

LONDON BOROUGH OF BEXLEY

AUGMENTATION OF LOCAL GOVERNMENT PENSION SCHEME SERVICE

HR Service

March 2007 (Updated August 2009)



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1. Introduction

This document is intended to provide practical guidance for Directors and HR Advisers in preparing a request for the augmentation of Local Government Pension Scheme service and seeking agreement to such a request.

Whilst this document primarily deals with a request for augmentation of Local Government Pension Scheme service on termination of employment, the guidance and request form can be adapted appropriately for requests for other reasons (ie.at recruitment or as a retention measure).

2. The Council's Policy

Pensions Committee agreed the Council's Augmentation policy in November 2006. This gives the Director of Finance, in consultation with the relevant Director, authority to agree to augment pensionable service as follows:

For new Scheme Members

- Only where exceptional difficulties are experienced in recruiting staff

As a retention Measure

- During times of uncertainty or re-organisation; and
- Where a valuable worker on a key project needs to be retained who might otherwise leave; and
- Where retention of the employee would ensure stability in times of a reducing workforce

On termination of Employment

- Only where there is clear financial and operational advantage to the Council or compassionate grounds are appropriate.

Cases will be determined on a case-by-case basis, depending upon the individual circumstances, up to a maximum of 5 additional years.

Posts subject to Member level appointment must be considered by General Purposes Committee in consultation with the Chairman of Pensions Committee.

3. Funding

The Regulations state that the cost of augmentation will be borne by the Council and not by the pension fund. The full cost of the additional pension will therefore be funded by the relevant staffing budget.

The staffing budget will make an immediate one-off lump sum to the pension fund to cover the additional pension lump sum and an appropriate annual contribution to cover the additional annual pension for the lifetime of the pension.

4. Monitoring

Details of any requests for augmentation will be provided on an annual basis to Pensions Committee as part of the report on the numbers, costs and savings of early terminations.

5. How a request for Augmentation is likely to be triggered

The guidance that follows is in respect of a request to augment Local Government Pension Scheme service on Termination of Employment but may be adapted appropriately for requests for other reasons.

A request may arise from either the employee or the manager. Possible triggers might be:

Employee	<ul style="list-style-type: none">• may wish to volunteer to leave but is just short of service to receive unreduced pension• may be under notice of redundancy and would wish to use his/her severance payment to purchase augmentation instead
Employer	<ul style="list-style-type: none">• may wish to facilitate a request by the employee for particular reasons eg. to aid organisational efficiencies• May wish to suggest augmentation if it would facilitate an agreed termination that may not otherwise be possible

6. Relationship with the Council's Financial Terms for Redundancy and Early Termination

The Council's financial terms currently provide a severance payment to qualifying employees on termination of employment for reasons of redundancy or on the grounds of the efficient exercise of the Authority's functions.

The relevant Regulations do not permit an employee who has been awarded augmented service to also receive a severance payment. Therefore it is not possible to receive both a severance payment and augmented service.

As severance is paid as part of a standard package of benefits it is not expected that consideration will be given to augmenting service in many cases. If it is considered it will replace any severance payment that the employee would otherwise be eligible for.

7. When a decision should be taken

The Regulations allow a decision to be taken at any time, which does allow time for the decision making process to commence in good time before the termination is effective.

In any event, a decision must be taken prior to termination if the employee would otherwise be eligible for a severance payment. This would prevent a severance payment being made in error.

8. Procedure

Whether triggered by the employee or the manager, it is the relevant Director that must put a case for consideration to the Director of Finance. Whilst each case will be different, information to support the case is likely to include:

- The reason for the request
- The amount of augmentation requested and how this affects the employees pension benefits
- An estimate of the costs of the increased pension - this should be requested via TOPS (Pensions).
- The financial and organisational benefits to the Council of agreeing to the request – this must be supported by calculations from the relevant Finance Manager.
- The skills and experience that the employee has brought to the Council
- The benefits that the employee would otherwise be eligible for under the Council's financial terms (if applicable)
- Any other information that should be taken into consideration

A request/authorisation form is attached for this purpose.

9. The Director of Finance Decision

The Director of Finance will consider each request on a case-by-case basis.

A decision whether to grant augmentation, and the amount awarded, will take into account the information provided in the request plus:

- Whether the employee has volunteered to leave the Council
- The commitment and experience the employee has given to the Council and over what period of time
- The value to the organisation of releasing the individual under these terms, for example, whether a voluntary retirement with augmentation would avoid the need for compulsory redundancies at a later date and therefore assist organisational change and reduce future costs
- The additional cost to the Council compared with the costs that would be incurred if any other benefits would have applied
- Whether the amount of augmentation requested is appropriate

Care will be taken to ensure that application of this policy does not fall foul of anti-discrimination legislation.

The Director of Finance will complete the authorisation form either agreeing to the request or giving his reasons for refusal.

REQUEST/ AUTHORISATION FOR CONSIDERATION TO AUGMENT LOCAL GOVERNMENT PENSION SCHEME SERVICE ON TERMINATION OF EMPLOYMENT

This form is to be used to request/agree augmentation of pensionable service by the Director of Finance, in consultation with the relevant Director, under delegated powers.

(Non-Member level appointments only).

EMPLOYEE DETAILS

Name:

Designation:

Planned last day of Service:

Department:

Director making the Request:

Date:

CASE DETAILS

Reason for Request:	
The amount of augmentation requested and the effect on the employees pension benefits:	
An estimate of the costs of the increased pension: (to be provided by LPFA via TOPS (Pensions)) The lump sum and annual costs should be shown separately.	

The financial and organisational benefits to the Council of agreeing to the request: (supporting papers attached)	
The skills and experience that the employee has brought to the Council:	
The benefits that the employee would otherwise be eligible for under the Council's financial terms (if applicable):	
Any other information that should be taken into consideration:	

DECISION

To be signed by the relevant Director and the Director of Finance ONLY

Under delegated powers I agree to award _____ augmented Local Government Pension Service to the above named employee.

I confirm that the cost of this additional service will be borne by the relevant staffing budget and not the Local Government Pension Scheme.

Signed: _____ Date: _____
Relevant Director

Signed: _____ Date: _____
Director of Finance

OR

Following careful consideration of this request, I have decided not to award augmented service in this case.

In summary, the reason for my decision is: _____

Signed: _____ Date: _____

Director of Finance

REQUEST/ AUTHORISATION FOR CONSIDERATION TO AUGMENT LOCAL GOVERNMENT PENSION SCHEME SERVICE ON TERMINATION OF EMPLOYMENT

SUPPORTING PAPERWORK: DECISION SHEET

(FOR THE USE OF THE DIRECTOR OF FINANCE)

Employee Name:

Designation:

Has the employee volunteered to leave the Council? (or would agreement lead to volunteering)?	
What commitment and experience has the employee given the Council and over what period of time?	
What is the value to the organisation of releasing the employee under these terms? Eg. would this voluntary retirement with augmentation avoid the need for compulsory redundancies at a later date?	
Are there additional costs to the Council compared with other benefits that might apply (eg. severance)?	
What are the implications to the Council if the employee is refused augmentation? (eg. will they still volunteer to go? If they would not, does this cause the Council any difficulties?	
If I agree that the case warrants consideration of augmentation, is the amount of augmentation requested appropriate?	
Any additional considerations?	