

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2014

EMPLOYER STATEMENT OF DISCRETIONARY POLICIES

Introduction

The organisation is required by the 2014 Local Government Pension Scheme Regulations to publish its policies in relation to how it will exercise its discretionary powers under those Regulations in the following areas:

- The funding of additional pension for a member either through regular contributions or by lump sum, Regulations 16 (2)(e) & 16 (4)(d)
- Flexible retirement, Regulation 30 (6)
- The waiving of the actuarial reduction in those cases where a member voluntarily retires early, Regulation 30 (8)
- Switching on the 85 year rule for members voluntarily drawing benefits on or after age 55 and before age 60, (Schedule 2 of the Transitional Regulations makes provision for Regulation 60 of the 2013 Regulations apply as if it were already contained within that Regulation)
- The awarding of additional pension to a member, Regulation 31

Whilst the Organisation recognises the need to use its discretionary powers under the Pension Regulations in a properly considered manner and in such a way as to not fetter any of the discretions available, it also recognises that the following general principles need to apply:

- The application of a discretion needs to fit with the business aims and plans of the organisation and must help or further those plans where appropriate
- The application of a discretion should not give rise to a cost to the organisation unless that cost can be met from any savings arising from the long term use of the discretion in question and meets or supports the business aims and plans of the organisation
- The organisation will recognise that the application of a discretion must be equitable and fair in every case
- The application of a discretion must not be seen to be a reward for a particular class or group of staff
- Notwithstanding any of the above, each and every case or application will be considered on its individual merits

DISCRETIONS

POLICY STATEMENT

1. Funding of additional pension under Regulations 16 (2)(e) and/or 16 (4)(d)

Because of the costs involved and the likelihood of this provision either being of little or no benefit to the organisation, or not being vital to the support and application of the organisation's business plan and strategy, then the organisation would not normally expect to exercise its discretion to fund additional pensions for members either through regular contributions or lump sum contributions. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of the case.

2. Flexible retirement, Regulation 30 (6)

The organisation seeks to support the principle of allowing members to prepare for retirement in as many ways as possible. In this it also seeks to support Government Policy where that policy supports the organisation in its efforts to run its business and services in the most efficient and cost effective manner. As such, subject to the following criteria, the organisation would normally expect to exercise its discretion in allowing members to retire flexibly:

- Any reduction in working hours or salary must be permanent
- Any reduction in working hours or salary must be at least 40% of those hours or that salary being worked or earned immediately prior to the member's flexible retirement
- The reduction in hours or reduction in responsibility allowing the member to be paid a reduced salary must not impact upon the organisation's ability to carry out its business efficiently and effectively
- The individual flexible retirement concerned must support the organisation's overall business plan and strategy

The organisation reserves the right, having considered each individual case, to refuse an application where any of the above criteria are not met.

3. The waiving of the actuarial reduction in those cases where a member voluntarily retires early, Regulation 30 (8)

Because of the additional costs involved to the organisation of waiving the actuarial reduction to member benefits in cases of voluntary retirement it is not envisaged that the organisation would normally exercise its discretion in favour of waiving those reductions. However, each case will be considered on its merits and with reference to the circumstances involved of the individual concerned.

A potential exception to this policy would be where the individual can make a case for the waiving of such a reduction to be granted on compassionate grounds. An example of "compassionate grounds"

may be where the member has been forced to cease work to take up a caring role for an immediate family member, although it is recognised that other grounds could and may exist.

Every application will be considered on the circumstances of the individual concerned. Financial hardship alone would not constitute "Compassionate grounds."

4. Switching on the 85 year rule for members voluntarily drawing benefits on or after age 55 and before age 60, (Schedule 2 of the Transitional Regulations)

Because of the potential retrospective impact on the 2013 Fund Valuation and the future additional costs that the exercise of this discretion would bring to the organisation, and the fact that the organisation does not deem the exercise of this discretion to be necessary in the pursuit of its overall business plan and strategy then it is not anticipated that there will be any instances where the organisation will switch on the rule of 85 for members wishing to retire voluntarily between the ages of 55 and 60. However, every application will be considered on its individual merits and the circumstances involved.

5. The awarding of additional pension to a member, Regulation 31

Because of the costs involved and the likelihood of this provision either being of little or no benefit to the organisation, or not being vital to the support and application of the organisation's business plan and strategy, then the organisation would not normally expect to exercise its discretion to award additional pension to members. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case.