

## Delegated decision on behalf of Pensions Committee - Suspension of Abatement Policy

Officer With Delegated Authority	Paul Whaymand, Corporate Director of Finance, Section 151 Officer
Officer Seeking Permission	Yvonne Thompson-Hoyte, Interim Pensions Manager James Lake, Chief Accountant Mike Talbot – Head of Human Resources
Papers with Report	1. Chair of Scheme Advisory Board's Letter 2. Hillingdon Council Abatement Policy

### RECOMMENDATION

That the Hillingdon Pension Fund suspends its policy to abate pension's for 12 months to ensure that any retirees returning to work to assist with the Covid-19 emergency are not adversely affected.

### REASON FOR A DELEGATED DECISION

On 17 March 2020 the Head of Democratic Services advised that Pensions Committee would be cancelled until further notice. It was further advised that, in the case of the Pensions Committee, the Corporate Director of Finance has delegated authority to take decisions on behalf of the Committee in urgent cases, and will do so in consultation with Committee Members and also the Leader and Deputy Leader of the Council via email or telephone if necessary. All decisions taken under delegated powers will be ratified by Pensions Committee at a later date once operational.

This decision is required to support the Government programme to encourage social workers and similar professionals who have retired from local government in the last two years to re-join the workforce without penalty during the outbreak of COVID-19. The reason for urgency is outlined below.

### BACKGROUND

The United Kingdom had the first confirmed case of the virus COVID-19 in January 2020. Since that time the virus has spread widely over the United Kingdom and there has been loss of life as a result. This has caused an enormous strain on health and Social Care related services in particular. This situation is on-going.

On March 19, 2020 the Government announced a programme to encourage health and social care staff, who retired in the last two years, back to work to assist in the fight against COVID-19.

This was preceded by a letter from the Chair of the Scheme Advisory Board to the Chairs of Pension Committees advising them of the government's programme. The letter further stated that it was the government's intention that anyone returning to work in this crisis, should not suffer any impact on the public service pension they

receive. The Chair of SAB 'strongly urged' authorities that still have a policy of abatement in place to suspend them, or at the very least to make an exception for staff that may return to assist in the COVID-19 emergency (letter attached as Appendix A).

## **HILLINGDON COUNCIL ABATEMENT POLICY**

The current policy of Hillingdon Council is to apply a reduction (abatement) to the pre - 2014 pensions of staff returning to employment. Abatement of pensions after this period was removed by the LGPS 2013 regulations and therefore is not relevant.

The actual use of this policy within the Council is very rare and therefore does not affect a large number. Also at the point of retirement, pension payments would have been anticipated to be for the full duration so it is not an unexpected or additional cost to the Fund.

Many authorities have stopped all abatement citing that it is very costly and time consuming to monitor; unfair because it only affects those coming back into local government employment and not those being re-employed elsewhere and that it is a barrier to the re-employment of much needed experience and skills in local government.

The government has put forward a bill to suspend abatement for NHS workers coming back into employment in the Corona Virus Act 2020 that was introduced in parliament on 25 March 2020.

## **FINANCIAL IMPLICATIONS**

There is no extra cost to the Pension Fund on the basis that at the time of each retirement the Fund would have anticipated paying pensions and benefits in full for the duration. This would therefore have been factored in to each triennial valuation and by extension the funding and investment strategies.

## **LEGAL/REGULARORY IMPLICATIONS**

The LGPS Regulations require that each Pension Fund Administering Authority must formulate and keep under review a policy on pension abatement.

The Government through the Scheme Advisory Board has requested the Council to review this policy in light of recent developments with COVID-19

## **APPROVAL BY THE CORPORATE DIRECTOR OF FINANCE IN ACCORDANCE WITH SCHEME OF DELEGATION**

In consultation with Pensions Committee Members and also the Leader and Deputy Leader of the Council.

Signature                                 P.W. Date 7/4/20

Paul Whaymand - Corporate Director of Finance