



Saltash Town Council

Policy/Procedure:

Local Government Pension Scheme Policy

Date of Adoption:

June 2021

This is a Policy or Procedure document of Saltash Town Council to be followed by both Councillors and employees.

Current Status			
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Date	April 2021	Date of approval	03.06.2021
Responsible Officer	Finance Officer	Minute reference	74/21/22r
Responsible Committee	Personnel	Review date	Annual

Version History			
Date	Version	Author/Editor	Comments
2014	1	LGPS/Cornwall Pensions	
OCT 2018	2	Cornwall Pensions/Finance Officer	1) Employee Contribution Rate Review 2) Shared Cost Additional Pension Contribution
Feb 2020	3	FO/AJT	Annual review; renamed committee
April 2021	4 DRAFT	SE	Annual review
June 2021	4	AJT	Readopted

Review Record					
Date	Type Review	of	Minute number	Summary of actions	Completed by
26/9/18			26/9/18	Inserted Amendments for Approval	SE
10/02/2020	Annual			No Updates	SE/ Cornwall Pensions

Document Retention	
Document retention period	Until superseded or insert date

Saltash Town Council

Local Government Pension Scheme (LGPS) 2014

Employer Discretions Policy

Summary:

Headlines

This document sets out Saltash Town Council's policy in exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

From August 2018 it is considered to be best practice for the employee pension contribution rate to be re-attributed monthly instead of annually. The only exemption to this rule would be when back pay, lump sums, overtime or an error has occurred and is payable in a particular month.

The default position is that it will not make additional pension contributions. However, exceptionally, where it is in the financial interests of the Town Council to do so and there is a tangible and specific organisational benefit, the policy allows for the payment of discretionary benefits in cases of early retirement and the award of additional pension.

The policy also provides for early retirement on compassionate grounds in exceptional circumstances and flexible retirement where there is a benefit to the Town Council.

Finally, the policy authorises the extension of the 12-month limit for allowing active members to transfer benefits from previous pensionable employment into the Pension Fund where it is determined that maladministration has occurred.

Context

This Policy replaces the Council's Local Government Pension Scheme (LGPS) employer discretion policy which it introduced in accordance with the LGPS 2008. The Policy satisfies the requirement to formulate, publish and keep under review a policy statement to take account of the new discretions under the LGPS 2014.

Background - why this policy is needed

This policy is needed to explain whether and in what circumstances the Town Council will exercise any of its discretions under the Local Government Pension Scheme 2014 and to set out the approval process for decision making.

All local government employers are required to review and update their policy to take account of the changes introduced as part of the LGPS 2014.

Objectives - what the policy aims to achieve

This policy is intended to set out the policy position and clarify the limited circumstances and the related approval process where the Town Council might exercise its discretions under the LGPS 2014 in favour of the employee.

The exercise of any of the available discretions in favour of an employee will fix the Town Council with additional pension costs.

The default position is that the Town Council will not grant additional pension benefits under the LGPS 2014 except where it is essential to do so in order to facilitate a tangible and specific organisational benefit and the additional pension costs are recovered within a two-year period or where the Town Council considers it appropriate to exercise its discretion on compassionate grounds.

Scope – what the policy covers

This policy covers all Saltash Town Council employees who are members of the Local Government Pensions Scheme.

Details

Policy details

A Shared Cost Additional Voluntary Contributions (AVC) (Regulation 17)

AVCs allow any active employee to increase their main scheme benefits by making regular monthly payments direct from their salary to an insurance policy the pension fund currently holds with Standard Life. These payments accumulate and are payable in the form of a pension and lump sum along with the main LGPS benefits when the employee retires.

The Town Council's policy is not to contribute to an employee's AVC.

B Early payment of Retirement Benefits – Waiving Actuarial Reduction (Regulation 30 (8))

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. Whilst the default position is that the pension benefits payable will be subject to an actuarial reduction.

The Town Council may elect to waive any actuarial reduction for early retirement where a financial saving can be achieved within two years and there is a benefit to the Town Council or in accordance with item D below (early retirement on compassionate grounds).

C Early Payment of Retirement Benefits between aged 55 and 60 – Transitional Provisions Regulations

As the decision to retire early now rests entirely with the employee, the LGPS 2014 Regulations automatically provide for the 85 Year Rule to be 'switched off' resulting in a reduction to all of the employee's benefits. This of course means there is no additional cost to the employer.

The Town Council will not 'switch on' the 85 Year Rule for early retirement unless a financial saving can be achieved within two years and there is a benefit to the Town Council.

D Early Retirement on Compassionate Grounds (Regulation 30 (5))

The Town Council may permit early retirement on compassionate grounds in exceptional circumstances. These circumstances might include extreme financial hardship or the need to give up work in order to provide constant care for an immediate family member.

E Flexible Retirement (Regulation 30 (6))

The Town Council permits flexible retirement only where there is a benefit to the Town Council (either financial or operational) and where an employee's reduced level of earnings together with his or her pension does not exceed his or her pre-retirement earnings.

The Town Council will not waive any actuarial reduction to an employee's pension benefits in these circumstances.

Any pension costs incurred by the employee's service must be recovered within a period of no more than two years.

F Increase of Pension by Employer (Regulation 31)

The award of additional pension is not granted except when it is essential to do so in order to facilitate a tangible and specific organisational benefit.

G Transfer of Service into the LGPS (Regulation 100)

The Town Council will authorise the extension of the 12-month time limit for allowing active members to transfer benefits from previous pensionable employment into the Cornwall Pension Fund where it is determined that maladministration has occurred as a result of affected employees not having been given any or sufficient details about the pension scheme or transfer option.

H Shared Cost Additional Pension Contribution (SCAPC)

Upon an employee returning to work from a period of absence with permission with no pensionable pay - e.g. illness, relevant child-related leave or reserve force service leave.

It is policy for the employee to elect to do this within the 30-day statutory period upon their return. The council contribution would be 2/3 and employee contribution 1/3 of which they have lost during this period of absence. The maximum unpaid period which can be purchased is 3 years. After the deadline it is up to the employee to pay the full cost themselves. However, the council may extend this period in the circumstance of maladministration for up to twelve months from the date of employee returning to work.

Management

Policy management

The Town Clerk is responsible for implementing and managing the policy.

Breaches and non-compliance

Breaches of the policy may be dealt with under the Town Council's disciplinary procedure.

How the impact of the policy will be measured

The Town Council will be able to monitor the additional pension costs created by the application of this policy compared with the impact of the policy on service delivery which will be more difficult to measure.

Internal Dispute Resolution Procedure (IDRP)

Stage 1: The employee to put their complaint in writing to the Town Clerk. This must be done within six months of the date of the disagreement.

Stage 2: If the employee is dissatisfied with the decision reached at Stage 1, they can within six months apply in writing to Head of Pensions at Cornwall Pensions (Administering Authority) to have the decision reconsidered.

Evaluation and review

The policy will be reviewed within 12 months following implementation.

Version History

Date	Details
September 2018	Note: Words importing the masculine gender only shall include all other genders and vice versa.