

Ludgershall Town Council



Wiltshire Pension Fund Employer Discretions Policy

1. Introduction

- 1.1 This policy sets out how Ludgershall Town Council will exercise its discretionary functions under the Local Government Pension Scheme (LGPS), which is administered by the Wiltshire Pension Fund.
- 1.2 Ludgershall Town Council as an employer participating in the Wiltshire Pension Fund in England and Wales has a legal duty to formulate, publish and keep under review a statement of policy on certain discretionary powers under the Regulations plus a number of non-mandatory employer discretions.
- 1.3 Discretions are powers which enable employers to choose how to apply the scheme in respect of certain provisions.
- 1.4 Discretions only apply at the time of application and are subject to change.
- 1.5 In preparing, or reviewing and revising this policy, Ludgershall Town Council will have regard to the extent to which the exercise of any of the functions, in accordance with this policy could lead to a serious loss of confidence in the public service and be satisfied that this policy is workable, affordable, and reasonable, having regard to foreseeable costs.

2. Objectives

- 2.1 When the Council sets and reviews these employer discretions, consideration is given to:
 - 2.1.1 **Cost.** Discretionary powers come with a cost attached, policies must not lead to a loss of confidence in public services, therefore have to be affordable.

2.1.2 **Decision Making.** The Basis on which decisions are made and captured in this policy should not be so rigid or restrictive as to prevent flexibility where a possibly unanticipated situation requires it.

2.1.3 **Equality.** Criteria does not discriminate, and where decisions are objectively justified.

2.2 The Council has limited resources and needs to maintain a balanced budget. Any exercise of discretion must be contained within existing service budgets; therefore, discretions are usually only exercised in exceptional circumstances.

3. Legal Compliance

3.1 Discretions under the Local Government Pension Scheme 2014 are Employer discretions under The Local Government Pension Scheme Regulations 2013 (prefix R) and The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (prefix TP) on which Employers are required to formulate and publish a policy.

4. Wiltshire Pension Fund Direction

4.1 The Employer Discretionary Policy is a mandatory document which must be completed and approved by Ludgershall Town Council. It must then be published in accordance with LTC policies, under HR policies.

4.2 The LGPS Regulations state that all employers should have an employer's discretions policy in place.

4.3 Ludgershall Town Council must send updated copies of the policy to the Fund, changes to the policy must be provided to the Fund within one calendar month of being approved and active.

4.4 The application of individual discretions can apply to individual posts, to particular groups, be universal or decided on a 'case by case basis', Ludgershall Town Council has determined it reasonable, fair, and proportionate, to apply discretions equally across any Council roles.

4.5 Ludgershall Town Council understands any costs incurred as the result of exercising a discretion will be chargeable to the Council, therefore careful consideration has been taken when considering current and future affordability, as noted in paras 1.5 and 2.1.

4.6 Upon renewal or update Ludgershall Town Council will provide a copy of this policy to:

Employer.Relations@wiltshire.gov.uk

5. Discretions Table

5.1 The below tables clearly states Ludgershall Town Council decision in regards the discretions, a clear explanation for each is provided at Annex B.

Discretion	Regulation	Decision
Whether how much and in what circumstances to contribute to a shared cost Additional Pension Contributions (APC) scheme	R16(2)(e) & R16(4)(d)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances, consideration will be on individual merits and a case-by-case basis, and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to extend 30-day deadline for member to elect for a shared cost APC	16(6)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances, consideration will be on individual merits and a case-by-case basis, and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	R30(8)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances, consideration will be on individual merits and a case-by-case basis, and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership)	R30(8)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.

<p>Whether to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement)</p>	<p>TPSch 2 para 1 (2) & 1(1)(c)</p>	<p>Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.</p>
<p>Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £8,903 p.a – this figure is inflation proofed annually)</p>	<p>R31</p>	<p>Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.</p>
<p>Whether to waive an actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership):</p> <ul style="list-style-type: none"> (a) On compassionate grounds (pre 1 April 2014 membership) and in whole or part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006 (b) On compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the scheme before 1 October 2006 will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive (c) On compassionate grounds (pre 1 April 2016 membership) and /or, in whole or in part on any grounds (post 31 March 2016 membership) If the member was in the scheme before 1 October 2006 and will be 60 between 1 April 2016 (d) On compassionate grounds (pre 1 April 2020 membership) and / or, in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive. 	<p>TP3(1),TPSch 2 para 2(1),B30(5) & B30A(5)</p>	<p>Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.</p>

Discretions for members who ceased active membership on or after 1 April 2008 and before 2014		
Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member).	B30(5), TPSch 2, para 2(1)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to “switch on” the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, para 1(2) & 1(1)(c)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A. (pensioner member with deferred benefits)	B30A(5), TPSch 2, para 2(1)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.

Discretions for members who ceased active membership on or after 1 April 1998 and before 1 April 2008 AND Councillor members who ceased active membership on or after 1 April 1998		
Grant application for early payment of deferred benefits on or after age 50 and before age 55.	31(2)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, para 1(2) & 1(1)(f) & R60	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.
Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.	31(5) & TPSch 2, para 2(1)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.

Discretions for member who ceased membership before 1 April 1998		
Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds.	TP3(5A)(vi), TL4, L106 (1)	Ludgershall Town Council will only exercise this discretion in exceptional circumstances and with the express permission of the Staffing Committee, after consideration of the financial implications of that decision.

6. Abbreviations

LGPS Local Government Pension Scheme Admin - Local Government Pension Scheme (Administration) Regulations 2008

Reg Local Government Pension Scheme Regulations 2013

TP Regs Transitional Provisions, Savings and Amendment Regulations 2014

7. Disputes

7.1 Any questions or disputes arising from the administration of the scheme membership shall be made to the Staffing Committee of Ludgershall Town Council.

7.2 Any appeals to decisions may be made to the Ludgershall Town Council Chair.

8. Review

7.1 All pension discretions will be reviewed at least every two years or when circumstances, regulations, or legislation changes.

END

Explanation Of Each Discretion

1). Whether to it make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this).

Required in Policy Statement Reg 16(2)e & Reg 16(4)d

This discretion relates to the option to help a member purchase additional pension where the employer is not already required to do so under the LGPS Regulations. Employers are required to purchase additional pension in certain circumstances.

2). Whether all, or some pension benefits can be paid if a member aged 55 or over reduces their hours/grade and continues to work ("flexible retirement").

Required in Policy Statement - Reg 30 (8)

Flexible retirement means that the member can begin drawing their pension from a certain point in time while they continue working in the same employment (on reduced hours or pay). There will not normally be any direct or immediate costs to the employer if the employer agrees to do this, as the member's pension will be reduced accordingly to allow for any early withdrawal, as is the case for any early retirement. However, if the member would normally reach the rule of 85 before age 60 and they take flexible retirement before age 60 then costs may well apply - therefore for pre-60 flexible retirement cases, we suggest that you contact us for an estimate before making a decision. Please note that the LGPS Regulations do not explicitly mention that a minimum reduction in hours or pay is necessary or that the reduction needs to be permanent.

3). Whether to waive in whole or in part the actuarial reduction on benefits paid on flexible retirement. R30 (8)

Employers can choose to 'waive' the reduction that would normally apply to a member's pension as a result of them taking their pension early. As the full pension would be being paid for longer, this means that we would expect to pay out more pension in the member's lifetime. This additional cost (or 'strain') would be invoiced to the employer. We are able to provide estimates of the likely cost (which may be significant)

4). Whether to Switch On the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).

TPSch 2 para 1 (2) & 1(1)(c)

The rule of 85 applies to some members who originally joined the LGPS before 2006. It allows members who meet the rule to retire earlier than the normal pension age, taking their pension benefits in full. However, under the LGPS2014 Regulations, certain members would lose some of the rule of 85 protections if they wished to draw their pension benefits between 55 and 59. Hence this discretion allows the protections to be re-instatement by the employer; this will have cost implications so we recommend that you ask for an estimate of costs before implementing this discretion.

5). Whether to waive an actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership).

TP3(1), TPsch 2 para, 2(1),B30(5) & B30A(5)

Employers can choose to 'waive' the reduction that would normally apply because the member would be taking their pension early. As the full pension would be being paid for longer, this means that we would expect to pay out more pension in the member's lifetime. This additional cost (or 'strain') would be invoiced to the employer. We are able to provide estimates of the likely cost.

6). Whether to grant additional pension to a member of up to £6500 pa, (inflation proofed annually)

Reg 31

Employers are allowed to purchase additional pension on a member's behalf up to a limit of providing additional pension of £6500 per annum (this figure is inflation proofed annually. The cost of providing any additional pension to the member (over their expected time as a future pensioner) will be invoiced to the employer concerned as at the time of the award. We can provide estimates of the cost of awarding additional amounts of pension. As of April 2014, this is now under the title of Additional Pension Contributions (APCs)

Discretions for members who ceased membership before 1st April 1998

7). Grant application for early payment of deferred benefits on or after the age 50 and before age 55.

Regulation 31(2)

This discretion allows employees who left your employment and the pension fund before 1st April 1998 the ability to ask for the pension from age 50 which is before the normal age of 55.

8). Waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early.

Regulation 31(5) & TPSch2 para 2 (1)

Employers can choose to 'waive' the reduction that would normally apply because the member would be taking their pension early. As the full pension would be being paid for longer, this means that we would expect to pay out more pension in the member's lifetime. This additional cost (or 'strain') would be invoiced to the employer. We are able to provide estimates of the likely cost.