

ADMISSION AGREEMENT GUIDANCE

2016



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1. BACKGROUND AND INTRODUCTION

Where one or more members of staff are transferred under the TUPE (Transfer of Undertakings Protected Earnings) Regulations, guidance in the form "Fair Deal" applies to all public sector organisations with regards to the protection of staff pension. On 4 October 2013, HM Treasury published new guidance setting out a reformed new Fair Deal policy. Fair Deal applies under statute for "Best Value Authorities" in respect of Local Government employees that incorporate certain maintained schools, including academies.

This document sets out the policy of the London Borough of Redbridge Pension Fund in relation to the granting of Admitted Body Status. The responsibility for ensuring compliance with this policy rests with the awarding employer and the failure to comply with the policy could result in delays and impact on transferring employees' entitlements.

2. SCHEME REGULATIONS

The requirements of an admission agreement are set out in the Local Government Pension Scheme (LGPS) Regulations 2013 and includes the requirement for a Bond, Indemnity or Guarantor to be put in place within this type of employer admission.

We strongly advise that you refer to the Regulations or ensure that your legal advisers have a full copy of the Regulations and are fully aware of its contents before continuing with an application for admission to the scheme.

The Regulations can be viewed at <http://www.lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014>

An Administering Authority may make an Admission Agreement with:

1. A body which provides a public service in the United Kingdom otherwise than for the purpose of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest, whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise, or
2. A body to the funds of which any Scheme employer contributes or,
3. A body which provides or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement.

For an Admission Agreement made with a body under (3) the admission body, the Administering Authority and the scheme employer, if not also the administering authority, must be part to the Admission Agreement. Also only those employees of the admission body who are employed in connection with the provision of the services or assets referred to in the transfer arrangement are eligible to be members of the Scheme.

An Admission Agreement must terminate if the admission body ceases to be such a body.

3. RISK ASSESSMENT

The Regulations require that an actuarial assessment of risk (the level of pension liability risk arising on the premature termination of the admission agreement by reason of insolvency, winding up or liquidation of the admission body) has to be carried out to the satisfaction of the Administering Authority and to the satisfaction of the Scheme employer (if different).

As part of the valuation the Fund's Actuary will produce a calculation of the risk whilst calculating the employer's contribution rate (as set out in Item 6).

4. BOND, INDEMNITY OR GUARANTOR

An indemnity or bond is a requirement where the level of risk identified by the Actuary's assessment is such to require it. The admission body shall enter into an indemnity or bond in an approved form with an authorised insurer or a relevant institution (as defined by Schedule 2 Part 3 (7) of the Local Government Pension Scheme Regulations 2013). In respect of an admission body, where a bond or indemnity is to be provided this must be to the satisfaction of the Administering Authority and to the satisfaction of the scheme employer (if different).

The bond or indemnity is to provide cover against the risk of redundancy as well as investment market volatility. It is the Authority's policy to ensure that, where provided, the maximum level of cover is provided by the bond or indemnity in order to safeguard the Pension Fund and other employers in the scheme.

If an admission body is unable to provide a bond or indemnity, a guarantee will be required from an appropriate body, such as a parent company.

If an admission body is unable to provide a bond, indemnity or guarantee the Pension Fund reserves the right to pre-fund for termination by way of increasing the employer contribution rate using actuarial assessed assumptions.

5. ILL HEALTH RETIREMENT

In order to reduce the risk to the Pension Fund, Admitted Bodies will be required to take-out ill-health insurance cover. Arrangements have been put in place with Legal & General that enables employers to take out insurance cover for this particular risk although employers have the choice to use an alternative insurance provider if so desired. Any alternative insurance arrangements must be to the satisfaction of the Administering Authority.

Employers will be required to pay the insurance premiums directly to the insurance provider as this is a separate arrangement to that of the Redbridge Pension Fund.

6. EMPLOYER'S CONTRIBUTION RATE

Once an admission agreement is entered into, the Fund's Actuary, Hymans Robertson will be asked to calculate and certify the rate of the employer's contribution payable. In the first instance, the rate would be determined for the period commencing with the "effective date" of the admission agreement and ending on the last date of the current valuation period.

If an employer rate cannot be determined before the admission agreement is signed and sealed, the employer's rate is provisionally set at the outsourcing Scheme employers current contribution rate. Once the rate has been confirmed, this will need to be implemented from the next available payroll.

7. REMITTANCE OF EMPLOYEES' AND EMPLOYER'S CONTRIBUTIONS

Once the admission agreement is signed and sealed the employees' pension contributions at a tiered contribution rate between 5.5% and 12.5% dependent on pensionable pay together with the employer's contributions must be submitted to the Pension Fund from the "effective date" of the Agreement. In accordance with the Regulations, contributions must be paid to the Pension Fund by the 19th day after the month end.

Employers will also be required to provide a schedule that corresponds with the payment made, showing the individual employee details. An example of such a schedule will be included in the Welcome Pack as issued by the Pension Administration Team.

8. EMPLOYER POLICY STATEMENT

As the LGPS is a **statutory** pension scheme the pension benefits that it provides for its members are set out in law. However, within the scheme regulations there are a number of employer discretions as to how the scheme rules might be applied. Each scheme employer is required to formulate, produce, publish and keep under review a policy statement as to how it intends to use those discretions.

As part of the admission process an admission body will be required to produce a policy statement in respect of its discretions under the Local Government Pension Scheme Regulations. The admission body may decide to adopt the policies of the Administering Authority, but irrespective of this the admission body will be required to produce its own policy statement.

In addition the admission body is required to specify a person to deal with complaints that might arise under stage one of the Internal Dispute Resolution Procedure (IDRP). The IDRP is a two stage complaints procedure and can be used by scheme members if they feel that a decision taken in respect of their pension rights is wrong. Stage one of the process is undertaken by the scheme member's employer whilst stage two is undertaken by the Administering Authority.

A scheme employer is required to specify or nominate an adjudicator who will investigate stage one cases as part of the "Employer Policy Statement".

9. CONTRACT / ADMISSION AGREEMENT TERMINATION

In the event that the admission agreement is to be terminated, a cessation valuation will be undertaken by the Fund's Actuary. The Actuary will calculate the liabilities and assets of the admitted body within the Pension Fund to determine whether a deficit has accrued. If so, a payment by the admitted body will be required.

It is therefore vital that an admitted body appreciates the potential risk from the outset of admission and puts in place whatever mechanism they deem appropriate to protect themselves against this risks.

PART 3

1. The following bodies are admission bodies with whom an administering authority may make an admission agreement—
 - (a) a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);
 - (b) a body, to the funds of which a Scheme employer contributes;
 - (c) a body representative of—
 - (i) any Scheme employers, or .
 - (ii) local authorities or officers of local authorities;
 - (d) a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of—
 - (i) the transfer of the service or assets by means of a contract or other arrangement,
 - (ii) a direction made under section 15 of the Local Government Act 1999(20) (Secretary of State's powers),
 - (iii) directions made under section 497A of the Education Act 1996(21);
 - (e) a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.
2. An approval under paragraph 1(e) may be subject to such conditions as the Secretary of State thinks fit and the Secretary of State may withdraw an approval at any time if such conditions are not met.
3. The Scheme employer, if it is not also the administering authority, must be a party to the admission agreement with a body falling within the description in paragraph 1(d)
4. In the case of an admission body falling within the description in paragraph 1(b), where at the date of the admission agreement the contributions paid to the body by one or more Scheme employers equal in total 50% or less of the total amount it receives from all sources, the Scheme employer paying contributions (or, if more than one pays contributions, all of them) must guarantee the liability of the body to pay all amounts due from it under these Regulations.
5. If the admission body is exercising the functions of the Scheme employer in connection with more than one contract or other arrangement under paragraph 1(d)(i), the administering

authority and the admission body shall enter into a separate admission agreement in respect of each contract or arrangement.

6. An admission agreement must require the admission body to carry out, to the satisfaction of the administering authority, and to the satisfaction of the Scheme employer in the case of a body falling within paragraph 1(d)(i), an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body.
7. Notwithstanding paragraph 6, and subject to paragraph 8, the admission agreement must further provide that where the level of risk identified by the assessment is such as to require it, the admission body shall enter into an indemnity or bond in a form approved by the administering authority with—
 - (a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000(22) to accept deposits or to effect and carry out contracts of general insurance;
 - (b) a firm in an EEA state of the kind mentioned in paragraph 5(b) and (d) of Schedule 3 to that Act(23), which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule)(24) to accept deposits or to effect and carry out contracts of general insurance; or
 - (c) a person who does not require permission under that Act to accept deposits, by way of business, in the United Kingdom.
8. Where, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission agreement must provide that the admission body secures a guarantee in a form satisfactory to the administering authority from—
 - (a) a person who funds the admission body in whole or in part;
 - (b) in the case of an admission body falling within the description in paragraph 1(d), the Scheme employer referred to in that paragraph;
 - (c) a person who—
 - (i) owns, or
 - (ii) controls the exercise of the functions of,the admission body; or
 - (d) the Secretary of State in the case of an admission body—
 - (i) which is established by or under any enactment, and
 - (ii) where that enactment enables the Secretary of State to make financial provision for that admission body.
9. An admission agreement must include—

- (a) provision for it to terminate if the admission body ceases to be such a body;
 - (b) a requirement that the admission body notify the administering authority of any matter which may affect its participation in the Scheme;
 - (c) a requirement that the admission body notify the administering authority of any actual or proposed change in its status, including a take-over, reconstruction or amalgamation, insolvency, winding up, receivership or liquidation and a material change to the body's business or constitution;
 - (d) a right for the administering authority to terminate the agreement in the event of—
 - (i) the insolvency, winding up or liquidation of the admission body,
 - (ii) a material breach by the admission body of any of its obligations under the admission agreement or these Regulations which has not been remedied within a reasonable time,
 - (iii) a failure by the admission body to pay any sums due to the fund within a reasonable period after receipt of a notice from the administering authority requiring it to do so.
10. An admission agreement must include a requirement that the admission body will not do anything to prejudice the status of the Scheme as a registered scheme.
11. When an administering authority makes an admission agreement it must make a copy of the agreement available for public inspection at its offices and must promptly inform the Secretary of State of—
- (a) the date the agreement takes effect;
 - (b) the admission body's name; and
 - (c) the name of any Scheme employer that is party to the agreement.
12. Where an admission body is such a body by virtue of paragraph 1(d), an admission agreement must include—
- (a) a requirement that only employees of the body who are employed in connection with the provision of the service or assets referred to in that sub-paragraph may be members of the Scheme;
 - (b) details of the contract, other arrangement or direction by which the body met the requirements of that sub-paragraph;
 - (c) a provision whereby the Scheme employer referred to in that sub-paragraph may set off against any payments due to the body, an amount equal to any overdue employer and employee contributions and other payments (including interest) due from the body under these Regulations;

- (d) a provision requiring the admission body to keep under assessment, to the satisfaction of the bodies mentioned in paragraph 6, the level of risk arising as a result of the matters mentioned in that paragraph;
 - (e) a provision requiring copies of notifications due to the administering authority under paragraph 9(b) or (c) to be given to the Scheme employer referred to in that sub-paragraph; and
 - (f) a provision requiring the Scheme employer referred to in that sub-paragraph to make a copy of the admission agreement available for public inspection at its offices.
13. Where an admission body of the description in paragraph 1(d) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.

DATED

2017

**THE MAYOR AND BURGESSES OF
THE LONDON BOROUGH OF REDBRIDGE**

And

ADMISSION AGREEMENT

For the admission of Eligible Employees into
The London Borough of Redbridge Pension Scheme

THIS AGREEMENT is made the day of

2017

BETWEEN:-

- (1) **THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF REDBRIDGE** of Town Hall, 128 – 142 High Road, Ilford, Essex IG1 1DD acting both in its capacity as a Scheme Employer and in its capacity as Administering Authority of the Pension Fund (the “Administering Authority”);

And

- (2) ***** a company incorporated in England under the Companies Acts (Company Number *****) whose registered office is at ***** (the “Transferee Admission Body”).

WHEREAS: -

- (A) The Administering Authority is an Administering Authority and a Scheme Employer within the meaning of the 2008 Regulations and any other relevant amendments or related legislation and in that capacity administers the Local Government Pension Scheme (the “Scheme”) and maintains the London Borough of Redbridge Pension Fund (the “Pension Fund”);
- (B) The Transferee Admission Body is a body that with effect from the Transfer Date provides services or assets in connection with the exercise of a function of the Scheme Employer as a result of the transfer of the service or assets by means of the Contract within the meaning of regulation 6(2)(a)(i) of the 2008 Regulations;
- (C) The Administering Authority and the Transferee Admission Body have agreed to enter into this Agreement to enable the Eligible Employees to be members of the Scheme and to participate in the Pension Fund;

- (D) In its capacity as a Scheme Employer the Administering Authority has agreed to make good any deficiency as at the Transfer Date in the funding of the pension benefits accrued to the Eligible Employees as active members of the Pension Fund up to and including the Transfer Date;
- (E) From the Transfer Date the Transferee Admission Body will have no deficit in the Pension Fund but will assume responsibility for any deficit that might result in respect of any past service liabilities as determined by the actuary to the Administering Authority as part of subsequent funding valuation exercises. For the avoidance of doubt the parties to this Agreement confirm that any deficiency arising after the Transfer Date in respect of Eligible Employees and Former Eligible Employees' membership of the Pension Fund before or after the Transfer Date (or both) shall be the responsibility of the Transferee Admission Body subject to the limitations set out in paragraphs 5.4 and 8.6;
- (F) For the purposes of the Regulations, this Agreement and the avoidance of doubt, the Administering Authority is the Scheme Employer;
- (F) The terms and conditions of admission to the Scheme by the Transferee Admission Body have been agreed between the parties to this Agreement as detailed in this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1 **Interpretation**

1.1 In this Agreement (including the Recitals) the following words shall bear the following meanings:

1.1.1 "Agreement" means this Admission Agreement as entered into between the parties on or around the date of the Contract and which shall be deemed to come into full force and effect from the Commencement Date;

- 1.1.2 "Business Day" means any day other than a Saturday or a Sunday or a Public or Bank Holiday in England;
- 1.1.3 "Cessation Date" means the date this Agreement is terminated;
- 1.1.4 "Commencement Date" means *****;
- 1.1.5 "Contract" means the agreement made between the Mayor and Burgesses of the London Borough of Redbridge and the Transferee Admission Body as entered into on or around the date hereof (but which commenced on *****) and pursuant to which the employment of the Eligible Employees transferred to the employment of the Transferee Admission Body;
- 1.1.6 "Eligible Employees" means the employees employed by the Transferee Admission Body on the Transfer Date and listed in the Schedule for so long as they are employed in connection with the provision of services or assets referred to in the Contract or part of such services or assets:

PROVIDED THAT

- 1.1.6.1 The employee is not a member of another occupational pension scheme (within the meaning of section 150(5) of the Finance Act 2004) other than where the accrual of benefits under that pension scheme would not affect the status of the Scheme as a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004;

AND PROVIDED THAT

- 1.1.6.2 The employee otherwise satisfies the requirements of the Regulations appertaining to eligibility for membership of the

Scheme and will only continue as a member of the Scheme whilst in employment with the Transferee Admission Body;

1.1.7 "Former Eligible Employees" means former active members of the Pension Fund who neither transferred their benefits to a new pension provider nor yet receiving payment of benefits;

1.1.8 "The Regulations" means as the context admits any and all of :

- the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 [SI2007/1166];
- the 2008 Regulations; and
- the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [SI 2008/238];

1.1.9 "The 2008 Regulations" means the Local Government Pension Scheme (Administration) Regulations 2008 [SI 2008/239] as they may from time to time be amended or replaced;

1.1.10 "Transfer Date" means the ***** being the date the Contract commenced and the date on which the employment of the Eligible Employees transferred to the Transferee Admission Body;

1.1.11 "Valuation" means an actuarial valuation of the assets and liabilities of the Pension Fund in respect of Eligible Employees and Former Eligible Employees who are or were formerly active members of the Pension Fund.

1.2 Save as provided in Sub-Clause 1.1 above, the words and expressions used in this Agreement shall have the same respective meanings as in the Regulations unless the context otherwise requires.

1.3 In this Agreement where the context so admits: -

- 1.3.1 Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations unincorporated associations and partnerships;
- 1.3.2 Reference to any statutory provisions shall be deemed to include reference to any such provisions as from time to time amended varied replaced extended or re-enacted and any others or regulations under such provisions unless the context otherwise requires;
- 1.3.3 Reference to Clauses or Schedules shall be deemed to be references to a Clause or a Schedule to this Agreement and references to a Sub-Clause shall be deemed to be a reference to a Sub-Clause of the Clause in which the reference appears; and
- 1.3.4 Headings are included for ease of reference only and shall not affect this Agreement or its interpretation.

2 Commencement

- 2.1 This Agreement shall have effect from the Commencement Date and shall continue until such time as this Agreement is terminated in accordance with its terms.

3 Admission

- 3.1 The Administering Authority shall as from the Commencement Date and for the avoidance of doubt at any time prior to the termination of this Agreement permit the Eligible Employees to be members of the Scheme and to participate as active members of the Pension Fund.
- 3.2 Any Eligible Employee who was not in active membership immediately before the Commencement Date shall be designated as being eligible for

active membership with the Transferee Admission Body from the Commencement Date.

3.3 Any Eligible Employee who was not in active membership immediately prior to the Commencement Date who voluntarily ceases membership or opts out under auto-enrolment provisions on or after the Commencement Date shall retain eligibility for membership whilst in continuous employment by the Transferee Admission Body from the Commencement Date by applying in writing to the Transferee Admission Body subject to the Regulations.

3.4 Within three calendar months of:

- An Eligible Employee re-joining the Scheme; or
- Any change in respect of an Eligible Employee's employment which is material for the Scheme

the Transferee Admission Body must request the Eligible Employee in writing for a written statement listing all the Eligible Employee's previous periods of employment and copies of all notifications previously given to him under the Regulations unless the Transferee Admission Body is satisfied that it or the Administering Authority already has all material information. The request must include a conspicuous statement that it is important that the Eligible Employee gives full and accurate information especially for ascertaining rights under the Scheme.

4 Participation

4.1 The provisions of the Regulations shall apply for determining the rights and obligations of and the action which is to be taken by each party to this Agreement and for the prompt transmission of information between them and each party hereby undertakes with the other to take such action promptly.

- 4.2 The provisions of the Regulations shall apply to the Eligible Employees in the same way as if the Transferee Admission Body were a Scheme employer within the meaning of the Regulations.
- 4.3 The Transferee Admission Body undertakes that it will promptly notify the Administering Authority in writing if any Eligible Employee ceases to be such in consequence of failing to satisfy Sub-Clause 1.1.6.1 or Sub-Clause 1.1.6.2 and that employee shall cease to be eligible to be an active member of the Scheme.

5 **Payments**

- 5.1 The Transferee Admission Body shall pay to the Administering Authority for credit to the Pension Fund such contributions and payments as are due under the Regulations in respect of the Eligible Employees.
- 5.2 The Transferee Admission Body shall pay to the Administering Authority for credit to the Pension Fund the employee and employer pension contributions on a monthly basis in arrears. The payment must be paid to the Administering Authority no later than the date specified in regulations made under the Pensions Act 1995.
- 5.3 Subject to Clause 7 (Funding of the Pension Fund and Periodic Valuations) the Transferee Admission Body shall pay to the Administering Authority for credit to the Pension Fund any revised contributions due under Sub-Clauses 5.6, 7.1 and 7.2 within thirty days of receipt of a written request from the Administering Authority.

5.4 Where the Transferee Admission Body certifies that:

- 5.4.1 An Eligible Employee who is aged 55 or more is retiring by reason of redundancy or in the interests of efficiency; or

- 5.4.2 An Eligible Employee is retiring voluntarily with the consent of the Transferee Admission Body on or after age 55 and before age 60; or
- 5.4.3 An Eligible Employee is retiring on the grounds of permanent ill health or permanent infirmity of mind or body; or
- 5.4.4 The deferred benefit of an Eligible Employee is brought into payment with the consent of the Transferee Admission Body on or after age 55 and before age 60; or
- 5.4.5 The deferred benefit of an Eligible Employee is brought into payment on the grounds of permanent ill health or permanent infirmity of mind or body;

and immediate benefits are payable under the Regulations, the Transferee Admission Body shall pay to the Administering Authority for credit to the Pension Fund the sum notified to them in writing by the Administering Authority as representing the actuarial strain on the Pension Fund, as certified by an actuary appointed by the Administering Authority, of the immediate payment of benefits. In the case of Sub-Clauses 5.4.3 or 5.4.5 above, to the extent that the strain is not met through the Transferee Admission Body's employer contribution rate such sums to be paid within 30 days of receipt of the written notification.

- 5.5 The Transferee Admission Body shall be required to reimburse the Administering Authority with the cost of actuarial fees reasonably incurred in respect of the Transferee Admission Body's participation in the Scheme.
- 5.6 Any financial penalty incurred by the Pension Fund arising from the failure of the Transferee Admission Body to comply with the terms of this Agreement shall be repaid to the Pension Fund by the Transferee Admission Body within thirty days of receiving a written request from the Administering Authority.

- 5.7 If any sum payable under the Regulations or this Agreement by the Transferee Admission Body to the Administering Authority or to the Pension Fund remains unpaid at the end of one month after the date on which it becomes due under this Agreement or the Regulations the Administering Authority shall require the Transferee Admission Body to pay interest calculated in accordance with the Regulations on the amount remaining unpaid or in respect of sums due under Sub-Clause 5.4 above to pay interest calculated at 3% above the base lending rate of National Westminster Bank plc compounded quarterly on the amount remaining unpaid.
- 5.8 If any sum payable under the Regulations or this Agreement by the Transferee Admission Body to the Administering Authority or to the Pension Fund has not been paid by the date on which it becomes due under this Agreement or the Regulations the Administering Authority may set off against any payments due to the Transferee Admission Body whether pursuant to the Contract or otherwise an amount equal to the sum due from the Transferee Admission Body under this Agreement or the Regulations (including any interest due in accordance with Sub-Clause 5.7 above) and to pay the sum to the Administering Authority for credit to the Pension Fund by a date specified by the Administering Authority.
- 5.9 The Transferee Admission Body shall be solely responsible for the payment of any enhanced benefits or compensation awarded.

6 **Transferee Admission Body's Undertakings**

The Transferee Admission Body undertakes: -

- 6.1 To provide or procure such information relating to the Transferee Admission Body's participation in the Pension Fund and the Eligible Employees' participation in the Scheme as is reasonably required by the Administering Authority;

- 6.2 To comply with all its duties and obligations relating to automatic enrolment including without limitation under the Pensions Act 2008 and regulations made thereunder and the 2008 Regulations and shall indemnify and keep indemnified the Administering Authority in respect of any claim, loss, liability suffered or incurred by the Administering Authority arising from any failure by the Transferee Admission Body to comply with those obligations;
- 6.3 To comply with the reasonable requests of the Administering Authority to enable it to comply with the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 and subsequent legislation;
- 6.4 To adopt the practices and procedures relating to the operation of the Scheme set out in the Regulations, the Pension Fund's Funding Strategy Statement and, subject to Sub-Clause 6.5 below, in any employer's guide published by the Administering Authority and provided by the Administering Authority to the Transferee Admission Body;
- 6.5 To formulate and publish and provide to the Administering Authority within three months of the Commencement Date a Statement concerning the Transferee Admission Body's policies on the exercise of its discretionary functions under the Regulations and to keep such policies under review; providing the Administering Authority with a revised policy statement within one month of any change to a policy;
- 6.6 To notify the Administering Authority as soon as is reasonably practical of each occasion on which it exercises a discretion under the Regulations and the manner in which it exercises that discretion;
- 6.7 To reimburse any additional costs incurred by the Administering Authority or the Pension Fund howsoever arising, as a result of Sub-Clause 6.6 above;
- 6.8 Without prejudice to the requirements of the Regulations and any employer's guide published by the Administering Authority and provided to

the Transferee Admission Body, to notify forthwith the Administering Authority in writing of any material change in the terms and conditions of employment of any of the Eligible Employees which affect entitlement to benefits under the Regulations and of any termination of employment by virtue of redundancy or in the interests of efficiency or for any other reason;

- 6.9 That it shall not resolve to increase membership or award additional pension of an Eligible Employee, or former Eligible Employee under the Regulations, save to the extent that the appropriate sum is paid to the Administering Authority for credit to the Pension Fund before the expiry of the relevant periods within the meaning of the Regulations;
- 6.10 Not to do any act, omission or thing which would prejudice the status of the Scheme as a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004;
- 6.11 To notify the Administering Authority immediately of any matter which may affect, or is likely to affect, its participation in the Scheme and the Pension Fund and give immediate notice to the Administering Authority of any actual or proposed change in its status which may give rise to a termination of the Contract, including but not limited to take-over, reconstruction or amalgamation, liquidation or receivership and a change in the nature of its business or constitution;
- 6.12 To have obtained independent legal and financial advice on all matters pertaining to the Transferee Admission Body's undertakings and responsibilities in respect its participation in the Scheme, under the Regulations and this Agreement;

7 Funding of the Pension Fund and Periodic Valuations

- 7.1 The Administering Authority will periodically (and in any event no less frequently than triennially) obtain from an actuary a certificate specifying, in

the case of the Transferee Admission Body, the percentage or amount by which, in the actuary's opinion, the contribution rate at the common rate or any prior individual adjustment within the meaning of the Regulations should be increased or reduced. This is with a view to ensuring that, as far as is reasonably possible, the value of the assets of the Pension Fund in respect of Eligible Employees and former Eligible Employees who are or were formerly active members of the Pension Fund under the Agreement is neither materially more or materially less than the anticipated liabilities of the Pension Fund in respect of the said Eligible Employees at the date the Contract or this Agreement is due to end.

- 7.2 The contributions and other payments that the Transferee Admission Body shall be required to pay to the Pension Fund for the purposes of the Regulations or this Agreement shall be determined as if the Transferee Admission Body were credited with a notional fund in the Pension Fund at the Commencement Date of such amount as equals the liability of the Pension Fund represented by the benefits which accrued up to the Transfer Date of the Eligible Employees who were active members of the Pension Fund immediately before the Commencement Date. The amount of the notional fund shall be determined by an actuary appointed by the Administering Authority based on the pensionable pay of the Eligible Employees who were active members of the Pension Fund immediately before the Transfer Date and after making allowances for prospective salary increases for such employees. The amount of the notional fund shall be adjusted in line with investment returns and cash flows into and out of the Pension Fund on and after the Transfer Date. For the avoidance of doubt the notional fund referred to in this Sub-Clause 7.2 is not to be construed as an admission agreement fund as defined in the Regulations.
- 7.3 Notwithstanding Sub-Clause 7.2 above, if there is any deficiency in the funding level of the Pension Fund as at the Commencement Date by reference to the benefits which accrued up to the Commencement Date of the Eligible Employees who were active members of the Pension Fund immediately before the Commencement Date, the Administering Authority in its capacity as a Scheme employer shall be solely responsible to make

good such deficiency by paying such contributions as may be required to eliminate the deficiency over whatever period may be acceptable to the Administering Authority in its capacity as an Administering Authority and as is consistent with the Regulations.

7.4 Notwithstanding Sub-Clauses 7.2 and 7.3 above, any deficiency arising after the Commencement Date in respect of Eligible Employees and Former Eligible Employees' membership of the Pension Fund before or after the Commencement Date (or both) shall be the sole liability of the Transferee Admission Body which shall be solely responsible to make good such deficiency over whatever period the Administering Authority may determine.

7.5 When the Agreement is terminated, the Administering Authority must obtain:-

7.5.1 A Valuation as at the Cessation Date of the liabilities of the Pension Fund in respect of the Eligible Employees and the Former Eligible Employees, under this Agreement, of the Transferee Admission Body;

7.5.2 Based on the Valuation referred to in Sub-Clause 7.5.1 above, a revision of any rates and adjustments certificate within the meaning of the Regulations showing the revised contributions due from the Transferee Admission Body. Such Valuation shall constitute the actuarial valuation required under the terms of the Regulations on the Transferee Admission Body ceasing to be an admission body in the Pension Fund. If such Valuation discloses any deficit within the Pension Fund the Transferee Admission Body undertakes to pay to the Administering Authority any amount equal to the deficit. Such payment shall be payable within fourteen days of a written request by the Administering Authority.

7.6 The Transferee Admission Body shall pay to the Administering Authority any direct costs (including professional costs) which the Pension Fund or the

Administering Authority may incur as a result of the procurement of a periodical valuation in accordance with this Clause 7 (Funding of the Pension Fund and Periodic Valuations). Any payment is to be paid to the Administering Authority within thirty days of the Transferee Admission Body receiving notice of the amount.

8 **Termination**

8.1 Subject to Sub-Clauses 8.2 and 8.3 below, this Agreement shall terminate at the end of the notice period upon either of the parties giving a minimum of three months' notice to terminate this Agreement to the other party to this Agreement but such notice shall not have effect unless a broadly comparable occupational pension scheme is made available to the Eligible Employees who are active members of the Scheme at the date of termination of this Agreement.

8.2 This Agreement shall automatically terminate on the earlier of the date of:

8.2.1 The expiry or earlier termination of the Contract; or

8.2.2 The date the Transferee Admission Body ceases to be an admission body for the purposes of the Regulations.

8.2.3 The event of the last active member ceasing employment by the Transferee Admission Body.

8.3 This Agreement may be terminated with immediate effect by the Administering Authority by notice in writing to the Transferee Admission Body in the event of: -

8.3.1 Any breach by the Transferee Admission Body of any of its obligations under this Agreement;

PROVIDED THAT if the breach is capable of remedy the Administering Authority shall first afford to the Transferee Admission Body the

opportunity of remedying that breach within such reasonable period as the Administering Authority may specify;

8.3.2 The insolvency, winding up or liquidation of the Transferee Admission Body;

8.3.3 The withdrawal of approval by HM Revenues and Customs to the participation of the Transferee Admission Body as a scheme employer in the Pension Fund;

8.3.4 The failure by the Transferee Admission Body to pay any sums due to the Administering Authority or to the Pension Fund within seven days of the periods specified in Clause 5 (Payments) or, in any other case, within thirty days of receipt of a notice from the Administering Authority requiring them to do so;

8.4 The termination of this Agreement shall be without prejudice to the rights, duties and liabilities of any party accrued prior to such termination. The Clauses of this Agreement which expressly or impliedly have effect after termination shall continue to be enforceable notwithstanding termination.

8.5 The Transferee Admission Body shall pay to the Administering Authority any costs (including professional costs) which the Pension Fund or the Administering Authority may incur as a result of the termination of this Agreement. Any payment is to be paid to the Administering Authority within thirty days of the Transferee Admission Body receiving notice of the amount due.

9 Bond

9.1 The Transferee Admission Body shall carry out or procure the carrying out of an assessment, taking into account actuarial advice, of the level of risk arising on premature termination of the provision of the Contract by reason

of the insolvency, winding up or liquidation of the Transferee Admission Body, to the satisfaction of the Administering Authority.

- 9.2 The level of risk exposure arising on the premature termination of the Contract has, prior to the Commencement Date, been assessed to the satisfaction of the Administering Authority as being the sum of £*****.
- 9.3 The Transferee Admission Body warrants that it has or will have provided by the date of this Agreement a bond in an approved form, from a body listed in Regulation 7(4) of the 2008 Regulations, for the sum of £***** in respect of the risk exposure specified in Sub-Clauses 9.1 and 9.2 and that the bond is in place.
- 9.4 Where the bond referred to in Sub-Clause 9.3 is not for the full period of the Contract the Transferee Admission Body shall within one month renew the bond to meet the level of risk exposure, or arrange for the provision of a new bond or indemnity which has, prior to the renewal of the bond, been actuarially assessed to the satisfaction of the Administering Authority.
- 9.5 The sum of the bond shall be reviewed at twelve monthly intervals from the Commencement Date to ensure that it still covers a level of risk exposure, which has been actuarially assessed to the satisfaction of the Administering Authority.
- 9.6 The Transferee Admission Body shall, at any time during this Agreement, be entitled to request the Administering Authority to consider allowing it to put in place an indemnity instead of a bond (subject to the terms of the indemnity providing adequate protection on risk exposure on the premature termination of the Contract). Where such a request is made the Administering Authority agrees that it shall give proper consideration to such request. Until such time as the Administering Authority may have consented to an indemnity the provisions of Sub-Clauses 9.1 to 9.5 above shall remain in full force and effect.

- 9.7 In any event the Transferee Admission Body undertakes to indemnify and keep indemnified the Administering Authority against any costs and liabilities which the Administering Authority or the Pension Fund may incur (whether directly or as a result of a loss of cost to the membership of the Pension Fund) arising out of or in connection with the non-payment by the Transferee Admission Body of any contributions or payments due to the Pension Fund under this Agreement, the Regulations or any legal or regulatory requirements to the Scheme. Any demand under this Sub-Clause 9.7 must be paid within thirty days of the Transferee Admission Body receiving that demand.
- 9.8 For the avoidance of doubt this Clause 9 (Bond) shall continue to have effect after the termination of this Agreement.

10 **Notices and Information**

- 10.1 The Administering Authority will promptly inform the Secretary of State of:
- 10.1.1 the date when this Agreement takes effect;
- 10.1.2 the Transferee Admission Body's name; and
- 10.1.3 the transfer of the Eligible Employees' employment from the Administering Authority to the Transferee Admission Body.
- 10.2 The Administering Authority undertakes to make a copy of this Agreement available for public inspection at its Pension Administration Offices.
- 10.3 Any notice to be given under this Agreement shall be in writing and shall be deemed to be sufficiently served if delivered by hand or sent by prepaid first class post to the registered office of the Transferee Admission Body or of the Administering Authority or the office of the Secretary of State and shall be deemed to have been duly given or made:

10.3.1 If delivered by hand, upon delivery at the address provided for at the top of this Agreement unless such delivery occurs on a day which is not a Business Day or after 16:00 hours on a Business Day, in which case it will be deemed to have been given at 09:00 on the next Business Day; or

10.3.2 If sent by prepaid first class post, on the second Business Day after the date of posting.

11 **Disputes**

11.1 Eligible Employees of the Transferee Admission Body who are Scheme members by virtue of this Agreement must use the internal dispute resolution procedure established in respect of the Pension Fund.

12 **Waiver**

Failure or neglect by the Administering Authority to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Administering Authority's rights, nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Administering Authority's rights to take subsequent action.

13 **Severance**

13.1 If any provision of, or period of Scheme membership under this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable such invalidity or unenforceability shall not affect the other provisions of, or any other periods of Scheme membership under, this Agreement which shall remain in force and effect.

13.2 If any provision of this Agreement is found to be invalid or unenforceable but would be enforceable if some part of the provision were deleted the provision in question shall apply with such notification(s) as may be necessary to make it valid and enforceable.

14 **Entire Agreement**

Except where expressly provided in the Contract, this Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement.

15 **Amendments**

15.1 The Administering Authority and the Transferee Admission Body may with the agreement of both parties amend this Agreement by deed PROVIDED THAT:

15.1.1 the amendment is not such that it would or might breach the Regulations or any requirement of law as it applies to the Pension Fund; and

15.1.2 the amendment would not prejudice the approval of the Pension Fund as an exempt approved scheme.

16 **Applicable Law**

This Agreement shall be governed by and construed in accordance with English Law and the parties hereby submit to the exclusive jurisdiction of the English Courts.

17 **Counterparts**

This Agreement shall be executed in any number of counterparts and this will have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

18 **Rights of Third Parties**

The parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Varied Funding Agreements (Rights of Third Parties) Act 1999 by any person not a party to it.

IN WITNESS whereof the parties have executed this Agreement as a Deed the day and year first before written.

EXECUTED AND DELIVERED AS A DEED

By affixing the **COMMON SEAL** of the Administering Authority in the presence of: -

Mayor

Borough Solicitor and Secretary

EXECUTED AND DELIVERED AS A DEED by

.....

.....

Print Name

As Director
and authorised signatory
for and on behalf of the Transferee Admission Body

In the presence of:

.....
Signature of witness

.....
Name of witness

Address of witness:

.....

.....
Occupation of witness

.....

.....

.....

EXECUTED AND DELIVERED AS A DEED by

.....

.....

Print Name

As Director/Company Secretary
and authorised signatory
for and on behalf of the Transferee Admission Body

In the presence of:

.....
Signature of witness

.....
Name of witness

Address of witness:

.....
.....
.....
.....

.....
Occupation of witness

**SCHEDULE
ELIGIBLE EMPLOYEES**

PART 1

Currently in LGPS

PART 2

Any employee not referred to in Part 1 of this Schedule but who transfers to the Transferee Admission Body's employment on the Transfer Date.

Human Resources

Local Government Pension Scheme Discretions Policy Statement

Effective from 18 April 2016

HR

This statement outlines the Council's policies in relation to a number of discretions that may be exercised in respect of pension and compensation matters.

The policies as detailed here will be operated in all normal cases and, except where use of the discretion has been specifically reserved to the appropriate Member Committee, authority to exercise the discretion in accordance with the policy has been delegated to the Chief Human Resources Officer in consultation with the Director of Finance and Resources and the Borough Solicitor and Secretary.

However, in exceptional circumstances the Council reserves the right to exercise the full range of its powers contained in legislation, each case will be considered on its own merits and exceptional circumstances may be taken into consideration when deciding the level of any award. Such cases would be referred to the appropriate Member Committee for decision.

In the case of Chief Officers authority to exercise discretions is not delegated to officers and will not be exercised by officers. Authority to exercise discretion in such cases is reserved to the appropriate Member Committee.

Discretionary payments resulting from cases of compulsory redundancy will continue to be made in accordance with this policy statement.

However, as a result of unprecedented financial challenges and the need to critically review the way it delivers its services and transform how it works, the Council has also implemented a Voluntary Redundancy Scheme.

Voluntary redundancy is intended to help the Council reduce the number of its employees, and enable dignified exits for employees where appropriate.

Each tranche of voluntary redundancies will be targeted at specific employees, or groups of employees, and will operate over different timeframes.

The level of discretionary payments available for each tranche of voluntary redundancies may be different to those operated for compulsory redundancy and will be agreed as necessary taking into account the Council's financial position at the time.

For example,

In circumstances where individuals leave employment with the council as a result of voluntary redundancy, the following basis will be used for calculating the additional benefits that will be paid to the employee.

The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor which will be agreed and set by the council from time to time taking into account the councils financial position. For example, a multiplier of 1.50 will be used for leavers up to 30 April 2016 and 1.25 for leavers from 1 May 2016 onwards, subject to a maximum of 45 weeks pay (30 x 1.50) up to 30 April 2016, and 37.5 weeks pay (30 x 1.25) from 1 May 2016 .

Details of the criteria for application for each tranche and the discretionary payments available will be published as each tranche is announced.

LGPS 2014 Employer Policy Statement - Employers Discretions.

Employee Contributions

1. The London Borough of Redbridge will determine the appropriate contribution band for an employee by using the pensionable pay from the previous year as a basis for the determination (ignoring reductions due to sickness, child related leave, reserve forces service leave or other absences from work).
2. A reassessment will take place where there is a material change to an employee's contractual pay. A material change is defined as a change in grade or a change in hours.
3. Variable time employees will have their initial contribution rate set at 6.5% with a reassessment every six months.

Augmentation - Additional Pension

4. Where an individual's employment is to be terminated as a result of redundancy or in the interests of efficiency and as a result would be awarded lump sum compensation the employee will be allowed, as an alternative, to choose to take an actuarially equivalent valued amount of additional pension.
5. Where an individual's employment is not to be terminated prematurely, the council will only exercise its discretion to award a period of augmentation after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers).

Flexible Retirement

6. The Council will allow, subject to the identification and resolution of any business delivery issues, flexible retirement in cases where there is no or only minimal cost* to the Council. The employee's new combined gross contractual salary and pension payments (before any election is made for lump sum instead of pension under Regulation 33 of the Local Government Pension Scheme Regulations 2013 (as amended)) must not be in excess of the pre-retirement earnings on which the pension benefits were based. In addition, where an employee is moving to a lower graded post they must be placed on the highest point of the new scale and this point must be lower than the salary scale point the employee was on before flexible retirement. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary. Employees being granted flexible retirement will normally be expected to remain on the new contractual Terms and Conditions of employment until the date of termination of their employment with the council. The only exception to this ruling will be if/when the employee incurs any salary increment or annual salary 'cost of living' or pension increase award as this does not justify a 'significant' change to contract. Any other Council-imposed pay increases (for example assimilation onto a higher grade as a result of restructuring) will also not incur any claw back to the pension.
7. Where there is likely to be more than a minimal cost*, the case will be considered by the appropriate Member Committee and discretion under this Regulation will only be exercised after "careful consideration of the detailed merits of each individual case taking into

account the Council's financial position at the time and the balance of the likely costs against any realisable benefits to the Council".

8. The council will only exercise its discretion under this regulation to waive, in whole or in part, any actuarial reduction after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.
9. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Minimal cost refers to circumstance whereby, in one or two quite rare cases, there is a small cost (in the order of a few hundred pounds) even where the individual is suffering an actuarial reduction to their benefits. In all other cases authority is not delegated to officers where there is a cost. (Irrespective of the business case). Such cases must be referred to the appropriate Member Committee for decision.*

Early Payment of Pension

10. Each case will be considered on its merits and must be supported by a robust business case, which for current employees will be prepared by the employing service. The business case in respect of a current employee must set out fully any cost to the Council of early payment of pension benefits, any savings that will result in order to offset these costs, and how agreement to the early retirement will contribute to the efficient exercise of the authority's functions.
11. In the case of a deferred pensioner the key criteria contained in the business case will be any cost to the Council of early payment of pension benefits together with consideration of any compassionate grounds brought forward by the deferred pensioner in support of their request.
12. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.
13. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.
14. The council will only exercise its discretion under these regulations to waive, in whole or in part, any actuarial reduction in exceptional circumstances after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.
15. The London Borough of Redbridge resolves to make use of the discretion to retain the 85 year rule option to allow benefits to be paid before age 60, only in exceptional circumstances where there are operational or financial reasons for doing so. Each case will be considered on its merits and before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Shared Cost Additional Pension Contributions

16. The London Borough of Redbridge, as an employer, will only agree to voluntarily fund in part or in full a member's option to pay an Additional Pension Contribution (APC) in exceptional circumstances where there are operational or financial reasons for doing so. Each case will be considered on its merits and before exercising delegated authority the

CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Right to Aggregate Previous LGPS Membership

17. The London Borough of Redbridge, as an employer, will only allow an extension of the one year period for new scheme members in exceptional circumstances. Each case is to be considered on its merits and the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary before reaching a decision.

Transfers

18. The London Borough of Redbridge, as an employer, will only allow an extension of the one year period for new scheme members in exceptional circumstances. Each case is to be considered on its merits and the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary before reaching a decision.

Power to increase statutory redundancy payments

19. Where

no immediate pension is payable as a result of the redundancy,

and

the employee is not already receiving a pension from the council as a result of an earlier flexible retirement from the post the employee is being made redundant from,

and

the employee is not already receiving a pension from the council as a result of an earlier flexible retirement where the employee reduced grade by moving to the post the employee is being made redundant from,

the council will calculate the redundancy payment using actual pay, subject to an upper limit that will be reviewed and set from time to time taking into account the council's financial position, rather than restricting pay to the Statutory Maximum amount, ie the amount set from time to time by the Secretary of State as the maximum weeks' pay for redundancy purposes

20. In circumstances where

a pension benefit is payable immediately as a result of the redundancy,

or

the employee is already receiving a pension from the council as a result of an earlier flexible retirement from the post the employee is being made redundant from,

or

the employee is already receiving a pension from the council as a result of an earlier flexible retirement where the employee reduced grade by moving to the post the employee is being made redundant from,

the pay will be restricted to the statutory maximum.

21. Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.
22. Where a case involves a Chief Officer the case will be referred to the appropriate Member Committee for decision.

Discretionary Compensation in cases of Redundancy or Grounds of Efficiency Retirement

23. In circumstances where individuals leave employment with the council as a result of redundancy or efficiency reasons, the following basis will be used for calculating the additional benefits that will be paid to the employee.
 - a. The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor which will be agreed and set by the council from time to time taking into account the council's financial position. For example, a multiplier of 1.25 will be used for leavers up to 30 April 2016 and 1.00 for leavers from 1 May 2016 onwards, subject to a maximum of 37.5 weeks pay (30 x 1.25) up to 30 April 2016, and 30 weeks pay (30 x 1.00) from 1 May 2016. (This method of calculating a value will apply irrespective of whether or not redundancy is the reason for employment ceasing).
24. If the termination is as a result of redundancy, the employee will, subject to any qualifying criteria contained in the council reorganisation, redeployment and redundancy (the 3R's) policy, receive:
 - a. a statutory, or statutory plus balance, redundancy payment, plus either:
 - i. an additional lump sum compensation payment up to the overall value of compensation calculated under 23(a) above, or
 - ii. additional pension of the equivalent value to the additional lump sum compensation under 24(a)(i).
25. If the termination is in the interests of efficiency of the service, the employee will, subject to any qualifying criteria contained in the council reorganisation, redeployment and redundancy (the 3R's) policy, receive either:
 - a. a lump sum compensation payment equivalent to the overall value of compensation calculated in 23(a) above, or
 - b. additional pension of the equivalent value to the additional lump sum compensation under 25(a).
26. Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.
27. Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

LGPS 2014 Administering Authority Policy Statement - Use of Administering Authorities Discretions That Apply to The London Borough of Redbridge

This statement outlines the council's policies in relation to a number of discretions that may be exercised in respect of pension and compensation matters.

The policies as detailed here will be operated in all normal cases and, except where use of the discretion has been specifically reserved to the appropriate Member Committee, authority to exercise the discretion in accordance with the policy has been delegated to the Chief Human Resources Officer in consultation with the Director of Finance and Resources and the Borough Solicitor and Secretary.

However, in exceptional circumstances the Council reserves the right to exercise the full range of its powers contained in legislation, each case will be considered on its own merits and exceptional circumstances may be taken into consideration when deciding the level of any award. Such cases would be referred to the appropriate Member Committee for decision.

In the case of Chief Officers authority to exercise discretions is not delegated to officers and will not be exercised by officers. Authority to exercise discretion in such cases is reserved to the appropriate Member Committee.

Abatement of Pension on Re-Employment

1. The London Borough of Redbridge resolves that any pensioner who retired after 31st March 2014 who is subsequently re-employed in further LGPS employment after 1st April 2014 will not have any element of their pension abated subject to the following conditions.
2. All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications.
Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual.
There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment can proceed.
3. In exceptional circumstances, where it is felt that not abating pre 1 April 2014 pension benefits in an individual case could lead to a serious loss of confidence in the public service [regulation 60(5) of the LGPS Regulations 2013], the Council may, notwithstanding paragraph 2 above, choose to exercise its full powers under the regulations and abate these benefits.

Transfers

4. The London Borough of Redbridge as the Administering Authority, will only object to an employer's extension of the one year period for new and existing scheme members in exceptional circumstances.

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Retained policy statements concerning the Exercise of Discretions for scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014.

Policy statements concerning the exercise of discretions as provided for by The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)

**Regulation 12
Power of employing authority to increase total membership of active members**

This provision permits an employing authority to award an additional period of scheme membership to a scheme member (commonly referred to as "augmentation"). Subject to some other statutory limitations, the maximum that can be awarded is 10 years. The period can be awarded at any time as long as the employee who is to receive the award is still an active member of the Local Government Pension Scheme. The cost of granting the additional period of scheme membership falls entirely on the employing authority.

It is also possible to use the augmentation provision within the Local Government Pension Scheme to provide a scheme member with the alternative of augmentation, rather than receiving lump sum compensation upon redundancy or grounds of efficiency retirement under the Regulations.

Where an individual's employment is to be terminated as a result of redundancy or in the interests of efficiency, and as a result would be awarded lump sum compensation, the employee will be allowed, as an alternative, to choose to take an equivalent valued period of augmentation.

Where an individual's employment is not to be terminated prematurely, the council will only exercise its discretion to award a period of augmentation after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers).

Regulation 13

Power of employing authority to award additional pension

This provision permits an employing authority to award additional pension to a scheme member. The maximum that can be awarded is £5,000. The cost of awarding the additional pension falls entirely on the employing authority.

The council will only exercise its discretion to award additional pension after careful consideration of the merits of each individual case taking into account the council's financial position. Any such cases should be on an exceptional basis and will be subject to agreement by the appropriate Member Committee (not delegated to officers)

Regulation 18

Flexible retirement

The tax regime introduced from 2006 permits the concept of members of occupational pensions schemes drawing all or part of their accrued rights whilst continuing in employment with the same employer. Within the LGPS flexible retirement can only occur where there has been an actual reduction in hours or grade.

Where there has been such a reduction employers may therefore permit scheme members to draw all or part of their accrued rights whilst continuing in employment with the same employer as long as they have attained age 55. As with other early retirement provisions, depending on their age and length of membership, they may suffer a reduction to the value of their accrued pension and lump sum.

The Council will allow, subject to the identification and resolution of any business delivery issues, flexible retirement in cases where there is no or only minimal cost* to the Council. Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary.

Where there is likely to be more than a minimal cost*, the case will be considered by the appropriate Member Committee and discretion under this Regulation will only be exercised after "careful consideration of the detailed merits of each individual case taking into account the Council's financial position at the time and the balance of the likely costs against any realisable benefits to the Council".

The council will only exercise its discretion under this regulation to waive, in whole or in part, any actuarial reduction after careful consideration of the detailed merits of each individual case taking into account the council's financial position at the time and the balance of the likely costs against any realisable benefits to the council.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Minimal cost refers to circumstance whereby, in one or two quite rare cases, there is a small cost (in the order of a few hundred pounds) even where the individual is suffering an actuarial reduction to their benefits. In all other cases authority is not delegated to officers where there is a cost. (Irrespective of the business case). Such cases must be referred to the appropriate Member Committee for decision.*

Regulation 30

Choice of early payment of pension

The Local Government Pension Scheme allows a scheme member to retire voluntarily (or to receive payment of deferred benefits in the case of employees who have already left) at any point from age 60. Depending on their accrued scheme membership at that point, they may suffer a reduction in the value of their pension and lump sum.

The Pension Regulations also provide that employers may permit scheme members to retire (or receive payment of deferred benefits) before age 60 as long as they have attained age 55. As with retirement after age 60, they may suffer a reduction to the value of their accrued pension and lump sum.

In either of these cases the council may determine on compassionate grounds that the accrued value of the pension and lump sum should not be reduced.

Each case will be considered on its merits and must be supported by a robust business case, which for current employees will be prepared by the employing service. The business case in respect of a current employee must set out fully any cost to the Council of early payment of pension benefits, any savings that will result in order to offset these costs, and how agreement to the early retirement will contribute to the efficient exercise of the authority's functions.

In the case of a deferred pensioner the key criteria contained in the business case will be any cost to the Council of early payment of pension benefits together with consideration of any compassionate grounds brought forward by the deferred pensioner in support of their request.

Before exercising delegated authority the CHRO must consult with the Director of Finance and Resources and the Borough Solicitor and Secretary and will then reach a decision based upon an appropriate cost/benefit analysis.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Policy statements concerning the Exercise of Discretions as provided for by
The Local Government Pension Scheme (Administration) Regulations 2008**

Regulation 70

Statements of policy concerning abatement of retirement pensions in new employment

Where a scheme member who is in receipt of a Local Government Pension Scheme pension from the council's fund enters a local government employment where they are again eligible to join the scheme the council can decide to reduce or suspend that person's pension (commonly referred to as "abatement").

All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications. Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual. There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment can proceed.

Subject to the above conditions the council will not abate Local Government pensions during a period of re-employment.

***Policy statements concerning the Exercise of Discretions as provided for by
The Local Government (Early termination of Employment) (Discretionary Compensation)
(England and Wales) Regulations 2006 (as amended)***

**Regulation 5
Power to increase statutory redundancy payments**

The council may use its discretion to calculate redundancy payments by reference to an individual's actual weeks pay, rather than the statutory maximum (£380.00 per week from 1 October 2009), where it is greater than the statutory maximum.

Where no immediate pension is payable the council will use actual pay subject to an upper limit of £960 per week (£50,000 pa) rather than restricting pay to the Statutory Maximum amount, ie the amount set from time to time by the Secretary of State as the maximum weeks pay for redundancy purposes (£380.00 per week from 1 October 2009).

In circumstances where a pension benefit is payable immediately the pay will be restricted to the statutory maximum (£380.00 per week from 1 October 2009).

Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

**Regulation 6
Discretionary compensation**

Where an employee's employment is terminated due to redundancy or in the interests of efficiency the council may pay the individual lump sum compensation of up to 104 weeks pay.

In circumstances where individuals leave employment with the council as a result of redundancy or efficiency reasons, the following basis will be used for calculating the additional benefits that will be paid to the employee.

1. The overall value of compensation will be established by applying the statutory rules governing the calculation of redundancy compensation payment (using either actual or restricted pay as appropriate) multiplied by a factor of 1.50 subject to a maximum of 45 weeks pay. (This method of calculating a value will apply irrespective of whether or not redundancy is the reason for employment ceasing).
2. If the termination is as a result of redundancy, the employee will receive:
 - a. a statutory, or statutory plus balance, redundancy payment, plus either:
 - i. an additional lump sum compensation payment up to the overall value of compensation calculated under 1 above, or
 - ii. a period of augmented service for pension benefit purposes (under Regulation 12 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)) of the equivalent value to the additional lump sum compensation under 2(a)(i).

3. If the termination is in the interests of efficiency of the service, the employee will receive either:
- a. a lump sum compensation payment equivalent to the overall value of compensation calculated in (1) above, or
 - b. a period of augmented service for pension benefit purposes (under Regulation 12 of The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)) of the equivalent value to the lump sum compensation under 3a.

Each case will be considered on its merits and in exceptional circumstances the appropriate Member Committee may exercise the full range of powers available to the Council in legislation.

Where a case involves a Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.

Retained policy statements concerning the Exercise of Discretions as provided for by The Local Government Pension Scheme Regulations 1997 (as amended) in relation to active Councillor members and pre 1 April 2008 scheme leavers only.

Regulation 109

Administering authority duty to have a statement of policy concerning abatement of retiring pension in new employment. (in relation to active Councillor members and pre 1 April 2008 scheme leavers only)

Where a scheme member who is in receipt of a Local Government Pension Scheme pension from the council's fund again enters a local government employment where they are again eligible to join the scheme the council can decide to reduce or suspend that person's pension (commonly referred to as "abatement").

All individuals who have received early payment of pension from Redbridge will not normally be re-employed, and will only be re-engaged by the council in exceptional circumstances after careful consideration of the benefit to the council including any financial implications. Employing managers will therefore be required to submit a written statement to the Chief Executive setting out the exceptional circumstances and justifying the need to re-employ such an individual. There must be a very strong need or benefit for the Authority with a clear business case and financial benefit in the same way that a robust business case would need to be made to support early or flexible retirement. Each case will then need to be agreed by the Chief Executive before such re-employment could proceed.

Subject to the above conditions the council will not in future abate pensions as previously required under Schedule D5 of the Local Government Pension Scheme Regulations 1997.

Regulation 31

Consent to the immediate payment of pension benefits between the ages of 50 and 60 (in relation to active Councillor members only)

Consent to the early payment of deferred pension benefits on compassionate grounds on or after the age of 50 and the waiving of an actuarial reduction to pension benefits on compassionate grounds (in relation to active Councillor members and pre 1 April 2008 scheme leavers only).

The Local Government Pension Scheme allows a scheme member to retire voluntarily (or to receive payment of deferred benefits in the case of employees who have already left) at any point from age 60. Depending on their accrued scheme membership at that point, they may suffer a reduction in the value of their pension and lump sum. The Pension Regulations provide that employers may permit scheme members to retire (or receive payment of deferred benefits) before age 60 (as long as they have attained age 50). As with retirement after age 60, they may suffer a reduction to the value of their accrued pension and lump sum

The council will exercise its discretions under this Regulation after careful consideration of the merits of each individual election taking into account the council's financial position at the time of the election.

Where a case involves an Ex Chief Officer the CHRO will not exercise delegated authority and instead the case will be referred to the appropriate Member Committee for decision.