

**CONGLETON TOWN COUNCIL**  
**PENSIONS DISCRETIONS POLICY**

**1. Introduction**

- 1.1 There is a legal requirement for the Council to publish a policy statement on its approach to specified pensions discretions. The policy also sets out the Council's approach to other discretions.

**2. Policy**

- 2.1 The policy addresses the discretions available to the Council under the Local Government Pension Scheme (LGPS) Regulations.

**3. Aims/Principles**

- 3.1 To operate pensions discretions in a way that is fair and equitable to employees and that manages the liabilities of the pension fund in the overall interests of its members and of the Council.

**4. Scope/Application**

- 4.1 The Policy applies to all Council employees who are eligible for membership of the Local Government Pension Scheme.
- 4.2 The exercise of discretions outside the general approach detailed in Appendix 1 will be subject to a decision of the Council or of a Committee or Panel with appropriate delegated powers.

**5. Definitions**

- 5.1 Active member: an employee who is currently a member of the Council's Pension Scheme
- 5.2 Deferred member: an employee or former employee who has benefits in the Council's pension scheme from an earlier period of service

## Appendix 1(Policy on Pensions Discretions)

### APPROACH TO THE USE OF PENSIONS DISCRETIONS

#### 1. Regulation 31 - Power under Regulation 31 of the LGPS Regulations 2013 to award additional pension

*Explanation - An employer may resolve to increase the total yearly pension account of an active member. The maximum that can be awarded is an additional pension of £6.500 (a year). The award is funded by a payment made by the employer to the pension fund.*

**Policy** - This power will not be used, other than in exceptional circumstances

#### 2. Regulation 30(6) - Flexible retirement

*Explanation - This discretion allows members to “wind down” towards full retirement by receiving immediate payment of their accrued pension whilst continuing in employment. A member who is age 55 or over (age 50 if they make an election before 31 March 2010) may, with their employer’s consent, reduce their hours and/or grade and receive all or part of their pension without retiring. If payment occurs before age 65 the benefits are actuarially reduced but the employer may waive part or the whole of the reduction with the cost of this being paid to the pension fund.*

2.1 **Policy** - May be agreed where an employee reduces their hours by at least one fifth, and/or their pay grade by at least two grades. Approval must be granted in conjunction with the change in contract and will take account of the Council’s overall best interests and value for money.

2.2 Where pension is released under this discretion, it will be on an actuarially reduced basis where the current Pension Scheme Regulations allow for this.

#### 3. Regulation 30(8) - Actuarial reduction on benefits paid on Flexible Retirement

*Explanation - This discretion allows members to “wind down” towards full retirement by waiving immediate payment of their accrued pension in whole or in part actuarial reduction on benefits paid on Flexible Retirement*

2.1 **Policy** - May be agreed where an employee reduces their hours by at least one fifth, and/or their pay grade by at least two grades. Approval must be granted in conjunction with the change in contract and will take account of the Council’s overall best interests and value for money.

2.2 Where pension is released under this discretion, it will be on an actuarially reduced basis where the current Pension Scheme Regulations allow for this.

#### 4. **Regulation 30A (3) - Choice of early payment of pension**

*Explanation - Members, who have left employment before 31/03/14, may choose to receive early payment of their retirement benefits from age 55, subject to the consent of their employer. Members aged 60 and over do not need their employer's consent.*

##### **The Council's Discretion**

Applications for early release of benefits should be made in writing to the Chief Officer.

Upon receipt of the application to request early payment of pension, the Council will make their decision on the following grounds:

- Previous performance and conduct including any disciplinary action
- Circumstances on hardship grounds
- Circumstances on compassionate grounds
- The burden of additional costs
- A detrimental effect on the ability to meet service demand
- An inability to recruit additional staff
- A detrimental impact on quality
- A detrimental impact on performance

The Council may hold a meeting with the employee/previous employee in order to ascertain certain information relevant to making the decision. The Council will write to the employee to confirm whether they consent to the early release or not. The Council does not resolve to waive any reduction or enhance benefits awarded under this regulation.

4.1 **Policy for Active Members** - Early release of pension to an active employee will only be approved where the Council is satisfied that such release represents value for money, or is on compassionate grounds. The Council will release benefits on compassionate grounds in full for active members.

4.2 **Policy for Deferred Members** - Early release of pension to a former employee will only be approved where the Council is satisfied that such release is on compassionate grounds.

## 5. Regulation 30(5) - Choice of early payment of pension

*Explanation - Members, who have left employment after 31/03/14, may choose to receive early payment of their retirement benefits from age 55, subject to the consent of their employer. Benefits will be reduced by an amount in accordance with guidance issued by the Secretary of State. Members aged 60 and over do not need their employer's consent.*

### **The Council's Discretion**

Applications for early release of benefits should be made in writing to the Chief Officer.

Upon receipt of the application to request early payment of pension, the Council will make their decision on the following grounds:

- Previous performance and conduct including any disciplinary action
- Circumstances on hardship grounds
- Circumstances on compassionate grounds
- The burden of additional costs
- A detrimental effect on the ability to meet service demand
- An inability to recruit additional staff
- A detrimental impact on quality
- A detrimental impact on performance

The Council may hold a meeting with the employee/previous employee in order to ascertain certain information relevant to making the decision. The Council will write to the employee to confirm whether they consent to the early release or not. The Council does not resolve to waive any reduction or enhance benefits awarded under this regulation.

5.1 **Policy for Active Members** - Early release of pension to an active employee will only be approved where the Council is satisfied that such release represents value for money, or is on compassionate grounds. The Council will release benefits on compassionate grounds in full for active members.

5.2 **Policy for Deferred Members** - Early release of pension to a former employee will only be approved where the Council is satisfied that such release is on compassionate grounds.

## 6. Regulation 30(8) – To waive reduction in pension on compassionate grounds

*Explanation - Employers may determine to waive some or all of the reduction that would otherwise apply when a member retires before Normal Pension Age*

- 6.1 **Policy** - May be agreed where an employee presents compassionate grounds or other reasons acceptable to the Town Council after 1<sup>st</sup> April 2014. Prior to this date applications will only be considered on Compassionate grounds.

## 7. **Regulation 3 - Contributions payable by active members**

*Explanation - Employers will determine the contribution rate to be paid by employees at commencement of membership based on their whole-time equivalent pensionable pay and in accordance with the table (bands increased by RPI each April) in this regulation.*

*Where there has been a permanent material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.*

- 7.1 **Policy** - Employees will be allocated to a contribution band once a year from 1<sup>st</sup> April and this will only change if their contract changes permanently (i.e. a promotion or downgrading). Any other changes to pay will be taken into account when the band is reviewed on the following 1<sup>st</sup> April.

## 8. **Regulation 16 - Re-employment and rejoining deferred members**

*Explanation - Where a deferred member becomes an active member again before becoming entitled to the immediate payment of retirement benefits in respect of his former membership, he may elect to have his former membership aggregated with his current active membership.*

*An election must be made in writing to the member's appropriate administering authority before the expiry of the period of 12 months, beginning with the date that he again became an active member (or any such longer period as his employer may allow).*

- 8.1 **Policy** - An employee may elect to aggregate current and previous periods of membership within 12 months of current membership commencing. Extensions to the 12 month period will not normally be allowed, although sympathetic consideration will be given where the current employment is initially temporary.

## 9. **Regulation 22 - Applications to make absence contributions**

*Explanation - Where members have been absent without pay due to maternity leave, industrial dispute or an authorised leave of absence they have 30 days from returning to work or termination of employment to opt to pay the relevant contributions to enable the membership to count. Employers have the discretion to extend the 30 day period from the end of the absence for a person to apply in writing to make contributions.*

- 9.1 **Policy** - An employee may elect within 30 days of notification of an unpaid absence to make up the lost contributions. Extensions to the 30 day period will not normally be allowed, other than in exceptional circumstances. .

## 10.0 Regulation 83 - Inward transfer of pension rights

*Explanation - A person who becomes an active member who has relevant pension rights may request their fund authority to accept a transfer value for some, or all, of his former rights. An election must be made in writing before the expiry of the period of 12 months, beginning with the date that he became an active member (or any such longer period as his employer may allow).*

- 10.1 **Policy** - An employee may elect to transfer rights from a previous pension scheme within 12 months of joining the LGPS. Extensions to the 12 month period will not normally be allowed, although sympathetic consideration will be given where the employment is initially temporary.

## 11. Regulation 11 - Final pay: fees

*Explanation - Where a variable time employee's final pensionable pay consists of fees, the final pay is calculated by averaging the sum of all fees earned in a consecutive three year period ending with the termination date. Employers have the discretion to allow the fee earner to average all fees in a three year period ending on 31<sup>st</sup> March in the last ten year period.*

- 11.1 **Policy** - The power to allow a fee earner (e.g. returning officer) to average all fees in a three year period within the last ten year period will not be used (the three years prior to the termination date will be used).

## 12. Regulation 20 - Early leavers – ill health

*Explanation - The Council can award one of three tiers of ill health benefits to employees at any age. Before doing so the case must be referred to an Independent Registered Medical Practitioner (IRMP) who will provide an opinion and medical certificate as to whether or not the employee is permanently incapable of undertaking the duties of their employment and whether they have a reduced likelihood of obtaining any gainful employment before age 65.*

- 12.1 **Policy** - The power of the employer to award one of the three tiers of Ill health pension benefits.

**13. Regulation 31 - Early payments of deferred pension – ill health**

- 13.1 Requests from former employees with deferred benefits who seek early release of their pension on the grounds of ill health will be considered in accordance with the guidance issued by the Department of Communities and Local Government.