

Staff and Pensions Committee

14 December 2015

Local Government Pension Scheme Discretions

Recommendations

- (1) That the Committee note the content of the report and approve the proposed Local Government Pension Scheme discretions.
- (2) That the Committee commission WCC officers to undertake the further work described in paragraph 3.2

1.0 Key Issues

- 1.1 The Local Government Pension Scheme Regulations 2013 came into effect in 2014. Within the regulations is a requirement for employing authorities to determine and publish the approach it will take in certain key areas of pension policy.
- 1.2 This report details the policy areas where the employer has discretion and proposes a way forward for Members to consider.
- 1.3 Where the proposals do not involve a change to the council's current practice, this is indicated.

2.0 Proposals

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
9.	Determine rate of employees' contributions	For existing members the contribution band is determined on pay in April each year. The banding will not normally be reassessed unless in exceptional circumstances the members pay is substantially reduced.	No change

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
		For new employees / scheme members the band is assessed on the salary and additional payments on the date of commencement. This includes existing employees / scheme members who move to new employment during the year.	
16.	<p>Whether, how much, and in what circumstances to contribute to a shared cost Additional Pension Contribution (APC) scheme.</p> <p>a) A scheme member can choose to buy extra annual pension up to a maximum of £6,500 using an APC. The employee can choose to make regular contributions or a one off payment. An employer can choose to fund the APC in whole or in part.</p> <p>b) To buy 'lost' pension for authorised leave of absence (including any period of unpaid additional maternity, paternity or adoption leave). Where an employee elects to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence and makes the election within 30 days of returning to work the employer shall pay 2/3rds of the cost of the APC (a shared cost APC).</p>	The County's existing policy is on granting additional membership under the 2008 scheme is that no additional pension will be awarded to active members.	No change to granting additional membership and it is further proposed that the County Council shall not fund the APC in whole or in part.
17.	Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements entered into on or after 1 April 2014.	No shared cost AVC to be established	No change
20.	Specify in an employee's contract what other payments or benefits, other than specified in Reg20(1)(a) and not otherwise precluded by Reg20(2), are to be pensionable.	All pay specified in the employee's contract of employment is pensionable.	No change
22(7)(b).	Whether to extend the 12 month option period for a member to elect	To allow in exceptional circumstances where it is	No change

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
	that deferred benefits should not be aggregated with an ongoing concurrent employment.	clear there has been an administrative delay by the employer or the scheme administrator.	
22(8)(b).	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.	To allow in exceptional circumstances where it is clear there has been an administrative delay by the employer or the scheme administrator.	No change
30(6) and Transitional Regs 11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	That Strategic Directors are granted discretionary power to grant flexible retirement and thus immediate release of all or part of pension benefits.	No change
30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	The County Council currently allows for consideration to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner.	No change
Trans Regs Sch2 para2(2)	Whether in respect of benefits from pre 1 April 2014 membership, to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (subject to a minimum actuarial reduction to the date the member meets the 85 year rule or to age 60, whichever is the later).	Under the current regulations, a member who benefits under the protections afforded under the rule of 85 cannot retire without the agreement of their employer. If the employer agrees to their retirement and the employee is aged between age 55 and 60, the council incurs the cost.	LGPS2014 allows a member protected by the rule of 85 to retire early without their employer’s agreement as long as the employee suffers the actuarial cost themselves. It is therefore proposed that the Council has a policy of “switching off” the rule of 85 protections for affected members on a case by case basis. This would allow those staff who wish to retire under the 85 year rule and take the actuarial reduction themselves (at no cost to the council), to do so.

Regulation Reference	Employing Authority Discretion	WCC Current Policy or Practice	WCC Proposed Policy
Trans Regs Sch2 para2(3)	Whether to waive on compassionate grounds, the actuarial reduction applied to benefits from pre 1 April 2014 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.	Consideration will be given to waive the actuarial reduction to the benefits where the member had to give up work to provide for a chronically ill spouse or partner.	No change
31	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 per annum)	That augmentation of pensionable service should only be applied in exceptional cases where this is necessary to address a situation where there would otherwise be a significant risk of harm to the County Council’s services or objectives.	No change
100(6)	Extend normal time limit for acceptance of a transfer value beyond twelve months from joining the LGPS.	To allow in exceptional circumstances where it is clear there has been an administrative delay by the employer or the scheme administrator (This is now a joint policy with the Administering Authority to prevent scheme employers from accepting late applications without good reason.)	No change

3.0 Next steps

3.1 Any decisions made by Members in relation to the delegations will be communicated to the LGPS scheme members through the Council’s website.

3.2 If Members approve the proposals in this paper, the Council should revisit its flexible retirement policy to ensure it remains fit for purpose.

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