



Employer Discretions Policy

Local Government Pension
Scheme (LGPS) 2014

03/06/2014

Community and Organisational
Development

Current Document Status			
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Version History			
Date	Version	Author/Editor	Comments
Insert date	i.e. 0.1 Draft. Use this field to track the version number of the policy as it develops.	Insert name	I.e. First draft for consultation.

Comprehensive Impact Assessment Record					
Date	Type of assessment conducted	Stage/level completed (where applicable)	Summary of actions taken decisions made	Completed by	Impact Assessment review date
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Document retention	
Document retention period	5 years in hard and electronic copies.

Summary

Headlines

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

The default position is that it will not make additional pension contributions. However, exceptionally, where it is in the financial interests of the 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 Council.

Finally the policy authorises the Pensions Manager to extend 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.

Distribution - who needs to be aware of this policy?

Cornwall Council managers and other employees

Green Book trade unions

The People and Organisational Development Service

Cornwall Pension Fund administering authority

Foundation schools (as employers of employees for whom the Council is deemed to be the Scheme employer)

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 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 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 Council with additional pension costs.

The default position is that the 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 Council considers it appropriate to exercise its discretion on compassionate.

Scope – what the policy covers

This policy covers all Cornwall Council employees who are members of the Local Government Pensions Scheme. However, in the case of school based employees the relevant governing body is responsible for authorising any discretions and meeting any costs in accordance with this policy.

This Policy also applies to those employees of foundation schools in relation to whom the Council is deemed to be the Scheme employer in accordance with the LGPS Regulations. However, the governing body of a foundation school is the actual employer and so would be responsible for authorising any discretions and meeting any costs associated with the exercise of those discretions.

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 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 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 Council or in accordance with item D below (early retirement on compassionate grounds).

The Head of People and Organisational Development* is authorised to exercise the discretion in the circumstances described above subject to consultation with the Head of Finance* and the Head of Service responsible for the budget from which any additional costs are to be met.

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

Prior to the LGPS 2014 where an employee's age and length of service totalled 85 (known as the "85 Year Rule") they could retire with unreduced benefits with the consent of the employer. 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 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 Council.

The Head of People and Organisational Development* is authorised to exercise the discretion in the circumstances described above subject to consultation with the Head of Finance* and the Head of Service responsible for the budget from which any additional costs are to be met.

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

The 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.

The Head of People and Organisational Development* is authorised to exercise the discretion in the circumstances described above subject to consultation with the Head of Finance* and the Head of Service responsible for the budget from which any additional costs are to be met.

E Flexible Retirement (Regulation 30 (6))

The Council permits flexible retirement only where there is a benefit to the 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 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.

The Head of People and Organisational Development* is authorised to exercise the discretion in the circumstances described above subject to consultation with the Head of Finance* and the Head of Service responsible for the budget from which any additional costs are to be met.

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.

The Head of People and Organisational Development* is authorised to exercise the discretion in the circumstances described above subject to consultation with the Head of Finance* and the Head of Service responsible for the budget from which any additional costs are to be met.

G Transfer of Service into the LGPS (Regulation 100)

The Pensions Administration Manager is authorised to extend 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.

*In the event that these roles change as a result of the Council's restructuring the authorisation or consultation responsibilities will transfer to the relevant 3rd tier role with responsibilities for people and finance respectively.

Management

Policy management

The People and Organisational Development Service is responsible for implementing and managing the policy.

Breaches and non-compliance

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

How the impact of the policy will be measured

The 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.

Evaluation and review

The policy will be reviewed within 12 months following implementation.

Document information

Contacts

Policy prepared by

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People and Organisational Development Service

3 May 2014

Further information

For further information about this policy please contact the Employment, Reward and Diversity Team within the People and Organisational Development Service.

Alternative formats

If you would like this information in another format please contact:

Cornwall Council, County Hall, Treyew Road, Truro TR1 3AY

Telephone: **0300 1234 100** email: enquiries@cornwall.gov.uk

www.cornwall.gov.uk

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