

**Date:** 16<sup>th</sup> November 2015

**Classification:** General Release

**Title:** Withdrawal of the Abatement Policy

**Report of:** Director of Human Resources

**Financial Summary:** The report has no financial implications

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## 1. Executive Summary

- 1.1 Under current policy the pension benefits of an employee leaving WCC and taking up further employment with an employer who is subject to the LGPS could be liable to abatement of their WCC pension.
- 1.2 Abatement has in the past been implemented when the pension of the employee leaving WCC plus the salary they were now earning with another employer (subject to the LGPS) is greater than the salary they were previously earning at WCC.

## 2. Recommendation

- 2.1 That the WCC abatement policy be withdrawn.

## 3. Rationale

- 3.1 Abatement was relevant when WCC had an added years' policy. It could be successfully argued that when granted added years was a direct cost on the employer and it was inappropriate that the employee was then able to earn more as a result of WCC paying additional funds into the WCC pension fund.
- 3.2 The abatement policy is difficult to apply and monitor and primarily relies upon the ex-employee notifying WCC if they are appointed to a job within another local authority that has membership of the LGPS.
- 3.3 The abatement policy is inconsistent in its application in that abatement does not apply to an ex-employee working in the private sector or to an ex-employee working in another local authority in a consultancy capacity.

3.4 Revised LGPS pension regulations also allow employees to retire after the age of 55 with actuarial reduced benefits again in these circumstances there is no cost to the employer and therefore abatement is not appropriate.

#### **4 Financial Implications**

4.1 None

#### **5. Legal Implications**

5.1 None

**If you have any questions about this report, or wish to inspect one of the background papers, please contact:**  
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