



## Pension Scheme

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### Introduction

A number of regulations within the Local Government Pension Scheme allow employing organisations, like South Tyneside Council, to use their discretion in how they are applied. The Council has agreed a number of policies in relation to these, and associated regulations. These policies are set out below:

### **1 Policy of South Tyneside Council in Relation to Regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006**

#### Definition

Under this Regulation an employing authority is allowed to set the amount of compensation that may be paid to an employee who is redundant, subject to certain limits set out in Regulation 5(2):

5(2) The amount which may be paid must not be more than the difference between—

(a) the redundancy payment to which he is entitled under Part 11 of the 1996 Act;

And

(b) the payment to which he would have been entitled if there had been no limit on the amount of a week's pay used in the calculation of his redundancy payment.

#### Policy

*Any redundancy payment made by South Tyneside Council will be based on an employee's actual weekly pay.*

Policy Approved: Head of HR and OD – September 2022

### **2 Policy of South Tyneside Council in Relation to Regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006**

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### Definition

This Regulation allows an employing authority to award compensation, of up to 104 weeks pay, to employees who have their employment terminated due to redundancy, or efficiency, or where a joint appointment ends because one of the holders leaves.

### Policy

#### Redundancy

*Any employee, who volunteers for redundancy in accordance with the Council's Scheme, and their application is agreed, will be awarded a compensation payment of up to 39.90 weeks' pay (which will include any statutory redundancy payment). The payment will be based upon the age and length of service bands contained within the statutory redundancy scheme multiplied by 1.33.*

Policy Approved: Trade Union Consultation Meeting – January 2017

#### Efficiency of the Service and Joint Appointment

*An employee who leaves on efficiency grounds may be awarded a compensation payment of up to 60 weeks pay dependent upon the merits of the case. A payment will only be made where it can be demonstrated to be in the Council's interests to do so, unless there are special factors, which justify a departure from this policy.*

*This policy will also apply to situations where a joint appointment ends because one of the holders leaves.*

Policy Approved: Human Resources Committee – January 2007

### **3 Policy of South Tyneside Council in Relation to Regulation 100(6) of the Local Government Pension Scheme Regulations 2013.**

#### Definition

New members of the Local Government Pension Scheme have 12 months within which to apply to transfer other pension rights into the current period of service. The employer, with the agreement of the Administering Authority, has the power to extend the 12-month period.

#### Policy

South Tyneside Council considers that the 12-month period allowed within the Local Government Pension Scheme Regulations is insufficient time to enable an individual to consider their options and apply to transfer a period of previous service. The Council recognises that pensions are difficult and important matters for individuals and believes that employees should be allowed a longer period to apply. The Council has therefore adopted the following policy towards this discretion:

*South Tyneside Council will accept applications from employees who wish to transfer previous pension rights up to 36 months from the date of their commencement. No applications will be accepted after this time unless they can be demonstrated to be in the Authority's interests, or there are particular extenuating circumstances.*

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### Authority's Interests and Extenuating Circumstances

It is envisaged that there will be few situations when these exceptions will need to be applied. An example of the Authority's interests' exception would be if it were to assist a restructuring exercise. An example of the extenuating circumstances exception would be to cover a situation where someone's pensionable service had mistakenly been treated as being broken.

Policy Approved: Human Resources Committee – January 2007

## **4 Policy of South Tyneside Council in Relation to Regulation 31 of the Local Government Pension Scheme Regulations 2013.**

### Definition

This Regulation allows an employing authority to award extra annual pension of up to £6,500 to members of the Local Government Pension Scheme, or to ex-members of the Scheme, within 6 months of leaving, who left on redundancy or efficiency grounds.

Reg 31(2) currently provides:

The additional pension limit is £6,500 from 1<sup>st</sup> April 2014 and that figure is increased on 1<sup>st</sup> April 2015, and each subsequent 1<sup>st</sup> April, by the amount (where it is greater than zero) by which it would be increased if it were a pension beginning on 1<sup>st</sup> April 2013 to which the Pensions (Increase) Act 1971 applied.

### Policy

*This discretion will not be exercised.*

Policy Approved: Head of HR and OD – September 2022

## **5 Policy of South Tyneside Council in Relation to Regulation 25 of the Local Government Pension Scheme (Administration) Regulations 2008, Regulation 15 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as Amended) and Regulation 17 of the Local Government Pension Scheme Regulations 2013.**

### Definition

This Regulation allows an employing authority to contribute to a shared cost AVC Scheme.

### Policy

*This discretion will be exercised.*

Policy Approved: Corporate Lead HR – February 2020

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**6 Policy of South Tyneside Council in Relation to Regulations 16(2)(e) and 16(4)(d) of the Local Government Pension Scheme Regulations 2013.**

Definition

This Regulation allows an employing authority to contribute to a shared cost APC Scheme.

Policy

*This discretion will not be exercised.*

Policy Approved: Corporate Lead HR – May 2014

**7 Policy of South Tyneside Council in Relation to Regulations 1(1)(c) of Schedule 2 of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.**

Definition

This Regulation allows an employing authority to apply the 85 year rule protections for a member who voluntarily draws their benefits on or after age 55 and before age 60.

Policy

*This discretion will not be exercised.*

Policy Approved: Corporate Lead HR – May 2014

**8 Policy of South Tyneside Council in Relation to Regulations 3(1) and (2)(1) of Schedule 2 of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, 30(5) and 30A(5) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended).**

Definition

Under these Regulations an employing authority can waive any actuarial reductions for employees/former employees/suspended tier 3 ill-health pensioners taking early retirement on or after age 55.

Policy

*Applications will only be considered on compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (see appendix A).*

Policy Approved: Corporate Lead HR – May 2014

**9 Policy of South Tyneside Council in relation to Regulation 30(6) of the Local Government Pension Scheme Regulations 2013. This applies to active scheme members in the 2014 Scheme.**

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### Definition

Under this Regulation an employing authority has the discretion to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade.

### Policy

*Applications will only be considered on an individual basis and in line with the needs of the business. If agreed, all accrued pension benefits will be released. If there is a cost an application can only be agreed if it is in the interests of the business or where there are extenuating compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (See appendix A).*

Policy Approved: HR Committee – March 2014

## **10 Policy of South Tyneside Council in relation to Regulation 30(8) of the Local Government Pension Scheme Regulations 2013. This applies to active scheme members and post 31.3.14 leavers**

### Definition

Under this Regulation an employing authority can waive any actuarial reductions for employees/former employees/suspended tier 3 ill-health pensioners taking early retirement on or after age 55 under Regulations 30(5) or (6).

### Policy

*Applications will only be considered on compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (see appendix A).*

Policy Approved: Corporate Lead HR – September 2016

## **11 Policy of South Tyneside Council in relation to Regulation 30(2) and 30A(3) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended). This applies to scheme members who ceased active membership on or after 1.4.08 and before 1.4.14**

### Definition

Under these Regulations an employing authority can grant an application for early payment of deferred benefits on or after age 55 and before age 60 or grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.

### Policy

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*Applications will only be considered on compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (see appendix A).*

Policy Approved: Corporate Lead HR – September 2016

**12 Policy of South Tyneside Council in relation to Regulations 31(2) and 31(5) and 31(7A) of the Local Government Pension Scheme Regulations 1997. This applies to active councillor members, councillor members who ceased active membership on or after 1.4.98 and any other scheme members who ceased active membership on or after 1.4.98 and before 1.4.08.**

Definition

Under these Regulations an employing authority can

- i) grant applications for the early payment of pension benefits on or after age 50 and before age 60 under regulation 31(2) of the LGPS Regulations 1997, and
- ii) grant, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65 under regulation 31(5) of the LGPS Regulations 1997.

Policy

*Applications will only be considered on compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (see appendix A).*

Policy Approved: Corporate Lead HR – September 2016

**13 Policy of South Tyneside Council in relation to Regulation D11(2)(c) of the Local Government Pension Scheme Regulations 1995. This applies to scheme members who ceased active membership before 1.4.98.**

Definition

Under these Regulations an employing authority can grant an application from a pre 1.4.98 leaver for early payment of deferred benefits on or after age 50 on compassionate grounds

Policy

*Applications will only be considered on compassionate grounds. A decision will be made on the merits of each case in accordance with the Council's guidelines on compassionate cases (see appendix A).*

Policy Approved: Corporate Lead HR – September 2016

**Equality and Diversity Statement**

South Tyneside Council is committed to promoting equality and valuing diversity. An equality check on this policy was carried out in 2022 and no equality check implications were identified.

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**Policy approved by Governors:**      **March 2023**

**Date of next review by Governors:**      **February 2024**

### **Requests on Compassionate Grounds**

Requests on compassionate grounds usually fall into two categories:

- Cases of financial hardship – Requests because of financial hardship alone are not usually considered to be sufficient grounds to justify the early release of pension benefits. This is because there are a wide range of other benefits which are available from the Government and other organisations.
- Cases of caring responsibilities – Requests because of caring responsibilities may be considered to be sufficient grounds to justify the early release of pension benefits. These typically involve situations where an ex-employee may not be able to work because they are acting as a carer for an ailing member of the family or loved one.

In addition consideration also has to be given to:

- Length of need – If agreed the ex-employee will receive a tax-free lump sum and a pension for life. When evaluating an application it should be considered whether there is a real and lasting need for the payment of the pension benefits.
- Cost – When pension benefits are released early on compassionate grounds they are not reduced. This means that there is normally a cost involved that needs to be covered.

