

Report to the Cabinet

Report reference: C-051-2009/10
Date of meeting: 16 November 2009



**Epping Forest
District Council**

Portfolio: Performance Management
Subject: Local Government Pension Scheme
Responsible Officer: Jane Howell (01992 564417).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) Cabinet agree that the Council's policy for determining requests for the early release of pension payments on compassionate grounds sits with members who will decide each request on their individual merits using the proposed criteria in paragraph 5;**
- (2) Cabinet consider the policy options set out in paragraphs 6 and 7 of the report; and**
- (3) That Cabinet consider a request from a past employee for the early release of pension payments on compassionate grounds in accordance with decisions reached in recommendations (1) and (2).**

Executive Summary:

As an employing authority, the Council has specific discretionary powers over certain parts of the Local Government Pension Scheme Regulations. One area which the Council has discretion is the early release of pension on compassionate grounds. This provision allows past or current employees to apply for their pension early when their circumstances do not allow them to work. There are variable costs involved in the agreement of such early payment.

An ex-employee has requested the Council consider early payment of his pension on compassionate grounds due the current health of his wife.

Reasons for Proposed Decision:

To enable members to make a decision regarding the discretion to release the payment of pensions on compassionate grounds.

To consider the request from a past employee for the early release of pension payments on compassionate grounds.

Other Options for Action:

Cabinet could decide not to agree any requests for early release of pension payments on compassionate grounds or decide another approach.

Report:

Background

1. Epping Forest District Council (EFDC) employees are entitled to participate in the Local Government Pension Scheme (LGPS). The general framework of the LGPS is determined nationally and is set out in legislation. Within the legislation there is provision in specific areas for the employer to exercise discretion over the entitlements of its current and past employees. One of the areas for discretion is the early release of pension payments on compassionate grounds.
2. An employee aged 55 or over (50 until 31.3.2010, aged 55 from 1 April 2010 and new joiners from 1 April 2008) but not yet 60, may apply to EFDC for approval of the early payment of accrued pension benefits under this regulation.
3. Generally, for early release on these grounds, it should be demonstrable that a past or current employee is unable to continue working or resume employment due to circumstances outside their control, for example, to look after and care for a dependant spouse.
4. By agreeing to the early release, an 'early retirement financial strain' may be payable by EFDC. But, due to the vast numbers of Statutory Pension Regulations it is not possible to say whether a financial strain will always be payable and therefore Cabinet may wish to consider each case individually.

Proposed Grounds for Determining Requests

5. The proposed grounds on which to consider cases would include:
 - (i) merits of the compassionate grounds;
 - (ii) financial implications for the Council; and
 - (iii) any other relevant circumstance, i.e. length of service with the Council.

Policy Options

6. There are a number of options for members to consider in relation to the payment of the pension strain, as set out below:
 - (i) Essex County Council have advised that the pension strain can be paid by the employee which will be deducted from their lump sum payment, therefore there will be no cost to the Council; or
 - (ii) The Council could fund the pension strain but only up to a predetermined figure; or
 - (iii) The Council could meet the full cost of the pension strain.
7. In addition to the above, members could decide that officers could automatically agree requests up to a predetermined figure i.e. £1000 which would not require member approval.

Employee Request

8. EFDC has received a request from an ex-employee applying for early payment of pension on compassionate grounds. He informs us that he and his wife have been resident in France since 2007 and are no longer eligible to receive free health care. His wife is in

need of an operation which he estimates will cost considerably more than he has at his disposal and his wife's recovery period, for which he will need to be available to look after his wife is 6 to 8 months.

Resource Implications:

The cost to the Council will vary depending on the circumstances of each case. The cost Council for this specific request will be a one off lump sum payment of £5,051.30.

Legal and Governance Implications:

N/A

Safer, Cleaner and Greener Implications:

N/A

Consultation Undertaken:

None.

Background Papers:

Statutory legislation: The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

Letter from ex-employee dated 18 September 2009.

Letter from Essex County Council dated 9 October 2009.

Email from ex-employee dated 19 October 2009.

Impact Assessments:

Risk Management

There is a risk that without a policy framework future decisions maybe made on an arbitrary basis.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? **No**

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

What equality implications were identified through the Equality Impact Assessment process?

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?