

# Pension Discretions Policy Statement

## The Local Government Pension Scheme Regulations 2013

## The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

1. This policy statement is made in accordance with Paragraph 60 of the Local Government Pension Scheme Regulations 2013 ('the 2013 Regulations') and Paragraph 2(2) of Schedule 2 of The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Regulations"). It sets out how the Council will apply the discretionary provisions available within those Regulations. The policy is applicable to employees, not to Councillors. This policy will be reviewed annually. If the Council decides to change its policy, it will publish a statement of the amended policy within one month of the date of its decision.
2. The Council has separate Policy statements for exercising discretions pursuant to:
  - 2.1 regulation 66 of the Local Government Pension Scheme 2008 which is applicable to leavers between 1 April 2008 and 31 March 2014;
  - 2.2 regulation 106 of the Local Government Pension Scheme Regulations 1997 which is applicable to leavers between 1 April 1998 and 31 March 2008;
  - 2.3 regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006;
3. In formulating and reviewing its policy, the Council:
  - 3.1 has regard to the extent to which the exercise of their discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service; and
  - 3.2 is satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

### **Purpose of Policy**

4. This policy aims to provide fairness and consistency in situations where the Council is considering cases of flexible retirement and increasing pension benefits.
5. **Flexible retirement – Regulation 30(6) of 2013 Regulations**
  - 5.1 The LGPS allows flexible retirement from age 55 with the payment of all or part of accrued pension benefits in situations where the employer agrees to the hours of work or the level of responsibility being reduced and to the release of pension benefits. In most cases pension benefits will be reduced if taken before normal retirement age.
  - 5.2 Flexible retirement can benefit both the employee through enabling a gradual adjustment to retirement and the Council through the ability to retain valuable experience and knowledge and increase the opportunity for succession planning.
  - 5.3 The Council will consider all requests for flexible retirement in response to written requests from eligible employees.
  - 5.4 The Council will approve requests only where it is in their interest to do so, where there will be no detrimental effect on the service and where the costs

are affordable or where there are likely to be costs savings achieved as a result of the proposal:

- A request should typically involve a substantial reduction (at least 40% to 50%) in salary either through reduced hours or level of responsibility.
- The employee's contract of employment will be amended by mutual agreement to reflect the new hours or grade, as agreed, and continuity of service will be preserved.
- Employees may draw their accrued pension benefits, subject to any actuarial reduction, and continue to pay into the Pension Scheme with a new fund until the age of 75.
- Employees can choose to draw all of their pension benefits or defer payment of all or part of the part of their fund which has accrued since 1 April 2008.
- Any request for flexible retirement will be considered by the Director of Governance together with the Director of Finance, Housing and Community, in consultation with the Head of EK Human Resources.

#### **6. Early payment of pension – Regulation 30(5) of the 2013 Regulations**

6.1 For the avoidance of doubt, in accordance with regulation 30(5) of the 2013 Regulations, employees can retire from age 55 without employer consent and receive immediate payment of their pension benefits. However the pension benefits payable will be subject to an actuarial reduction to allow for early payment unless Regulation 30(7) is applicable (redundancy or business efficiency termination of employment) or a waiver has been agreed in accordance with Regulation 30(8).

#### **7. Discretion to 'switch on' of 85 Year Rule for 55 – 60 year olds – Paragraph 1(1)(c) Schedule 2 of 2014 Regulations**

7.1 It is not the general policy of Dover District Council to 'switch on' the 85 year rule under this regulation. However, consideration may be given in the following circumstances:

- Where there is a demonstrable benefit to the authority;
- Where the employee requests a waiver on compassionate grounds. To be considered under compassionate grounds, the circumstances must be exceptional and not reasonably expected to prevail

7.2 Any request under this regulation will be considered by the Director of Governance together with the Director of Finance, Housing and Community, in consultation with the Head of EK Human Resources.

#### **8. Waiver of Actuarial Reduction – Regulation 30(8) of 2013 Regulations**

8.1 It is not the general policy of Dover District Council to waive any actuarial reductions required by regulations 30(5) or 30 (6) (early payment of benefits or flexible retirement). However, consideration may be given in the following circumstances:

- Where there is a demonstrable benefit to the authority;
- Where the employee requests a waiver on compassionate grounds. To be considered under compassionate grounds, the circumstances must be exceptional and not reasonably expected to prevail

- Any request under this regulation will be considered by the Director of Governance together with the Director of Finance, Housing and Community, in consultation with the Head of EK Human Resources.

9. **Awarding additional Pension – Regulation 31 of 2013 Regulations**

- 9.1 It is not Dover District Council's policy to make use of the provision to award additional pension under this regulation. However, there may be exceptional circumstances where there is a demonstrable benefit to the authority. The maximum figure as at 1 April 2014 is £6,500 and increases annually in accordance with the regulations.
- 9.2 Any consideration of such an award will be made by the Director of Governance and the Director of Finance, Housing and Community, in consultation with the Head of EK Human Resources.

10. **Awarding additional pension contributions – Regulations 16(2)(e) and 16(4)(d) of 2013 Regulations**

- 10.1 It is not Dover District Council's policy to fund additional pension contributions, except in circumstances where they are required to do so by Regulations.

11. **Contributions – Regulations 9(1) & (3) of 2013 Regulations**

- 11.1 Dover District Council will make changes to employee contribution rates throughout the year from the effective date of any change in employment or material change to the rate of pensionable pay received.

12. **Shared Cost AVCs – Regulation 17(1) of 2013 Regulations**

- 12.1 It is not the policy of Dover District Council to operate a shared cost AVC scheme for employees.

13. **Merging of Deferred Member Pension Accounts with Active Member Pension Account Regulation 22(7) and 22(8) of 2013 Regulations**

- 13.1 If a scheme member wishes to aggregate the most recent of their periods of previous scheme membership with their current membership, it is the policy of Dover District Council that the election must be made within 12 months of the Pension Section being notified that the employee has again become an active member.

14. **Applications for Adjudication of Disagreements – Regulation 74 of 2013 Regulations**

- 14.1 Each Scheme employer must appoint a person (“the adjudicator”) to consider applications from any person whose rights or liabilities under the Scheme are affected by:
- (a) a decision under regulation 72 (first instance decisions); or
  - (b) any other act or omission by a Scheme employer or administering authority,
- and to make a decision on such applications.

14.2 Responsibility for determinations under this first stage of the Internal Disputes Resolution Procedure (IDRP) rests with “the adjudicator” as named at 14.3 below by the Scheme employer

14.3 For Dover District Council, the appointed adjudicator is:

Name	Mr Nadeem Aziz
Job Title	Chief Executive
Full Address	Dover District Council White Cliffs Business Park Dover Kent CT16 3PJ
Telephone	01304 872400
Email	nadeem.aziz@dover.gov.uk

15. **Inward Transfers of Pension Rights – Regulation 100(6) of 2013 Regulations**

15.1 If a scheme member wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, it is Dover District Council's policy that this election must be made within 12 months of the Pension Section being notified that the employee has become an active member of the Kent Scheme.

16. **Chief Officers**

16.1 Any application by a Chief Officer of the Council for the exercise of a discretion under this policy will be referred to General Purposes Committee for a decision.

17. **Review of Policy**

17.1 This Policy will be reviewed annually by the Director of Governance in consultation with Head of EK Human Resources.

17.2 Minor amendments to this policy, for example to reflect changes to legal requirements, may be made by the Director of Governance. Substantial changes will be referred to General Purposes Committee for approval.