

PENSION DISCRETION POLICY STATEMENT

1. Introduction

The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits accruing for service after 31 March 2014 will now accrue on a Career Average Re-valued Earnings (CARE) basis, rather than on the previous final salary basis.

The provisions of the CARE scheme, together with the protections for members' accrued pre 1 April 2014 final salary rights, are contained in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

As a result of the changes, Scheme employers participating in the LGPS have to formulate, publish and keep under review a Statement of Policy on certain discretions which they have the power to exercise in relation to members of the CARE Scheme.

Scheme employers are also required to (or where there is no requirement, are recommended to) formulate, publish and keep under review a Statement of Policy on certain other discretions they may exercise in relation to members of the LGPS. This policy identifies the new discretions for which a policy statement is required

The council is also required to publish and keep under review a Statement of Policy on certain discretions relating to injury allowances under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.

2. Discretions

Although the total number of discretions under these regulations now amount to more than 100, the key discretions required or recommended for determination and publication by Rushcliffe Borough Council are shown in the following tables together with a policy statement.

In accordance with the legal requirement under Regulation 60(5) of the LGPS 2013 the policy statements have been drafted in order for the employer to balance financial, business and employee needs.

Table 1. These are the compulsory items -discretions subject to a written policy under the LGPS Regulations 2013 [prefix R] and the LGPS (transitional Provisions and Savings) Regulations 2014 [prefix TP]

Regulation and Employer Discretion	Policy Statement
<p>Regulation R16(2)(e) and R16(4)(d)</p> <p>Whether, how much, and in what circumstances to contribute to a shared cost Additional Pension Contribution scheme.</p>	<p>The Authority will not contribute to a shared cost APC scheme</p>
<p>Regulation R30(6) and TP11(2)</p> <p>Whether all or some benefits can be paid if an employee aged 55 reduces their hours or grade and continues to work (flexible retirement).</p>	<p>The Authority is committed to providing flexible employment options for its staff and will give eligible employees the opportunity to draw their pension benefits whilst employed by the council against the criteria set down in the Flexible Retirement Policy and Procedure</p>
<p>Regulation R30(8)</p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.</p>	<p>The Authority will not exercise this discretion and would not waive any reduction paid on flexible retirement</p>



<p>Regulation R30(8)</p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on benefits which a member voluntarily draws before normal pension age.</p>	<p>There is a general presumption that immediate LGPS benefits will not be paid straight away, other than in exceptional circumstances. The Authority will consider these on their merits and might include, but not be limited to, retirement on compassionate grounds or where the costs are offset in part or in full by efficiency gains or savings.</p> <p>If the benefits payable would normally be reduced for early payment, the Authority may agree to waive all or part of the reduction <u>on compassionate grounds</u>. (see also Management of Organisational Change policy)</p>
<p>TP(Schedule 2, para 2(2))</p> <p>Whether to “switch on” the 85 Year Rule for an employee voluntarily drawing benefits on or after age 55 and before age 60.</p>	<p>The Authority will not exercise this discretion.</p>
<p>(TP(Schedule 2, para 2(3))</p> <p>Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched on” the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.)</p>	<p>Only applicable if above discretion is applied</p>



Table 2. These are the discretions subject to a written policy under the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B].

Regulation and Employer Discretion	Policy Statement
B30(2) Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.	The Authority will not exercise this discretion.
B30(5) Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30.	The Authority will not exercise this discretion.
B30A(3) Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.	The Authority will not exercise this discretion.
B30A(5) Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A	The Authority will not exercise this discretion.



Table 3. These are the discretions subject to a written policy under the LGPS Regulations 1997. [Prefix R]

Regulation and Employer Discretion	Policy Statement
R31(2) Whether to grant application from a post-31 March 1998/ pre-1 April 2008 leaver for early payment of benefits on or after age 50/ 55 and before age 60.	The Authority will not exercise this discretion.
R31(5) Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post-31 March 1998/ pre-1 April 2008 leaver or councillor leaver.	The Authority will not exercise this discretion.
R31(7A) Pre-1 April 2008 employee opts out only to get benefits paid from normal retirement date if employer agrees.	The Authority will accept such requests subject there being no cost to the council arising



Table 4. The table is included for completeness and shows other existing discretions for which a written policy already exists and for which no change is proposed. These discretions apply to current employees. [Discretions applied under the Local Government (Early Termination Of Employment) (Discretionary Compensation) (England And Wales) Regulations 2006 are shown as prefix ET, those that are applied under the LGPS Regulations 2013 as prefix R]

Regulation and Employer Discretion	Policy Statement
<p>ET7 Calculation of a week's pay for the purpose of redundancy payments.</p> <p>Whether to pay a lump sum compensation payment (of up to 104 weeks' pay)</p>	<p>Redundancy payments will be calculated on the employee's actual week's pay.</p> <p>The Authority has the discretion under its Management of Organisational change policy to enhance up to 104 weeks 'pay in certain circumstances.</p>
<p>R100 (Previously included under LGPS (Administration) Regulations 2008) Whether to allow an employee to elect to transfer other employment pension benefits into the LGPS after the 12-month "decision window" period has elapsed.</p>	<p>The Authority will not extend the 12-month time limit .</p>
<p>R91 (Previously include under LGPS (Administration) Regulations 2008) Forfeiture of pension rights</p> <p>If a member leaves as a result of a conviction for any offence in connection with their LGPS employment or as a</p>	<p>The Authority may direct, where an employee is convicted for a wilfully criminal, negligent or fraudulent act which results in loss of monies to the Authority, or which might lead to a loss of confidence in the public sector, that all or part of their LGPS pension rights should be forfeited and/or paid over to the Authority or specified dependants of the member. Each case</p>



<p>result of their own criminal, negligent or fraudulent act in connection with that employment, the employer has discretion, within the terms of these five regulations, to direct that all or part of their LGPS pension rights should be forfeited and/or paid over to the employer or specified dependants of the member</p>	<p>will be considered on its merits.</p>
<p>R9(1) R9(3) (Previously included under LGPS (Benefits, Membership and Contributions) Regulations 2008) Determination of rate of employees' contributions and placing them in the designated banding .</p>	<p>Assessment of Pension Banding</p> <p>The effective date and method of calculation to be applied assessment of pension bands will be determined as follows:</p> <ul style="list-style-type: none">• Placement within pension bandings for employees new to the organisation will be based on their pensionable earnings on the date of their employment. See Appendix 1 for definition of pensionable earnings.• Placement for employees taking on <i>additional</i> and separate new employment with the Council will be based on their pensionable earnings for that additional job on the date of their employment to the new job.• For existing employees the following will apply:<ul style="list-style-type: none">➤ Placement within pension bandings will be based on their pensionable earnings at the 1st April each year.➤ Assessment will take account of any incremental pay progressions within a pay band that apply from that date.



	<ul style="list-style-type: none">➤ Annual “cost of living” pay awards will only be taken into account for the coming year where the award for that year has been announced prior to 1st April.➤ Changes in personal pay during a year including occurrences such as promotion (to a new post), re-grading (of existing post), downward pay grade changes, addition or removal of pensionable allowances and honoraria payments will not be taken into account until re-assessment of all employees at the next 1st April.• Assessment of <i>expected</i> pensionable earnings for the coming year will be applied at 1st April each year. This will be based on expected contractual pensionable earnings from 1st April together with an estimate of non-regular pensionable pay anticipated for the coming year, based on actual non-contractual pensionable earnings in the previous year.
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Employer Discretions under the Local Government (Discretionary Payments) (Injury Allowance) Regulations 2011

Regulation and Employer Discretion	Policy Statement
Regulation 3(1) Whether to grant an injury allowance following a reduction in remuneration as a result of sustaining an injury or contracting a disease at work	The Authority will not set up an injury allowance scheme at this time
Regulations 3(4) 3(2) 4 (1) 4 (2) 4(3)4 (5) 6(1) 6(2) 7(1) 7(2) 7(3) and 8 therefore will not apply	