>th</sup> July 2019