

**Local Government Pension Scheme Review of Discretionary Powers under
the LGPS Regulations 2014**

Discretion	Existing Policy
<p>1. On request retirement An employee aged 55 or over with two or more years of pensionable membership may request retirement with immediate payment of benefits.</p> <p>Under the 2014 scheme, employer's consent is no longer required if aged between 55 and up to 60. A number of employees are protected from actuarial reductions by the 85 year rule -where age and service in full years add up to 85.</p> <p>Pensions paid under these circumstances may be subject to a reduction depending on the total pensionable membership accrued. The employer may waive the reduction on compassionate grounds.</p>	<p>No automatic "switching on" of the 85 year rule for retirement under the age of 60.</p> <p>Otherwise, each case to be considered on its own merits by the ER/R Committee taking account of :-</p> <ul style="list-style-type: none"> • The financial viability of the case; • The effect on Council services; • Any compassionate ground which could justify waiving the actuarial reduction.
<p>2. Waiving Actuarial Reductions From April 2014, an employer has the power to waive actuarial reduction of LGPS benefits on any grounds although for employees qualifying under the 85 year rule, some parts of the pension may only be waived on compassionate grounds.</p>	<p>Restricted to compassionate grounds only as part of the consideration of the merits of the individual case by the Early Retirement / Redundancy Committee.</p>
<p>3. Augmentation Augmentation is the power that employers have to award extra periods of LGPS membership totalling up to 10 years at any time during an employees' pensionable membership.</p>	<p>No augmentation scheme should be introduced.</p>
<p>4. Additional Pension Employers have the power to award additional pension of up to £5,000 per year payable from the date pension is payable under any other provision in the regulations.</p>	<p>No awards of additional pension should be made.</p>
<p>5. Shared Cost Additional Voluntary Contribution (AVC) schemes The employer has the discretion to contribute towards the AVC scheme which operates in the same way as the standard employee schemes.</p>	<p>No shared cost AVC scheme should be introduced.</p>

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<p>6. Shared Cost Additional Pension Contribution (APC) schemes Employees can choose to make Additional Pension Contributions. There is an option for the employer to share the costs.</p>	<p>No shared cost APC scheme to be introduced.</p>
<p>7. Flexible retirement The regulations allow flexible retirement where staff aged between 55 and up to 75 may receive their pension and continue in employment. This would require a reduction to working hours or grade. The pension benefits paid would be reduced but the employer has the discretion to waive the reduction by making a payment into the pension fund.</p>	<p>Determined by ER/R Committee on a case-by-case basis in line with regulations. Applications for flexible retirement will only be considered where there is a financial or operational benefit to the Council; Applications for flexible retirement will be considered on the basis of the individual merit; Applications must result in a reduction of hours worked of at least 40% or a reduction in salary/grade of at least 40% or a combination of hours/salary/grade leading to a reduction of at least 40% in employment costs. Reductions to grade as a result of job evaluation would not be eligible. Applications must be supported by the Directorate, with a full business case outlining all operational and financial issues; The business case would require the approval of the Head of HR and Head of Finance plus the Managing Director in the case of applications from Chief Officers.</p>
<p>8. Suspension of compensatory pension on remarriage The Council has the discretion to suspend either a widow's or widower's pension of a person who ceased employment prior to 1 April 1998 and who remarries or co-habits after that date.</p>	<p>Suspension rules should not apply to those who ceased employment prior to 1 April 1998.</p>
<p>9. The power to grant lump sum compensation of up to 104 weeks. The Council has the discretion to pay up to a maximum of 104 weeks pay to eligible employees. Decisions on eligibility for voluntary redundancy and access to enhanced redundancy payments and / or retirement benefits and severance on grounds of efficiency of the service need to be based on criteria which properly reflect the interests of the Council balanced with the interests and aspirations of staff who may wish to leave. These payments are inclusive of any payments allowed under the statutory redundancy provisions.</p>	<p>In respect of redundancy, to award the number of weeks payable in accordance with the statutory redundancy table with the application of a factor of 1.7. – i.e. maximum 49.5 weeks with cap of £30,000. In respect of efficiency, to award the number of weeks payable in accordance with the statutory redundancy table with the application of a factor of 1.0. – i.e. maximum 30 weeks with cap of £20,000. In determining lump sum severance payments each case is considered on its own merits taking account of :-</p> <ul style="list-style-type: none"> • Operational service issues; • The financial viability of the case; • Whether redeployment is an alternative

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<p>10. The power to increase a statutory redundancy payment The Council has the discretion to increase the statutory redundancy payment by applying up to an actual weeks pay instead of restricting to current statutory maximum.</p>	<p>Voluntary redundancy payments to be based on actual weeks pay. A ceiling of £30,000 to be applied to redundancy payments.</p>
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