

HERTFORDSHIRE COUNTY COUNCIL
INVESTMENT COMMITTEE
TUESDAY 6 MARCH 2002 AT 2 PM

Agenda Item No:

4

INVESTMENT COMMITTEE REMIT

Report of the Finance Director

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1. Purpose of the Report

To brief members on the newly-constituted Investment Committee, in particular in comparison to the remit of the previous Investment Panel.

2. Summary

2.1 The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 establish that functions relating to the Local Government Pension Scheme which are set out in statutory regulations are the responsibility of the full Council.

2.2 These functions have been delegated by the Council to the Investment Committee. Its members can make decisions without reference to full Council.

2.3 The main regulations which set out the functions to be carried out by this Committee are:

- LGPS Regulations 1997
- LGPS (Management & Investment of Funds) Regulations 1998
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000
- Fire Services Act 1947

2.4 These make the Committee responsible for decisions on discretionary payments under the LGPS Regulations in addition to the investment responsibilities of the former Investment Panel. It is also nominally responsible for discretions under Fire Services Act 1947, but this function is already delegated to the Finance Director in the Scheme of Delegations from Council to Officers (Annex 3 para 4.3 of the Constitution). Details of the areas concerned are listed in Appendix D.

2.5 Full details of the responsibilities under each of these regulations are given at Appendix A.

3. Conclusion

The remit of the Committee has been expanded from that of the Investment Panel to include responsibility for policies on discretions for both LGPS and Fire Service Pension.

4.1 Background

- 4.1.1 The Local Authority (Functions & Responsibilities) (England) Regulations 2000 introduced new rules governing the way Local Authorities are organised. In particular, they specify functions which are not to be the responsibility of the authority's executive and these include functions relating to both Local Government and Firemen's Pensions. These must therefore be exercised by the Council.
- 4.1.2 The County Council's constitution has been re-written to comply with these requirements and came into effect on 28 November 2001.
- 4.1.3 The Council has delegated its pension-related functions to the newly constituted Investment Committee, which is empowered to make decisions without reference to the full Council.
- 4.1.4 The composition of the Committee remains the same as that of the Panel, i.e. 8 County Council members in proportion to political representation on the full Council, 3 substitutes (one for each party) and 3 non-voting District Council representatives elected by Hertfordshire Local Government Association.

4.2 Scope of Responsibilities

- 4.2.1 There are three main sets of regulations which have been made under the Superannuation Act 1972, all of which impose duties on the Council both as the administering authority and as a Scheme employer. They are:
- (i) The Local Government Pension Scheme (LGPS) Regulations 1997;
 - (ii) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998; and
 - (iii) The Local Government (Early Termination of Employment) Discretionary Compensation) (England and Wales) Regulations 2000.
- 4.2.2 The following is a summary of the Committee responsibilities covered by each of these regulations:

LGPS Regs 1996 – Discretions both as Administering Authority and Employer in respect of:

- Compassionate grounds for early retirement
- Awarding added years on joining and leaving
- Abatement of pension on re-employment
- Reduction of contribution rate for those with 40 years service
- Allocation of children's pensions.

LGPS (Management & Investment of Funds) Regulations 1998

- Preparation, maintenance and publication of Statement of Investment Principles
- Appointment and review of investment managers.

Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000

- Formulate, publish and review policy in respect of redundancy and compensation payments on leaving employment.

4.2.3 More details are given for each of these Regulations in Appendix A. A copy of the current discretions policy is attached at Appendix B and a copy of the Statement of Investment Principles at Appendix C.

4.2.4 Fire Services Act 1947

Under Section 26 of this Act the Council has powers to exercise discretion in a number of areas. These powers have been delegated to the Finance Director in the Scheme of Delegations from Council to Officers (Annex 3 para 4.3 of the Constitution). Details of the areas concerned are listed in Appendix D.

4.3 Areas Not Within the Investment Committee Remit

4.3.1 Internal Dispute Resolution Procedure

The 1997 Regulations govern the handling internally of appeals from members of the Scheme in relation to decisions that have been taken and about which the member has concerns. Such appeals are to the County Secretary (as the Appointed Pension under the Regulations). He decides such appeals as an individual and not as an officer of the Council. Any further appeals are taken to the Secretary of State and not to any Council Committee.

4.3.2 Administration of the Pension Scheme

This is carried out by ITNET under the terms of the contract between ITNET and the Council. The regulations relating to the Pension Scheme are silent on such administration and such matters would therefore seem to be within the responsibilities of the Executive.

5. Conclusion

- 5.1 The remit of the Investment Committee has been expanded from that of the Investment Panel to include responsibility for formulating and reviewing discretions' policies.
- 5.2 Responsibilities in relation to Fire Service pensions, which are now within the Committee's remit, have been delegated to the Finance Director.

5.3 In addition, members of the Committee can now make decisions without reference to either Cabinet or full Council.

1. THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1997

(a) Early leavers

If a member of the Scheme leaves a local government employment before he is entitled to the immediate payment of retirement benefits, he may elect to receive those benefits early. However, if he does not satisfy the 'rule of 85' (his age plus his total period of membership is less than 85), his retirement pension and grant have to be reduced. However, the employing authority may determine on compassionate grounds that the pension and grant should not be reduced and the Council is required to formulate and keep under review a policy as to when discretion can be exercised to do that.

(b) Increasing membership

An employing authority may resolve to increase the total membership of a member who leaves its employment on or after his 50th birthday and may also resolve to increase a new member's total membership. As an employing authority, the Council is required to formulate and keep under review its policies as to when such increase in membership may be granted.

When the Council, as administering authority, is formulating its policy, it must consult the authorities [*which authorities? - all employing authorities?*] who employ active members within the Hertfordshire Scheme.

In formulating the Council's policies in relation to early leavers and increasing membership, whether as administering authority or Scheme employer, it must have regard to the extent to which the exercise of the functions could lead to a serious loss of confidence in the public service.

(c) Abatement of retirement pensions in new employment

If a member in receipt of a retirement pension enters new employment with a Scheme employer, then his retirement pension may be reduced. The Council, as administering authority, is required to formulate and keep under review a policy concerning abatement (ie the extent to which the retirement pension should be reduced or extinguished).

Before formulating such a policy, the Council must consult with authorities who employ active members within the Hertfordshire scheme. In formulating the policy, the Council must have regard to the level of potential financial gain at which they wish abatement to apply, the administrative costs which are likely to be incurred as a result of abatement in different circumstances and to the extent to which a policy

not to apply abatement could lead to a serious loss of confidence in the public service.

(d) Reduction in member's contribution rate

The Council as employing authority may determine that a person who is an active member in its employment who has a total membership in local government employment of at least 40 years determine that he should not be liable to make contributions to the Scheme on his pay in the Council's employment or should only be liable to make them at a reduced rate.

(e) Payment of children's pensions

If a children's pension is payable for more than one eligible child, the Council, as administering authority, may apportion it amongst the children as it thinks fit. The Council may pay the whole or part of a children's pension to a person other than an eligible child, to be applied for the benefit of one or more eligible children as the Council directs.

2. THE LOCAL GOVERNMENT PENSION SCHEME (MANAGEMENT AND INVESTMENT OF FUNDS) REGULATIONS 1998

(a) Written statement of the principles governing decisions about investments

The Council, as administering authority, must, after consultation with those it considers appropriate, prepare, maintain and publish a written statement of the principles governing its decisions about investments.

The statement must cover the Council's policy on:

- (i) the types of investments to be held;
- (ii) the balance between different types of investments;
- (iii) risk;
- (iv) the expected return on investments;
- (v) the realisation of investments;
- (vi) the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments; and
- (vii) the exercise of the rights (including voting rights) attaching to investments, if the Council has any such policy.

(b) Appointment of investment managers

The Council, as administering authority, may appoint investment managers, whose terms of appointment are governed by the regulations. The Council must keep an investment manager's performance under review. At least once every three months, the Council must review the investments the manager has made. Periodically, the Council must consider whether or not to retain an investment manager.

3. THE LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION) REGULATIONS 2000

The Council, as an employing authority, is required to formulate, publish and keep under review the policy applied in exercise of its discretionary powers:

- (a) to increase statutory redundancy payments;
- (b) to make a lump sum compensation payment (whether or not the person is eligible for a redundancy payment);
- (c) to make an alternative discretionary award for those aged 50 or over;
- (d) to determine by how much (if at all) the annual compensation of a person who has received an award under (c) should be reduced on his entering new employment;
- (e) to determine by how much (if at all) the annual compensation of a person who has received an award under (c) should be reduced on his leaving new employment; and
- (e) to determine the position of surviving spouses who cohabit

The Council is also required to formulate, publish and keep under review the policy it applies when exercising its discretions under (d) and (e) above to comply with its duty to reduce annual compensation.

In formulating and reviewing its policies, the Council must be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs, and must have regard to the extent to which the exercise of its discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service.

Approved by Hertfordshire County Council Cabinet on 23rd July 2001.

LOCAL GOVERNMENT PENSION SCHEME

HERTFORDSHIRE COUNTY COUNCIL

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1997

EMPLOYING AUTHORITY DISCRETIONS

As required by the Local Government Pension Scheme Regulations 1997, the Local Government Pension Scheme (Transitional Provisions) Regulations 1997 and the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000, Hertfordshire County Council has determined policies in respect of the discretion's outlined below.

The County Council may revise the policies at any time.

Before taking any actions which may affect your benefits under the Local Government Pension Scheme it is important to establish with the scheme's administrators, ITNET Managed Services pension section (01992 555467), that you are referring to the most up to date policy statement and employee's guide to the scheme.

A. EMPLOYING AUTHORITY DISCRETIONS

APPLICATIONS FOR EARLY PAYMENT OF BENEFITS ON OR AFTER AGE 50 AND BEFORE AGE 60 (REGULATION 31)

Employees of the County Council, who are members of the LGPS, and deferred pensioners are able to apply to the County Council for early payment of benefits. If the application is made before the age of 60 the consent of the County Council is required to enable the early payment of benefits.

The County Council retains the discretion to decide whether or not to release an employee by early retirement in order to preserve an appropriate balance of skills and experience in the service concerned. Whilst scheme members and deferred pensioners may apply under the appropriate regulations for early payment of benefits, the County Council's policy is to only consider such applications on the following compassionate grounds:

- i) where the applicant needs to cease employment for the purpose of caring for someone who cannot manage without help because of illness, frailty or disability;
- ii) a parent left with the sole care of one or more children.

- iii) applicants suffering from ill-health which is not sufficiently incapacitating to render them permanently incapable of working and therefore eligible for early payment of benefits on the grounds of ill health, but which nevertheless is sufficiently recurring or incapacitating as to render discharge of their duties difficult or spasmodic.

The County Council has delegated authority to the Director of Personnel in consultation with the Finance Director to exercise the discretion to authorise the early payment of benefits on compassionate grounds. When determining whether to exercise the discretion the Director of Personnel will consider the following factors:

- a) the age of the applicant in relation to the age at which they would normally access their retirement benefits;
- b) the medical advice of the County Council's medical advisor;
- c) the care required by the individual unable to manage without help;
- d) length of service with HCC and the reasons for leaving the service.

In cases where payment of pension benefits are made on compassionate grounds (this includes individuals aged between 60 and 65 with less than 25 years service) the County Council has exercised its discretion to pay unreduced benefits irrespective of the applicant's length of scheme membership.

GRANTING EXTRA MEMBERSHIP ON TERMINATION OF EMPLOYMENT – (REGULATION 52)

The County Council has resolved to apply this regulation in cases of early retirement on the grounds of redundancy or for the efficient exercise of the Council's functions. Service will be augmented in accordance with the Council's Early Retirement Scheme.

GRANTING EXTRA MEMBERSHIP ON APPOINTMENT – (REGULATION 53)

The County Council has chosen not to exercise, at this time, the discretion to increase the membership of a scheme member on appointment.

ABATEMENT OF COMPENSATORY ADDED YEARS ON RE-EMPLOYMENT

When a pensioner who has been awarded Compensatory Added Years (CAY) is re-employed by a Local Government Pension Scheme employer then the annual CAY is reduced by the following amount:

Annual rate of new pay + LGPS pension + annual CAY
less Annual pay of former job + inflation

When the pensioner leaves the second (or subsequent) period of employment, the CAY are reduced by the following amount:

Total pensionable service from first employment + number of CAY
awarded + period of re-employment
less Total service which individual would have achieved if he/she had
stayed in first employment to age 65

SHARED COST AVC SCHEME – (REGULATION 67)

The County Council has determined not to, at this time, establish a shared cost Additional Voluntary Contribution scheme for scheme members. The County Council reminds scheme members of the options available to them to enter into AVC arrangements or purchase added years. Full details of the options can be obtained from ITNET Managed Services pension team (01992 555467).

B. ADMINISTERING AUTHORITY DISCRETIONS

SPOUSES PENSIONS FOR LIFE

After consultation with other employing bodies within the Hertfordshire Local Government Scheme, the County Council has determined to exercise the discretions available under the Local Government Pension Scheme (Transitional Provisions) Regulations 1997 to allow the spouses of pensioners who died before March 1998 to receive widow or widower's benefits where remarriage or cohabitation takes place from 1 April 1998.

If you have any questions on this policy statement please contact the scheme's administrators: ITNET Managed Services pension section (01992 555467).

HERTFORDSHIRE COUNTY COUNCIL

LOCAL GOVERNMENT PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES

Introduction

The County Council ('the Council') is responsible for the administration of the Hertfordshire Local Government Pension Scheme (LGPS). The Council has a statutory duty to ensure that any Local Government Pension Scheme funds, not immediately required to pay pension benefits, are suitably invested.

As required by statute the Council has approved a statement of investment principles which are applied to the management of the LGPS investments ('the Fund').

An advisory panel to the Council's Policy Committee ('the Panel'), advised by the Chief Financial Officer, monitors investment performance and the implementation of relevant policies. Day to day operational decisions have been delegated to the County Council's Chief Financial Officer and all investments are managed by external investment management organisations ('the managers').

The investment objectives of the Fund

- a) To comply with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998, specifically to ensure that all:-
 - funds are suitably invested,
 - investments are diversified,
 - relevant investment limits are not exceeded,
 - investments and investment arrangements are regularly monitored and reviewed.
- b) To ensure that the Fund has sufficient assets to pay scheme benefits.
- c) To achieve a long term rate of return on the invested funds (both capital gains and income) which assists in controlling the level of employer's contributions to the Fund and also the cost of the pensions to the local tax payers where appropriate by;
 - i) as a minimum matching the actuary's rate of return assumptions made when assessing the Fund's level of funding, and
 - ii) exceeding the weighted average return for UK pension funds by 1.3 % measured over three year rolling periods.

Achieving the investment objectives

The Council, having taken appropriate professional advice, has made the arrangements set out below to reduce the risk that one or more of the investment objectives for the Fund are not achieved over the long term.

a) **Suitable Investments**

The Investment Policy Panel considers that the following types of investments, within specific limits, are suitable for the purposes of a pension scheme:

- cash, bank deposits and other short term money market investments;
- quoted fixed interest securities; individual securities and pooled investment vehicles;
- quoted equity investments; individual securities and pooled investment vehicles;
- property unit trusts;
- derivative instruments, but not to be used for speculative purposes;
- unquoted equity investments and venture capital pooled vehicles.

b) **Management of Investments**

Approximately 80% of the Fund's investments are managed by three investment management organisations who, with the exception of unquoted equities and venture capital, have the authority to invest in all of the asset classes set out at (a). Approximately 19 % of the Fund is managed by three investment management organisations who operate portfolios which invest in a more restricted range of asset classes. All the managers need the approval of the Chief Financial Officer to acquire shares in any securities which are not listed on a recognised stock exchange. The remainder of the Fund is managed by two specialist venture capital managers, allocations to whom are authorised by the Chief Financial Officer after consultation with the Investment Panel.

c) **Social, environmental and ethical considerations**

The County Council retains external investment management organisations to select, monitor and realise the Fund's investments. The investment managers are expected to apply their professional expertise to maintain suitably diversified portfolios for a Local Government Pension Scheme. When making investment decisions the managers are expected to take account of what they reasonably believe are all relevant considerations.

d) **Investment Restrictions**

The following investment restrictions apply to the funds under management:

- i) all limits determined under the LGPS (Investment and Management of Funds) Regulations 1998;
- ii) additional limits which have been determined by the Council:
 - Venture Capital - total investments are not to exceed 1.5 per cent of the value of the Fund.
 - Overseas investments - total investments are not to exceed 40 per cent of the value of the Fund.
 - Individual equity holdings - the total holding in a single company is not to exceed 5% of the issued share capital.

There are no other restrictions placed on the managers' investment decision making.

e) Investment Performance Measurement

The investment performance of the Fund's managers is measured by an independent organisation, the WM Company, who report at least annually to the Investment Panel.

f) Monitoring of Investment Managers

The Panel meets quarterly to consider reports from each investment manager. Each manager makes a presentation in person to the Panel on at least an annual basis and more frequently to the Chief Financial Officer (or his representative) on a more regular basis.

g) Fund Benchmark and Asset Allocation

The Panel, having taken reasonable advice, have determined that the average long term allocation of UK pension funds is an appropriate asset benchmark for the Fund. Managers' performance targets have been determined either by reference to the WM All Funds weighted average rate of return or a specific published index.

It is expected that the Fund's actual asset allocation at any point in time will fall within the following ranges:

UK equities	10 - 90%
Overseas equities, bonds and currencies	5 - 40%
UK Fixed Interest (including cash)	5 - 40%
UK Property	0 - 10%

h) Actuarial Valuation

The LGPS is subject to triennial valuations by an independent actuary. Employers' contributions are determined by the actuary to ensure that in the long term the fund's assets will match its liabilities.

i) Voting of Shares

Where it is reasonable to obtain appropriate advice and implement a voting decision, the Fund's equity holdings are voted at annual general and other meetings of the relevant companies. The Fund routinely votes on all matters raised by the largest 350 listed UK companies where it owns shares. The Fund's voting policy is to vote in accordance with the current principles of corporate governance best practice, as advised by the Pensions Investment Research Consultancy; except when the advice of the Fund's managers indicates such action would not be in the best financial interests of the Fund.

j) Custody Arrangements

The Fund's assets are held in custody by either an independent custodian or one connected to the investment manager, where reasonable controls have been certified by an appropriate auditor.

This Statement of Investment Principles was approved by the Policy Committee of Hertfordshire County Council on 13 April 2000. Copies are available on request for participating scheme employers, scheme members, pensioners and deferred beneficiaries. The statement will be reviewed on an annual basis by the Council's Investment Policy Panel.

FIREMEN'S PENSION SCHEME

THE FIREMEN'S PENSION SCHEME ORDER 1992

Unlike the Local Government Pension Scheme, there are no requirements under this order for the fire authority to formulate policies. The fire authority is given a number of powers, however, which are listed below in the order in which they appear in the Rules. (Those involving the exercise of a discretion or taking of a resolution are shown in italics.)

A14 Compulsory retirement on grounds of efficiency of brigade

The fire authority may require a whole-time member of the brigade to retire on the grounds that his retention in the brigade would not be in the general interests of its efficiency.

A15 Compulsory retirement on grounds of disablement

The fire authority may require a regular firefighter to retire on the date on which the authority determines that he ought to retire on the ground that he is permanently disabled.

C1 *Spouse's ordinary pension*

The fire authority may in its discretion accept a notice of election to have, instead of an ordinary pension, a reduced pension and a gratuity from a spouse more than the three months after the date of death required under the Rules.

C3 Spouse's augmented award

In certain circumstances, including where the fire authority is of the opinion that it should, a spouse's award may be augmented.

C8 Limitation where spouses living apart

The fire authority may determine that the rule that a surviving spouse who at the time of death was living apart from the deceased is not entitled to any award shall not apply for such period as it thinks fit.

D5 *Child's allowance or special gratuity - limitations*

The fire authority, having regard to all the circumstances, can in their discretion determine to pay an allowance to a child who is permanently disabled and who has attained the age of 17, or can determine to pay an allowance to a child who was undergoing full-time education or vocational

training immediately before his 19th birthday even if there has been a period of interruption.

E2 *Adult dependent relative's special pension*

The fire authority, having regard to all the circumstances of the case, in its discretion may determine to grant a special pension to an adult dependent relative of a regular firefighter who has died from the effects of an injury or of infirmity of mind or body occasioned by an injury.

E3 *Dependent relative's gratuity*

If the fire authority thinks fit, it can grant a gratuity to a dependent relative of a person who dies while serving as a regular firefighter or while in receipt of a pension.

E5 *Gratuity in lieu of surviving spouse's pension*

In certain circumstances, the fire authority may in their discretion commute some or all of a pension.

E6 *Gratuity in lieu of child's allowance*

As E5.

F2 *Pensionable service and transfer values - current service*

The fire authority may resolve that a regular firefighter is entitled to reckon as pensionable service all or any part of any period of absence from duty without pay.

F7 *Receipt of transfer value*

The fire authority may accept a transfer value offered to them.

F9 *Payment of transfer values*

The fire authority may pay a transfer value in respect of a person who has, before attaining state pensionable age, become subject to another superannuation scheme if that scheme is not an approved scheme. (If the scheme is approved, the fire authority must pay a transfer value.)

G3 *Election not to pay pension contributions*

If a regular firefighter who has made an election not to pay pension contributions wishes to cancel that election, the fire authority may resolve that such an election may not be cancelled unless he has undergone a medical examination, at his own expense, and satisfied them as to his good health.

G6 Election to purchase increased benefits

No election by an eligible person to purchase a specified number of sixtieths of his average pensionable pay may be made, if the fire authority so resolve, unless the person has at his own expense undergone a medical examination and satisfied the authority as to his good health.

G7 Payment of periodical contributions for increased benefits

If the fire authority is satisfied that payment of periodical payments under G6 is causing, or is likely to cause, financial hardship, they may consent to the discontinuance of payment for such period as they think fit.

H1 Determination of questions and appeals by fire authority

The question whether a person is entitled to any and if so what awards shall be determined in the first instance by the fire authority. Before deciding issues of disability, capability or those of a medical nature, the fire authority must obtain and consider the written opinion of at least one qualified medical practitioner. If they are unable to obtain such an opinion because of the person's refusal or wilful or negligent failure to submit to medical examination, the fire authority may give such decision on the issues as it in its discretion choose to give.

I2 Awards to servicemen

The fire authority has the discretion to pay an increased pension to a serviceman who at the end of his forces period is permanently disabled. (A serviceman is a person who immediately before undertaking relevant service in the armed forces was a regular firefighter.)

I3 Awards on death of servicemen

If a serviceman dies from effects of an injury received during his forces period (or a qualifying period) the fire authority may, in their discretion, pay the surviving spouse a pension instead of a gratuity and increase any such pension and any pension or child's allowance.

I4 Servicemen who resume service as regular firefighters

If, as a result of an injury received during his forces period, a serviceman who has resumed service as a regular firefighter is permanently disabled or dies, the fire authority may exercise the like discretions as are conferred on them by Rule I2 or Rule I3.

J3 Whole-time member of brigade who is not a regular firefighter

If such a person suffers an injury while in attendance at a fire and in the execution of his duties as a member of the brigade and then retires in

consequence of the injury, the fire authority may grant him such pension or gratuity as it thinks fit. If he dies from the effects of the injury, the fire authority may grant such pension and gratuity as they think fit to any surviving spouse, and grant such allowance as they think fit to any child.

K1 Cancellation of ill-health and injury pensions

This rule applies to someone in receipt of an ill-health pension and who would not, had he continued to serve, become entitled to retire with an ordinary pension nor could have been required to retire on account of age. The fire authority may consider at such intervals as they think proper whether such person has become capable of performing the duties of a regular firefighter. If it is found that he has so become capable, the authority may terminate part of his ill-health pension or determine that payment of a deferred pension shall be suspended.

K3 Reduction of award in case of default

Where a person is permanently disabled and he has brought about or contributed to his infirmity by his own default, the fire authority may reduce any ill-health or injury award payable to him to not less than half its full amount.

K4 Withdrawal of pension during service as regular firefighter

The fire authority by whom a pension is payable may, in their discretion, withdraw the whole or part of the pension for any period during which the person entitled to it is serving as a regular firefighter in any brigade.

K5 Withdrawal of pension on conviction of certain offences

In the circumstances specified in this Rule, the fire authority may withdraw the pension in whole or in part, and permanently or temporarily as it may specify.

The fire authority has the discretion to apply so much as has been withdrawn for the benefit of any dependant of the pensioner's or restore to the pensioner.

L5 Payment of awards - supplementary

Any sum payable to a minor may, if the fire authority thinks fit, be paid to such other persons as it may determine who shall, in accordance with any directions given by the authority, apply it for the minor's benefit.

If it appears to the fire authority that a person entitled to payment of an award is incapable of managing his affairs, it may in its discretion pay the award or any part of it to a person having the care of the person entitled or such other person as it may determine and, insofar as it does not pay the award in that manner, it may apply it in such manner as it thinks fit for the benefit of the person entitled or his dependants.

If, as a result of fraud, theft or negligence on the part of a regular firefighter in connection with his employment, there has been a loss to the funds of the fire authority, the authority may withhold all or part of any sums becoming due to him from the authority in respect of a pension.