

Local Government Pension Scheme 2014

**(Administered by the
Staffordshire Pension Fund)**



Employer Pension Discretions Policy Statements for Employees

I confirm that should any of the decisions change in the future the Pensions Fund will be notified immediately.

These statements will be reviewed bi-annually by Wombourne Parish Council.

I have read the attached statements and certify that they are correct on behalf of:

Employer name:	Wombourne Parish Council
Effective date of discretions:	October 2020
Completed by:	Mrs R Wright
Signed:	Rachael Wright
Date:	October 2020

Local Government Pension Scheme, (LGPS), Regulations Policy statement on all eligible employees

Under Regulation 60 of the LGPS Regulations 2013, (as amended), each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pensions Regulations.

This statement is applicable to all employees of **Wombourne Parish Council** who are eligible to be members of the LGPS.

There is a requirement to publish the following five policies

LGPS Regulations - Regulation 31: Power of employer to award additional pension to an active member or ceasing within 6 months to be an active member by reason of redundancy or business efficiency

Explanation	Employers Policy
<p>An employer may decide to award a member additional pension up to a limit of £7,194 per year* (2020/21 rates) payable from the same date as their pension is payable.</p> <p>You must resolve to award additional pension while the member is active. If the member has been made redundant or retired on efficiency grounds you must make this resolution within 6 months of them leaving.</p> <p>*IMPORTANT NOTE: The amount of additional pension that can be awarded will increase each April.</p> <p>In your policy you must decide:</p> <ul style="list-style-type: none"> • if you will consider awarding additional pension to a member, and • the circumstances in which you will consider awarding additional pension <p>NB Some employers use this regulation if at a members request the Employer will as an alternative to a compensation (redundancy) payment allow the member to receive an additional pension under this regulation.</p>	<p>Wombourne Parish Council as the Scheme employer will exercise this discretion where an active LGPS member is dismissed on the grounds of redundancy under regulation 30(7) of LGPS 2013 and where that person is entitled to a redundancy payment.</p> <p>Where an employee of Wombourne Parish Council as employing authority is dismissed on the grounds of redundancy and qualifies for a statutory redundancy payment they will award lump sum compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. At the member's request, Wombourne Parish Council will, as an alternative to this compensation payment, allow the member to receive additional annual pension under Regulation 31 of the LGPS 2013 which will be assessed having regard to the capital value of the lump sum compensation otherwise payable, and in accordance with factors supplied by the Fund Actuary.</p> <p><u>Active Members and active members dismissed by reason of business efficiency or whose employment was terminated by mutual consent on grounds</u></p>

	<p><u>of business efficiency additional annual pension.</u></p> <p>At this time, Wombourne Parish Council will not normally use this power in any other circumstances.</p>
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LGPS Regulations 2013 - Regulation 16(2)(e) and 16(4)(d) : Funding of additional pension contributions (APC) shared cost

Explanation	Employer's Policy
<p>Where a member has elected to pay Additional Pension Contributions (APCs) an employer can elect to fund part or the entire employee's share of the contributions.</p> <p>In your policy you must decide:</p> <ul style="list-style-type: none"> • if you would consider contributing to a shared cost APC, • in what circumstances you would enforce this discretion, and, • how much you would contribute. <p>This does not 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 <u>MUST</u> contribute 2/3rds of the cost (Regulation 15(5) of the LGPS Regulations 2013.</p>	<p>Where a Scheme member makes an election after the 30 day deadline to "buy" back an amount of lost pension, as a result of unpaid authorised absence, and it can be demonstrated that the reason for missing the deadline was because the member was not informed by Wombourne Parish Council that this deadline existed, Wombourne Parish Council as a Scheme employer will accept a late election up to 30 days after the receipt of the first Annual Benefit statement received by the member, following the employees return to work from the period of unpaid authorised absence.</p> <p>Wombourne Parish Council as a Scheme employer will only contribute to the cost of "buying" additional pension where the Scheme member is "buying" additional pension in respect of a period of authorised absence where an election form was received from the Scheme member within 30 days of returning to work.</p>

LGPS Regulations 2013 - Regulation 30 (6): Flexible Retirement

Explanation	Employer's Policy
<p>A member who is aged 55 or over and with their employer's consent reduces their hours and/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment. In your policy you must decide:</p> <ul style="list-style-type: none"> • if you will consider granting flexible retirement, • the circumstances in which flexible retirement will be awarded, and • whether to waive any reduction that will be applied to the members benefits. There will be a direct cost to the employer. 	<p>That Wombourne Parish Council as employing authority will consider an application received in writing from a Scheme member to elect for flexible retirement under Regulation 30(6). Each case will be considered by Wombourne Parish Council on its merits and will be subject to the approval of the relevant Committee, and in giving that approval they are satisfied that:</p> <ul style="list-style-type: none"> • there is an operational, business or financial case for permitting flexible retirement; • a reduction to the total costs of employing the person of at least 40% • the pension "strain" costs can be met within the relevant service budget • any agreed change to the employee's contract under this policy will be a permanent change to their contractual terms and conditions. • Where a request for release of retirement benefits under this provision has been refused, no further application under the provision may be considered until the following financial year. <p>Where flexible retirement is agreed, the benefits payable may be subject to an actuarial reduction under the LGPS 2013 and TP 2014. Wombourne Parish Council will only waive any such reduction where it considers it is in its financial or operational interests to do so. Where any actuarial reduction is waived it must be met within the relevant service budget.</p>

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	Employer's Policy
<p>A member who meets the 85 year rule and elects to draw their pension benefits from age 55 will no longer require their employer's consent if they retire after 31st March 2014. However certain members will lose some 85 year rule protections if they wish to draw their pension between age 55 and 59.</p> <p>An employer may decide to 'switch on' protection to the 85 year rule for a member who voluntarily retires from age 55 but before age 60, and meet any additional cost of the retirement.</p> <ul style="list-style-type: none"> • 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>Wombourne Parish Council will consider waiving any actuarial reduction in whole or in part that would apply to the member's benefits, and if relevant, apply the "Rule of 85", where an employee leaves their employment and the pension scheme after attaining age 55 and before attaining age 60, and elects for the immediate payment of their benefits, in the following circumstances:</p> <ul style="list-style-type: none"> • the Head of Service or equivalent manager under Wombourne Parish Council's Committee considers that the retirement is in the financial or operational interests of Wombourne Parish Council and • the pension costs (actuarial strain) would not exceed 2 years total salary saving (including the overheads of employing that person) <p>That where the pension costs (actuarial strain) exceed 2 years total salary saving special approval of the Wombourne Parish Council will be required.</p> <p><u>Former employees with a deferred benefit entitlement and where a Tier 3 ill benefit has been suspended.</u></p> <p>Wombourne Parish Council will not normally agree to waive any actuarial reduction in whole or in part that would apply to a member's benefits, and if relevant nor would they agree to apply the "Rule of 85" where a former employee with entitlement to deferred benefits elects for early payment of their deferred benefit after age 55 and before attaining age 60.</p>

LGPS Regulations 2013 – Regulation 30 (8): Waiving of actuarial reduction.

Explanation	Employer’s 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 which would fall upon the employer.</p> <p>n.b. “Compassionate grounds” is not defined in the regulations.</p>	<p>Wombourne Parish Council as the Scheme employer will exercise this discretion where an active LGPS member is dismissed on the grounds of redundancy under regulation 30(7) of LGPS 2013 and where that person is entitled to a redundancy payment.</p> <p>Where an employee of Wombourne Parish Council as employing authority is dismissed on the grounds of redundancy and qualifies for a statutory redundancy payment they will award lump sum compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. At the member's request, Wombourne Parish Council will, as an alternative to this compensation payment, allow the member to receive additional annual pension under Regulation 31 of the LGPS 2013 which will be assessed having regard to the capital value of the lump sum compensation otherwise payable, and in accordance with factors supplied by the Fund Actuary.</p> <p><u>Active Members and active members dismissed by reason of business efficiency or whose employment was terminated by mutual consent on grounds of business efficiency additional annual pension.</u></p> <p>At this time, Wombourne Parish Council will not normally use this power in any other circumstances.</p>

There are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013.

Whilst there is no requirement to have a written policy in respect of following it would perhaps be appropriate for Scheme employers to have a written policy in order that members can be clear on these matters

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

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

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

Explanation	Employer's Policy
<p>This discretion allows the Employer to 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>Wombourne Parish Council will not normally allow an extension of the 12 month limit, but will consult the Administering Authority in making a decision.</p> <p>Extenuating circumstances may apply and this would include</p> <ul style="list-style-type: none"> • Where evidence exists that an election was made within 12 months but his was not received by the administering authority • Where evidence exists that the member was not aware of the 12 month limit due to maladministration.

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

Explanation	Employer's 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>Wombourne Parish Council will not normally extend this 12 month time limit.</p> <p>Extenuating circumstances may apply and this would include</p> <ul style="list-style-type: none"> • Where evidence exists that an election was made within 12 months but his was not received by the administering authority. • Where evidence exists that the member was not aware of the 12 month limit due to maladministration.

LGPS Regulations 2013 - Regulation 9 – allocation of contribution band

Explanation	Employer's Policy
<p>This discretion allows the Employer to determine which contribution band is allocated on joining the scheme and at each April. It also determines the circumstances when an employee's band may be reviewed.</p>	<ul style="list-style-type: none"> • Base pay on actual pay in April plus previous years overtime • Run an exercise half yearly as a check and re-band up or down where necessary • Re-band on all <u>contractual</u> changes, but not ad hoc hours changes and re-band upon a pay award.

LGPS Regulations 2013 - Regulation 21 – assumed pensionable pay

Explanation	Employer's Policy
<p data-bbox="193 416 794 595">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 data-bbox="193 640 794 819">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 data-bbox="799 416 1401 741">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.</p>