

STEYNING PARISH COUNCIL - EMPLOYER PENSIONS SCHEME DISCRETION POLICY

It is the intention of Steyning Parish Council to operate under the terms and conditions of the Local Government Pension scheme as operated by West Sussex County Council and as agreed by the LGPS regulations.

Employers Discretions form part of the Local Government Pension Scheme, which is split between the following regulations:

2008 Administration Regulations.

2008 Benefits Regulations.

LGPS - Local Government Pension Scheme

BCM - Benefits, Membership & Contributions Regulations 2008

A - Administration Regulations 2008

SPC – Steyning Parish Council

1. Overview

The Local government Pension Scheme (LGPS) is a statutory scheme. The rules and regulations governing the scheme are laid down by Government.

The purpose of this statement is to manage the severance arrangements for the employees where voluntary or early retirement is in the best interests of efficiency of service whilst giving regard to workability, affordability, and reasonableness.

SPC will comply with the West Sussex County Council and LGPS schedule regulations in place at the time but in line with these discretions. The Parish Council will seek guidance from West Sussex County Council LGPS scheme and statutory guidance in relation to the scheme in place.

There are some provisions of the Scheme that are discretionary. Discretionary powers allow employers such as SPC to choose how, or if, they apply certain provisions.

The Policy Statement explains how SPC will exercise the discretions available to it under Parts 3&4 of the regulations. However, SPC will consider each case individually, and in exceptional circumstances may apply a different discretion (particularly where there is no other option to resolve an issue, which is not of the individual's making).

2. Eligibility – Regulation A4 & A13

SPC is part of the LGPS pooling arrangement and all employees of SPC are eligible for nomination to the WSCC LGPS scheme subject to their opting out at the time of auto enrolment.

All employees of SPC are eligible for nomination to the LGPS following the completion of a 3 month probationary period subject to their opting out at the time of auto enrolment.

3. Ending of Membership – Regulation A14

Membership of LGPS will cease at the termination of an employment period. Persons transferring from one employer to another employing body will be considered to have terminated.

4. Extension of period for scheme member to elect to aggregate former deferred benefits – Regulation A16(b) (ii)

A previous period of LGPS membership may be combined when re-joining the LGPS scheme. This must be done within 12 months of becoming a scheme member again.

SPC Finance & Community committee may consider an extension to this time limit on a case by case basis if it is clear that inability to meet the normal time period was due to circumstances beyond the member's control.

5. Transfer of service into the LGPS - Regulation A 83

Employees joining the scheme have 12 months in which to request the transfer of pension benefits from a previous employment. In exchange for a payment the employee is awarded a period of Pensionable services (calculated in accordance with their age and rate of pay).

The employer may extend the 12 month time limit for requests to transfer pension benefits.

SPC will not exercise this discretion to extend the time limit.

6. Late application to pay optional contributions for a period of absence – Regulation A22 (2)

Late application by a member to pay optional contributions for a period of absence. A member can elect to pay pension contributions to cover a period of absence from duty. The election should be made within 30 days of returning to work, but the employer can extend this time limit if it so wishes.

SPC will allow an employee to pay optional contributions for a period of absence either during the absence or within 30 days of return to work.

7. Additional voluntary contributions and shared cost additional voluntary contributions – Regulation A25

The employer can pay into a shared cost Additional Voluntary Contribution arrangement on behalf of an individual to receive contributions by both employee and employer.

SPC will not exercise this option.

8. Deduction of employee contributions – Regulation A45 (1) & A45 (2)

Method of payment of employee contributions.

SPC will deduct employee's contributions from member's monthly pay.

9. Exclusion of rights to return contributions due to fraud or grave misconduct – Regulation A47 (2)

If termination of employment is due to a fraudulent offence, grave misconduct, negligence or any work related criminal offence that results in financial loss to the employer then the employer will seek to reduce the value of pension benefits commensurate with the offence.

This will be referred to the Finance & Community committee on a case by case basis and SPC may exercise the right to refuse to return pension contributions to the member with less than 3 months service, if the employment is terminated due to fraud, grave misconduct or work related criminal offence.

10. Forfeit of pension rights after conviction of employment related offences – Regulation A72 (1) A72 (3) A73 (1) & (2) A74 (2) and A76 (2) & (3)

Forfeiture of pension rights on issue of Secretary of State's certificate following conviction of a work related offence.

This is a complex area beyond just the pension scheme and will be referred to the Finance & Community committee and will be determined on an individual case by case basis taking into account any financial or other subsequent loss to SPC, the seriousness of the offence, and the financial hardship of the member and their family. SPC will retain the right to recover such losses.

11. Contributions Payable by Active Members of the LGPS – Regulation BCM 3(2), 3(4)

Determination of annual contribution rate to be paid by active members.

SPC will assess a member's pay band each April in line with annual pay awards or increments if applied. The employee contribution will be between 5.5% and 7.5% for contractual hours as determined by the scheme and will be paid on actual earnings. Contributions may be re-assessed if the job is re-graded or if there is a significant change to salary during the course of the year.

12. Increase of service (Augmentation of membership) of an active member. Regulation BCM 12(1)

The employer has the power to increase membership of an active member. The employer may increase the total membership years of an active member or a member up to 6 months following leaving the Council's employment, providing it was on redundancy/efficiency grounds. The maximum award must not exceed 10 years.

SPC will not exercise this option.

13. Increase of Pension by Employer – Regulation BCM 13

The employer may award an additional pension of not more than £5,000 a year (no survivor benefits can be awarded). This award may be paid in addition to any cost under Regulation 12 above.

SPC may consider the award of extra pension on a case by case basis and in exceptional circumstances i.e. compassionate grounds but not exceeding £5,000.

14. Flexible Retirement - Regulation BCM 18

The employer may allow a member from the age of 55 to draw all or part of their pension benefits whilst continuing in employment. Providing the member either reduces their hours or moves into a position on a lower grade.

All requests will be referred to the Finance & Community Committee and assessed on their own merit(s) on a case by case basis. Costs would be met as a lump sum or instalments over no more than 3 years. F & C committee will take into account Actuarial advice and such factors as:

- Cost, service delivery and career progression;
- Retention of experienced staff;
- Assisting with easing down to retirement; and
- To help avoid redundancies

15. Early payment of Retirement Benefits - Regulation BCM 30

In cases of redundancy or efficiency retirement benefits are payable from the age of 55 but before the age of 60. Under these circumstances the employer is required to recover additional cost to the pension fund.

However, the employer may allow a member from the age of 55 early payments of the pension benefits when the above criteria are not met e.g. voluntary resignation. Members would normally suffer a reduction in the value of pension payable and any lump sum.

SPC does not allow blanket consent to early payment of retirement benefits. All requests will be referred to the Finance & Community Committee and will be assessed on their own merit(s) on a case by case basis taking into account factors such as:

- Cost service delivery and career progression.
- Actuary advice
- Compliance with pension regulations.

16. Early Retirement on Compassionate Grounds – Regulation BCM 30

(A) The employer may allow a member early payment of pension benefits on compassionate grounds such as;

- Extreme financial hardship
- To provide care for an immediate family member

SPC does not agree to allow blanket consent to early retirement on compassionate grounds. All requests will be referred to Finance & Community committee and assessed on their own merits on a case by case basis and taking into account factors such as;

- Cost, service delivery and career progression
- Extreme financial hardship
- To care for a close relative with a long term debilitating illness

(B) In addition to this, the employer may waive (either fully or in part) the reduction in the pension benefits, as the benefits would normally be reduced in accordance with the actuarial tables. This would either end up in an immediate cost to the employer or could be taken into account at the next valuation.

SPC will not exercise this discretion

17. Early leavers – Ill Health Provision – Regulation BCM 20 (8) & (11)

There are 3 tiers of ill health provision:

Tier 1 – permanently incapable of carrying out duties with no reasonable prospect of gaining employment before age 65

Tier 2 – permanently incapable of carrying out duties and unlikely to be capable of gaining employment within 3 years of leaving, but capable of gaining employment elsewhere at some stage before normal retirement age.

Tier 3 - permanently incapable of carrying out duties, but capable of performing work elsewhere within 3 years of leaving before age 65 or earlier.

(A) The employer may recover payments following date of discontinuance of 3rd tier ill health pension entitlement.

SPC will seek to recover any overpayment made if tier 3 ill health pension continues to be paid after gainful employment is obtained, or where a medical advisor has determined capability of undertaking gainful employment.

(B) The employer may determine on level of ill health benefit following review (after 18 months) of 3rd tier ill health award as to whether tier 2 ill health benefits should apply.

SPC will consider this on an individual basis. All requests will be referred to the Finance & Community committee and will be reviewed on a case by case basis and taking into account such factors as:

- If in receipt of tier 3 ill health pension and the condition has not improved, or has deteriorated, SPC will decide whether there is an entitlement to tier 2 ill health pension
- Seek to recover any overpayment made in continued receipt of tier 3 ill health pension after obtaining gainful employment, or where a medical advisor has determined capability of undertaking gainful employment.

(C) Receipt of payment of benefit on or after age 55 if tier 3 ill health pension has been stopped.

SPC does not agree to this discretion unless there is significant financial or operational advantage to do so or on compassionate grounds. All requests will be referred to the Finance & Community Committee and will be assessed on their own merit(s) on a case by case basis.

18. Review and Amendment of Regulations

This policy will be reviewed regularly in line with advice from WSCC and any amendments to the LGPS scheme, Actuary advice, and will be amended as necessary based on good practice or evidence taken forward.

All revisions must be approved by the Finance & Community Committee.

