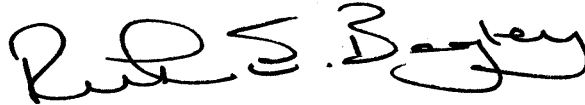


Date of issue: 1st August 2014

MEETING	SPECIAL EMPLOYMENT & APPEALS COMMITTEE (Councillors Brooker (Chair), Chohan, Coad, Dhaliwal, N Holledge, Plenty, Sandhu, Sharif and Zarait)
DATE AND TIME:	MONDAY, 11TH AUGUST, 2014 AT 6.30 PM
VENUE:	MEETING ROOM 5, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	CATHERINE MEEK 01753 875011

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



RUTH BAGLEY
Chief Executive

AGENDA

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		
1.	Declarations of Interest		

All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare



that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.

The Chair will ask Members to confirm that they do not have a declarable interest.

All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.

- | | | |
|----|---|--------|
| 2. | Pension Scheme Discretions | 1 - 14 |
| 3. | Date of Next Meeting - Monday 20th October 2014 | |

Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Please contact the Democratic Services Officer shown above for further details.

The Council allows the filming, recording and photographing at its meetings that are open to the public. Anyone proposing to film, record or take photographs of a meeting is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

SLOUGH BOROUGH COUNCIL

REPORT TO: Employment & Appeals Committee **DATE:** 11th August 2014

CONTACT OFFICER: Kevin Gordon Assistant Director Professional Services
(For all enquiries) (01753) 875213

WARD(S): All

PART I
FOR DECISION

PENSION SCHEME DISCRETIONS

1. Introduction

- 1.1 The introduction of the new Local Government Pension Scheme (LGPS) from 1 April 2014 requires all scheme employers to review their existing discretionary pension policy statement and publish a new policy statement.
- 1.2 This report summarises the pension policies that need reviewing and makes recommendations for the adoption of a new pension policy statement
- 1.3 The paragraphs in the main section of the report outline the pension policy statements that have been reviewed, the options or choices available to the Council and the reasons why a particular option is being recommended.

2. LGPS 2013 Regulation 16 – Additional Pension Contributions

- 2.1 As a Scheme employer, we have discretion to pay in whole or in part an employee's Additional Pension Contributions APC's to increase the value of an employee's pension. These payments would increase the value of an employee's pension.
- 2.2 Options suggested are;
 - (a) Not to fund an employee's APCs
 - (b) To consider funding an employee's APCs in exceptional circumstances and subject to the employee's difficult domestic circumstances
 - (c) To consider funding an employee's APCs in circumstances where there is a financial or practical reason for doing so.
- 2.3 The recommendation is **(a) not to fund additional pension contributions**. This is based upon the pension scheme already providing a 'good' level of benefits to employees. This is in line with the existing Council policy.

3. LGPS 2013 Regulation 30(6) – Flexible Retirement (see guidance note 2 in employer's guide)

- 3.1 An active member who has attained the age of 55 or over and who with the agreement of their employer reduces their working hours or grade of employment may elect to receive immediate payment of all or part of the retirement pension.

- 3.2 As part of the policy making decision the Scheme employer must consider whether, in addition to the benefits the member may have accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw **all, part or none** of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 1 April 2014.
- 3.3 Options suggested are;
- (a) Consider Individual applications where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service.
 - (b) to only allow for the release of pension benefits built up before 1 April 2008
 - (c) to allow for all pension benefits to be released regardless of the dates of Scheme membership.
 - (d) Not to accept any applications from Scheme members for flexible retirement.
- 3.4 The recommendation is **(a) Consider Individual applications where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service**. The reason for this recommendation is, for the council to have the flexibility to grant early access to pension as this may be more cost effective than redundancy. It may also help maintain specialist staff skills at reduced salary costs.

4. LGPS 2013 Regulation 30 (8) – Waiving of Actuarial Reduction

- 4.1 Connected to the policy discretion above 30(6) – Flexible Retirement, is discretion about waiving of Actuarial Reduction. Actuarial reduction is when benefits are reduced as members have less years of service built upon in the pension scheme.
- 4.2 A Scheme employer may agree to waive in whole or in part and at their own cost, any actuarial reduction so allowing the employee to enjoy the full or increased value of their accrued benefits.
- 4.3 Options suggested are;
- (a) Consider Individual applications where there is a financial or other benefit to the employer.
 - (b) a decision to waive any actuarial reduction will be considered in exceptional circumstances subject to the employee's exceptionally difficult personal and domestic circumstances
 - (c) an actuarial reduction will always be applied where relevant and a decision to waive such a reduction will not be considered.
- 4.4 The recommendation is **(a) Consider Individual applications where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service**. The reason for this recommendation is, for the council to have the flexibility to grant early access to pension as this may be more cost effective than redundancy, even with the costs the council would have to pay to waive actuarial reduction.

5. LGPS 2013 Regulation 31 – Award of Additional Pension

- 5.1 Regulation 31 gives a Scheme employer the power to award an active member of the Scheme, or a member who was active but dismissed by reason of redundancy or business efficiency, additional pension up to a value £6,500.
- 5.2 Options suggested are;
- (a) To consider using this discretion in cases of redundancy and business efficiency subject to the financial implications for the employer.
 - (b) To consider using this discretion on compassionate grounds due to the member's exceptionally difficult personal or domestic circumstances.
 - (c) To consider using this discretion where a sufficient benefit to the employer can be justified.
 - (d) Not to apply this discretion.
- 5.3 The recommendation is (d) **Not to apply this discretion**; this is based upon cost and no overall business benefit to the council. This is in line with Council practice in recent years.

6. LGPS (Transitional Provisions and Savings) 2014 Schedule 2; (2) and (3) – Switching on the 85-year Rule

- 6.1 The 85 year rule that existed under former Scheme Regulations, states that where a Scheme member's age in whole years when added to their Scheme membership in whole years equals 85, then that is the point from which their pension benefits can be released without actuarial reduction being applied, i.e. the employee receives their full benefits as if they had retired later. For example, an employee aged 60 with 25 years of Scheme membership would meet their 85 year rule date. Under the 85 year employees under 55 whose service and age added up to 85 would also meet the 85 year rule and could benefit from their situation being considered.
- 6.2 The new scheme provides employers with the discretion to reintroduce the 85 year rule (referred to as 'switching back on' the 85 year rule) to waive the reductions to the member's benefits and meet the extra costs arising due to early release of benefits.
- 6.3 Options suggested are;
- (a) To consider each occurrence as it arises subject to the financial implications for the employer.
 - (b) To consider 'switching on' the 85 year rule for individual applications where there is a financial or other benefit to the employer.
 - (c) Any decision to 'switch on' the 85 year rule will be considered on compassionate grounds in exceptional circumstances subject to the employee's exceptionally difficult personal and domestic circumstances.

(d) Under no circumstances will the Scheme employer agree to 'switch on' the 85 year rule.

- 6.4 The recommendation is (b) **To consider 'switching on' the 85 year rule for individual applications where there is a financial or other benefit to the employer.** The reason for this recommendation is the costs to the council of waiving actuarial reduction for a staff member opting to leave the council under the 85 year rule may be less than cost to the council of making that individual redundant.

7. LGPS 2013 Regulation 9(1) (3) – Contributions

- 7.1 Each year a Scheme employer is required to assess each of its Scheme members' actual pensionable pay as at 1st April. The discretion under Regulation 9(1) (3) provides a Scheme employer with the opportunity to apply a different contribution rate if an employee's salary changes during the financial year.

- 7.2 Options suggested are;

(a) To set employee contribution rates at 1st April each year and make no changes throughout the year.

(b) To 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.

(c) To consider a change to an employee's rate of pay where the employee requests a review as a result of a change in employment or material change in pensionable pay.

- 7.3 The recommendation is (b) **To 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.** This will ensure that the right levels of contributions to the pension scheme are being made by staff and reduce costs to the Council.

8. LGPS 2013 Regulation 17(1) – Shared Cost Additional Voluntary Contributions

- 8.1 Employees members may enter into arrangements to pay additional voluntary contributions to increase the value of their pension. The Scheme employer needs to determine whether or not it will make contributions to such an arrangement on behalf of its active members.

- 8.2 Options suggested are;

(a) to consider using this discretion where a sufficient benefit to the employer can be justified

(b) not to apply this discretion

8.3 The recommendation is **(b) not to apply this discretion**. This is based upon the pension scheme already providing a 'good' level of benefits to employees. The Council has not historically funded AVC's.

9. LGPS 2013 Regulation 22 (7) 22 (8) – Merging of Deferred Member Pension Accounts with Active Member Pension Account and LGPS 2013 Regulation 100(6) – Inward Transfers of Pension Rights

9.1 The two discretions above relate to the arrangements and timescales for making decisions regarding bringing together pensions from a previous employer. Current arrangement allows a period of 12 months for an employee to make decisions regarding the arrangements for previous pensions. This discretion would extend that 12 month period.

9.2 **The recommendation is to not extend the 12 month period**

10. Regulation 21(5) – Assumed Pensionable Pay

10.1 Assumed pensionable pay is calculated when a member: enters a period of reduced contractual pay or no pay due to sickness or injury; or is absent during a period of paid child-related leave; or is absent on reserve forces service leave; or retires with an entitlement to a Tier 1 or Tier 2 ill health retirement; or dies in service.

10.2 The council needs to decide whether or not to include in the calculation of assumed pensionable pay, any 'regular lump sum payment' received by the member in the 12 months preceding the date that any of the circumstances listed above occurred. Regular lump sum payments would include honorarium allowances and overtime payments.

10.3 Options suggested are;

(a) Each case will be examined at the appropriate time.

(b) No 'regular lump sum payments' will ever be included in the calculation of assumed pensionable pay.

(c) 'Regular lump sum payments' will always be included in the calculation of assumed pensionable pay.

10.4 The recommendation is **(c) 'Regular lump sum payments' will always be included in the calculation of assumed pensionable pay** this is to ensure the scheme remains fair and transparent and staff receive benefits that are proportionate to the role they have carried out for the organisation.

11. Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

11.1 There are a number of discretions relating to paying further pensions to staff a result of injury or diseases contracted in the course of carrying out their employment.

11.2 The Council had already made provisions in relation to injury through its Personal Accident Insurance Policy which already carries a high level of cover sufficient to compensate an employee or their family should this situation arise. Therefore it is felt that no further discretions are necessary. This discretion will be reviewed should the Councils insurance cover relating to death or injury change and affect the level of benefits provided.

Appendices attached

- A Employer Discretions
- B Employers Discretions: Injury Allowance

PART A – Formulation of COMPULSORY policy in accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013

Regulation 16 – Additional Pension Contributions

The Scheme employer may resolve to fund in whole or in part any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with ***Regulation 16(2)(e)***, or by way of a lump sum in accordance with ***Regulation 16(4)(d)***.

The Scheme employer may enter into an APC contract with a Scheme member who is contributing to the MAIN section of the Scheme in order to purchase additional pension of not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

The amount of additional contribution to be paid is determined by reference to actuarial guidance issued by the Secretary of State.

Consideration needs to be given to the circumstances under which the Scheme employer may wish to use their discretion to fund in whole or in part an employee's Additional Pension Contributions.

Scheme Employer's policy concerning the whole or part funding of an active member's additional pension contributions

The Employing Authority has resolved not to adopt this discretion

Regulation 30(6) – Flexible Retirement

An active member who has attained the age of 55 or over and who with the agreement of their employer reduces their working hours or grade of employment may, with the further consent of their employer, elect to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment as if that member were no longer an employee in local government service on the date of the reduction in hours or grade (*adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State – separate policy required under Regulation 30(8)*).

As part of the policy making decision the Scheme employer must consider whether, in addition to the benefits the member may have accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 1 April 2014.

Due consideration must be given to the financial implications of allowing an employee to draw all or part of their pension benefits earlier than their normal retirement age.

Scheme Employer's policy concerning flexible retirement

Individual applications will be considered where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service.

Regulation 30(8) – Waiving of Actuarial Reduction

Where a Scheme employer's policy under regulation 30(6) (flexible retirement) is to consent to the immediate release of benefits in respect of an active member who is aged 55 or over, those benefits must be adjusted by an amount shown as appropriate in actuarial guidance issued by the Secretary of State (commonly referred to as actuarial reduction or early payment reduction).

A Scheme employer (or former employer as the case may be) may agree to waive in whole or in part and at their own cost, any actuarial reduction that may be required by the Scheme Regulations.

Due consideration must be given to the financial implications of agreeing to waive in whole or in part any actuarial reduction.

Scheme Employer's policy concerning the waiving of actuarial reduction

Individual applications will be considered where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service.

Scheme Employer's policy concerning flexible retirement

Regulation 31 – Award of Additional Pension

A Scheme employer may resolve to award

(a) an active member, or

(b) a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (including any additional pension purchased by the Scheme employer under Regulation 16), not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

Any additional pension awarded is payable from the same date as any pension payable under other provisions of the Scheme Regulations from the account to which the additional pension is attached.

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

Scheme Employer's policy concerning the award of additional pension

The Employing Authority has resolved not to adopt this discretion

Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

Schedule 2 – paragraphs 2 and 3

Where a scheme member retires or leaves employment and elects to draw their benefits at or after the age of 55 and before the age of 60 those benefits will be actuarially reduced unless their Scheme employer agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous Regulations.

So as to avoid the member suffering the full reduction to their benefits the Scheme employer can 'switch on' the 85 year rule protections thereby allowing the member to receive fully or partly unreduced benefits but subject to the Scheme employer paying a strain (capital) cost to the Pension Fund

Scheme Employer's policy concerning the 'switching on of the 85 year rule

Individual applications will be considered where there is a financial or other benefit to the employer and subject to there being no detrimental impact on the service.

PART B – Formulation of RECOMMENDED policy in accordance with the Local Government Pension Scheme Regulations 2013

Regulation 9(1) & (3) – Contributions

Where an active member changes employment or there is a material change which affects the member's pensionable pay during the course of a financial year, the Scheme employer may determine that a contribution rate from a different band (as set out in Regulation 9(2)) should be applied.

Where the Scheme employer makes such a determination it shall inform the member of the revised contribution rate and the date from which it is to be applied.

Scheme Employer's policy concerning the re-determination of active members' contribution bandings at any date other than 1st April

The Employing Authority has resolved to 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.

Regulation 17(1) – Additional Voluntary Contributions

An active member may enter into arrangements to pay additional voluntary contributions (AVCs) or to contribute to a shared cost additional voluntary contribution arrangement (SCAVCs) in respect of an employment. The arrangement must be a scheme established between the appropriate administering authority and a body approved for the purposes of the Finance Act 2004, registered in accordance with that Act and administered in accordance with the Pensions Act 2004.

The Scheme employer needs to determine whether or not it will make contributions to such an arrangement on behalf of its active members.

Scheme Employer’s policy concerning payment of Shared Cost Additional Voluntary Contributions

The Employing Authority has resolved not to adopt this discretion

Regulation 22 – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts

A deferred member’s pension account is automatically aggregated with their active member’s pension account unless the member elects within the first 12 months of the new active member’s pension account being opened to retain their deferred member’s pension account.

A Scheme employer can, at their discretion, extend the 12 month election period.

Scheme Employer’s policy concerning merging of Deferred Member Pension Accounts with Active Member Pension Accounts

The Employing Authority has resolved not to extend the 12 month election period.

Regulation 100(6) – Inward Transfers of Pension Rights

A request from an active member to transfer former pension rights from a previous arrangement into the Local Government Pension Scheme as a result of their employment with a Scheme employer must be made in writing to the administering authority and the Scheme employer before the expiry of the period of 12 months beginning with the date on which the employee first became an active member in an employment (or such longer period as the Scheme employer and administering authority may allow).

Scheme Employer’s policy concerning the extension of the 12 month transfer application period

The Employing Authority has resolved not to extend the 12 month election period.

Regulation 21(5) – Assumed Pensionable Pay

A Scheme employer needs to determine whether or not to include in the calculation of assumed pensionable pay, any 'regular lump sum payment' received by a Scheme member in the 12 months preceding the date that gave rise to the need for an assumed pensionable pay figure to be calculated.

Scheme Employer's policy concerning inclusion of 'regular lump sum payments' in assumed pensionable pay calculations

The Employing Authority has resolved that "Regular lump sum payments" will always be included in the calculation of assumed pensionable pay

Regulation 74 – Applications for Adjudication of Disagreements *(see guidance note 9 in employer's guide)*

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.

Responsibility for determinations under this first stage of the Internal Disputes Resolution Procedure (IDRP) rests with "the adjudicator" as named below by the Scheme employer:

Name: Joseph Holmes
Job Title: AD Finance & Audit Section sec 151
Full Address:
Post Code:
Tel No:

Adjudicator's Signature: _____

Date: _____

Or alternatively:

Name:
Job Title:
Full Address:
Post Code:
Tel No:

Adjudicator's Signature: _____

Date: _____

APPENDIX B – EMPLOYER DISCRETIONS: INJURY ALLOWANCE
Formulation of COMPULSORY policy in accordance with Regulation 14 of the
Local Government (Discretionary Payments) (Injury Allowances) Regulations
2011

Regulation 3 - Reduction in remuneration

Whilst an employee is receiving reduced pay as a direct result of an injury or disease contracted in the course of carrying out their employment, a relevant employer may consider paying the employee an allowance while the reduction in pay continues.

The relevant employer shall from time to time determine whether the employee should be entitled to continue to receive the allowance.

Any allowance payable must be paid directly by the relevant employer and, when added to the value of the reduced pay being received by the employee, must not be of a value that means the employee receives total pay in excess of the pay that they would normally expect to have received but for their injury or disease.

Employer's policy concerning the award of an allowance due to reduction in remuneration

The Employing Authority has resolved not to adopt this discretion

Regulation 4 – Loss of employment through permanent incapacity

Where an employee ceases employment due to permanent incapacity as a direct result of injury or disease contracted in the course of carrying out their employment, a relevant employer may consider paying the employee an allowance not exceeding 85 per cent of the employee's annual rate of remuneration at the point the employment ceased.

The relevant employer shall from time to time determine whether the employee should be entitled to continue to receive the allowance.

Any allowance payable must be paid directly by the relevant employer and, where the employee was receiving no pay or reduced pay at the time the employment ended because of absence, the employer must assess the remuneration on the basis of the pay the employee would have received but for being absent.

The relevant employer may suspend or discontinue the allowance if the (former) employee secures gainful employment (paid employment for not less than 30 hours in each week for a period of not less than 12 months).

Employer's policy concerning the award of an allowance due to loss of employment

The Employing Authority has resolved not to adopt this discretion

Regulation 6 – Allowances for pensioners

Where an employee ceases to be employed in a relevant employment and immediately before so ceasing was entitled to an allowance under regulation 3, and regulation 4 does not apply, but they become entitled to a retirement pension under the Local Government Pension Scheme Regulations, the relevant employer may pay an allowance of an amount not exceeding the annual rate by which the retirement pension may fall short due to their remuneration having been reduced as a result of their injury or disease.

Employer’s policy concerning the award of an allowance to a pensioner member

The Employing Authority has resolved not to adopt this discretion

Regulation 7 – Death benefits

Where an employee dies as a direct result of injury or disease contracted in the course of carrying out their employment, a relevant employer may consider paying an annual allowance or a lump sum to a surviving spouse, civil partner, nominated co-habiting partner, or dependant (as defined in paragraphs 4 and 5 of regulation 7)

The annual allowance or lump sum is to be paid directly by the employer and is to be of such an amount as the employer may determine from time to time.

An allowance to a dependant (“an eligible child”) shall continue for such period as the employer may determine.

Employer’s policy concerning the award of an allowance or lump sum following death

The Employing Authority has resolved not to adopt this discretion

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