

## APPENDIX 1.

### NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

#### PENSION POLICY DISCRETIONS – JUNE 2014

These are the pension policy discretions of North West Leicestershire District Council as confirmed by the Cabinet on 24<sup>th</sup> June 2014.

1. LGPS Benefits Regulations - Regulation 31: Power of employer to award additional Pension.

Explanation	Council Policy
An employer may resolve to award a member additional pension of not more than £6,500 (figure as at 1 April 2014) a year within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.	<b>The Council is not prepared to grant any discretionary enhancement under this regulation unless there is a clear financial or operational benefit to the Council.</b>

- 2 LGPS Benefits Regulations - Regulation 16 (2) (e) and 16 (4) (d): Funding of additional Pensions contributions (shared cost)

Explanation	Council Policy
<p>An active member in the main section of the scheme may enter into an arrangement to pay additional pension contributions (APC's) by regular contributions or a lump sum.</p> <p>Such costs may be funded in whole or in part by the member's scheme employer.</p> <p>The Employer will need to determine a policy on whether it will make a contribution towards the purchase of extra pension.</p> <p>This does <b>not</b> relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a shared cost APC to cover the amount of pension "lost" during that period of absence. In these cases the employer must contribute 2/3 rds of the cost (Regulation 15 (5) of the LGPS Regulations 2013.</p>	<b>The Council will not fund additional pension unless there is a clear financial or operational benefit to the Council.</b>

3. LGPS Regulations – Regulation 30 (b) Flexible Retirement

Explanation	Council Policy
<p>An active member who has attained the age of 55 or over who reduces working hours or grade of employment may, with the Scheme Employers consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in Local Government service on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.</p> <p>As an employer there is a requirement to determine the conditions under which a flexible retirement might be approved.</p>	<p><b>The Council has agreed to release pension where there is no cost and there is a clear financial or operational benefit to the Council. The Council will not waive any reduction in benefits.</b></p> <p><b>Employees will normally reduce their hours by a minimum of 40% and/or reduce their grade.</b></p>

4. LGPS Regulations 2013 - Regulation (paragraph 1 (1) (c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) regulations 2014:Switching on rule of 85.

Explanation	Council Policy
<p>A member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment if that member is not an employee in local government service in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.</p> <p>In these circumstances (other than flexible retirement) the 85 year rule does not automatically apply to members who would otherwise be subject to it who choose to voluntarily draw their benefits on or after age 55 and before 60.</p> <p>The employer has the discretion to “switch on” the 85 year rule for such member.</p> <p>If the employer does agree to switch back on the rule of 85, the cost of any strain on the fund resulting from the payment of benefits before age 60 would have to be met by the employer.</p>	<p><b>The Council will not apply either discretion unless there is a clear financial or operational benefit to the Council (e.g. as an alternative to a redundancy situation).</b></p>

5 LGPS Regulations 2013 – Regulation (paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

Explanation	Council Policy
<p>An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions on compassionate grounds.</p> <p>The cost of the pension capitalisation will fall on the Council in such situations.</p> <p>This may be on “compassionate grounds” as an example, which is not defined in the regulations.</p>	<p><b>The Council will not apply either discretion unless there are exceptional circumstances and there is a clear financial or operational benefit to the Council.</b></p>

There are a number of other discretions which Scheme Employers may exercise under the LGPS Regulations 2013 where there is no requirement to have a written policy. However, in the interests of transparency and equal treatment, members approved a consistent approach to the discretions as detailed below:-

1. LGPS Regulations 2013 – Regulation 17 - Shared Cost Additional Voluntary Contribution Facility

Explanation	Council Policy
<p>This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.</p>	<p><b>The Council has not adopted this discretion.</b></p> <p><b>This will not have any effect on the existing AVC facility available where the employee only is able to make such contributions.</b></p>

2. LGPS Regulations 2013 - Regulation 100 (6) – election to transfer within 12 months

Explanation	Council Policy
<p>This discretion allows the Employer extend the 12 month limit a member has in which to elect to transfer other pension rights into the LGPS. This has to be with the agreement of the Administering Authority</p>	<p><b>The Council will not normally allow an extension of the 12 month limit</b></p> <p><b>Extenuating circumstances may apply and this would include</b></p> <ul style="list-style-type: none"> <li>• <b>Where evidence exists that an election was made within 12 months but his was not received by the administering authority.</b></li> <li>• <b>Where evidence exists that the member was not aware of the 12 month limit due to maladministration</b></li> </ul>

3. LGPS Regulations 2013 - Regulation 22 (7) and (8) – election to aggregate within 12 months of commencement

Explanation	Council Policy
<p>This discretion allows the Employer to extend the 12 month time limit a member has within which they must elect not to have deferred benefits aggregated with their new LGPS employment</p>	<p><b>The Council will not normally extend this 12 month time limit</b></p> <p><b>Extenuating circumstances may apply and this would include</b></p> <ul style="list-style-type: none"> <li>• <b>Where evidence exists that an election was made within 12 months but this was not received by the administering authority</b></li> <li>• <b>Where evidence exists that the member was not aware of the 12 month limit due to maladministration</b></li> </ul>

4. LGPS Regulations 2013 - Regulation 21 – assumed pensionable pay.

Explanation	Council Policy
<p>This discretion allows the Employer to determine whether to include in the calculation of assumed pensionable pay the amount of any “regular lump sum payment”.</p> <p>This is in cases where an employee’s pay needs to be calculated where their pay has been reduced due to certain absences in order that they are not unduly advantaged or disadvantaged.</p>	<p><b>To determine in individual cases where necessary to establish in a fair, equitable and justifiable way what the members likely pay would have been but for the absence, and in cases where this pay is to be used for future enhancements whether that level of pay would have been received every year to normal retirement age.</b></p>

5. The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

Provisions provide local government employers with the powers to consider making a one off lump sum payment to an employee which must not exceed 104 week's pay.

Regulation 5: Power to increase statutory redundancy payments

<b>Explanation</b>	<b>Council Policy</b>
The Employer may decide to calculate a redundancy payment entitlement as if there had been no limit on the amount of a week's pay used in the calculation.	<b>The Council uses the actual weekly pay of the employee when calculating redundancy pay and there is no limit.</b>

6. The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

Regulation 6: Discretionary Compensation.

<b>Explanation</b>	<b>Council Policy</b>
A "one off" lump sum compensation payment may be awarded to an employee up to a maximum value of 104 weeks pay, inclusive of any redundancy payment made.	<b>Redundancy weeks payable determined according to statutory redundancy scheme multiplied by a factor of X 1.5.</b>

For further information please contact the HR Team [hr@nwleicestershire.gov.uk](mailto:hr@nwleicestershire.gov.uk)