
STATUTORY INSTRUMENTS

1996 No. 1680

**The Local Government (Discretionary
Payments) Regulations 1996**

PART III

COMPENSATION FOR PREMATURE RETIREMENT

Discretionary awards of lump sum and annual compensation to former employees

Power to award credited period for compensation purposes

8.—(1) An employing authority may, not later than 6 months after the material date, credit a person who is eligible to benefit under this Part with a period (the “credited period”) not exceeding—

- (a) the period by which his total period of membership falls short of 40 years;
- (b) the period beginning with the day following the material date and ending with his 65th birthday, less any period of residual entitlement which he has to his credit;
- (c) the aggregate of his total period of membership and any periods to which Part II of Schedule B6 of the LGPS Regulations applies (or, if he is an assumed member, would apply apart from a relevant disqualification and on the relevant assumptions); or
- (d) 10 years;

but no person may be credited with a period of service under this regulation in respect of a former employment in respect of the cessation of which an additional period of membership may be counted under regulation B18 of the LGPS Regulations.

(2) For the purposes of paragraph (1)(b), where a person has been granted a credited period in respect of a cessation of employment (“the previous cessation”) before the material date, he has to his credit a period of residual entitlement equal to the excess (if any) of the relevant aggregate period over the period which—

- (a) begins with the day immediately following the previous cessation (or, if there has been more than one previous cessation in respect of which pre-material date extra service has been granted to him, the first of them); and
- (b) ends with the day on which he ceased to hold his former employment.

(3) In this regulation, in relation to any person—

- (a) “the relevant aggregate period”, means the aggregate of—
 - (i) his pre-material date extra service, reduced as may be necessary in accordance with paragraph (4);
 - (ii) the period of his former employment; and
 - (iii) the aggregate of any periods during which he was a LGPS member or an assumed member, being periods between the previous cessation (or, if there has been more than one previous cessation in respect of which pre-material date extra service

has been granted to him, the first of them) and the commencement of the former employment;

- (b) “pre-material date extra service”, means a period by which his total period of membership has been increased or a period of service with which he has been credited, before the material date, for the purpose of calculating one of the kinds of benefit or compensation mentioned in paragraph (5) (or, if more than one such period has been granted to him, the aggregate of them).

(4) Where after his previous cessation (or the first of them) a person has ceased to hold an employment and—

- (a) his pre-material date extra service has been reduced by the period of that employment or part of that period; or
- (b) the compensation or benefit attributable to such extra service has been reduced on account of that period or part of it,

his pre-material date extra service for the purposes of paragraph (3)(a)(i) shall be reduced by that period.

(5) The benefits and compensation mentioned in paragraph (3)(b) are—

- (a) retirement compensation under an Act or under regulations made under section 259 of the Local Government Act 1972(1), or a similar instrument, on account of loss of employment;
- (b) benefit under regulations made under section 260 of that Act, or a similar instrument;
- (c) compensation under any scheme made under section 1 of the 1972 Act(2), or a similar instrument, on account of his retirement in the public interest;
- (d) compensation under an Act or under these Regulations or any other regulations made under section 24 of the 1972 Act(3), or a similar instrument, on account of his ceasing to hold an employment with an authority in such circumstances as are mentioned in regulation 6(1) (a)(i), (ii) or (iii);

and in this paragraph “similar instrument” means any instrument made under any provision to the like effect in any other enactment.

Lump sum compensation

9.—(1) An eligible person who has been granted a credited period under regulation 8 is entitled to receive compensation in the form of a lump sum in accordance with this regulation.

(2) If—

- (a) he is entitled, on ceasing to hold his former employment, to a retirement grant by virtue of regulation D6 of the LGPS Regulations in a case where one of the conditions in paragraph (2) of that regulation is satisfied (early retirement on redundancy, or in the interests of efficiency or on the cessation of a joint appointment); or
- (b) but for a relevant disqualification, he would be so entitled on the relevant assumptions and on the further assumption that, if the employing authority might have certified under regulation D6(2)(a) of those Regulations, they have done so,

(1) 1972 c. 70. Section 259 was amended by the Local Government Act 1974 (c. 7), s.39; the Food Act 1984 (c. 30), Sch. 10, paragraph 23; the Food Safety Act 1990 (c. 16), Sch. 3 paragraph 17.

(2) Section 1 of the Superannuation Act 1972 (c. 11) was amended by the Pensions (Miscellaneous Provisions) Act 1990 (c. 7), s.8, and the Pension Schemes Act 1993 (c. 48), Sch. 8, paragraph 6.

(3) Section 24 of the Superannuation Act 1972 (c. 11) was amended by the Police Pensions Act 1976 (c. 35) s.13(1), Sch. 2 paragraph 10.

he is entitled to receive lump sum compensation of an amount equal to the amount by which that retirement grant would be increased on the relevant assumptions and in accordance with those Regulations if the total period of his membership were increased by the credited period.

Annual compensation: general provisions

10.—(1) Subject to the following regulations, an eligible person who has been granted a credited period under regulation 8 is entitled to receive annual compensation in accordance with this regulation.

(2) From the day following the material date he is entitled to receive annual compensation at a rate equal to the rate by which the annual retirement pension to which—

- (a) he is entitled, on ceasing to hold his former employment, by virtue of regulation D6 of the LGPS Regulations in a case where one of the conditions in paragraph (2) of that regulation is satisfied (early retirement on redundancy, or in the interests of efficiency or on the cessation of a joint appointment); or
- (b) but for a relevant disqualification, he would be so entitled on the relevant assumptions and on the further assumption that, if the employing authority might have certified under D6(2)(a) of those Regulations, they have done so,

would be increased on the relevant assumptions and in accordance with those Regulations, if the total period of his membership were increased by the credited period.