



Midsomer Norton Town Council

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

LGPS 2013: REGULATION 60 - POLICY STATEMENT FOR EXERCISING DISCRETIONARY FUNCTIONS

Background

Within the LGPS 2014, there is provision in specific regulations for Midsomer Norton Town Council to make certain decisions concerning the pension benefit entitlements of its current or past scheme members.

Under Regulation 60, the Council must prepare a written statement of its policy in relation to the exercise of its functions under regulations –

- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
- (b) 30(6) (flexible retirement);
- (c) 30(8) (waiving of actuarial reduction);
- (d) 31 (award of additional pension);
- (e) 1(1)(c) of Schedule 2 of the Transitional Regulations 2014;
- (f) 2(1) of Schedule 2 of the Transitional Regulations 2014.

As an employer with a small number of members and limited resources it is likely that usage of the relevant regulations will only be made on very rare occasions. As a result all relevant decisions will be made by the Council.

This policy statement confirms the Midsomer Norton Town Council policy for all regulations covered within Regulation 60 of the LGPS Regulations 2014 as follows:

Midsomer Norton Town Council, being an employer with limited resource and few LGPS members will, as a general rule, not make use of the provisions listed above and referred to in Regulation 60.

However, in each case where these provisions need to be considered, Midsomer Norton Town Council will decide whether the circumstances of the case justify an alternative decision being made.

All decisions will be made following a report to the Council prepared by the Town Clerk or by another designated person where the matter relates to the Clerk.

The timing of this report must allow the Council to budget for any additional expenditure.

The Council will not consider using provisions to purchase or assist the purchase of additional pension where any additional costs exceed £750. This limit will not be used where any discretion being made incurs a cost that would have been made in normal circumstances.

Midsomer Norton Town Council will take the following things in to account when:

Considering any contribution towards additional pension – where the provision allows the purchase of additional pension, consideration must be given to the financial implications. However, the reason for awarding additional pension may be compassionate.

Considering allowing Flexible Retirement – consideration for this could be where the Council is considering reducing the hours of a particular post and the post-holder is interested in using this provision. It might be of mutual benefit to allow such retirement. It will usually only be considered where there is a benefit to the Council.

Considering whether to waive/forgo any actuarial reductions – the Council will consider “Why would the Council finance forgoing any or all of a reduction? Would it be beneficial to the Council?”

There are also differing criteria to consider as waiving any reduction on LGPS career average benefits can be whole or partial, whereas with pre-2014 benefits, any waiving must be the full reduction. Also, depending on what period the benefits relate to, pre-April 2014 discretionary decisions can only be made on compassionate grounds.

The decisions to be made on waiving reductions are

Benefit			Reason for decision
Care Scheme LGPS 2014	Waive reduction	Fully or partially	Any grounds
Pre-2014 benefits	Waive reduction	Fully	Compassionate grounds

Each part of the benefit is dealt with separately.

As the regulation to allow members to request payment of benefits from age 55 is part of the LGPA 2014 regulations, the protections for the rule of 85 will not automatically apply if immediate payment is made before age 60. A member aged 56 in these circumstances would suffer a reduction of at least 4 years unless the employer decides that the rule of 85 is to apply under Schedule 2, 1(1)(c).

This decision to allow can be made taking in to account all grounds but should only be used where it is shown that there is some benefit to the Council.

EXAMPLES OF WHEN AN ALTERNATIVE DECISION MAY BE JUSTIFIED MIGHT INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING:

Example 1 – a member of staff may have been employed for a long period of service and the Council may wish to reward their loyalty and as a goodwill gesture purchase some additional pension. Any such decision would be subject to the financial limit set out in this policy statement.

Example 2 – under the regulations a scheme member can elect to pay to recover pension lost during a period of absence without pay. Provided they elect within 30 days of returning to work from authorised leave of absence or child related leave, the cost of the APC contract will be split 1/3rd employee and 2/3rds employer. If they elect after the 30 day period the cost of the APC contract will be at full cost to the employee, unless the Council chooses to contribute toward the cost. There may be extenuating circumstances as to why the employee has not been able to elect (e.g. incapacitation). The Council may consider paying the same amount as if the election to pay to recover pension had been made within the 30 day period, provided that the delay in so electing can be justified.

Example 3 – an employee or deferred scheme member aged over 55 may approach the Council to see whether they might be allowed to draw their pension without reduction on compassionate grounds, as there is a need for them to look after and care for a dependant relative full time. If the decision can only be made on compassionate grounds then financial grounds cannot be used to refuse a request. It must be seen that if two people apply with the same compassionate grounds that one is not treated differently for cost reasons. Care must be taken when reaching a decision, for example in the above case, if a restriction is introduced on the grounds of compassion to, say, only terminally ill dependants, it could have adverse consequences if the dependant dies after, say, only one month, the member would still continue to get a higher pension, whereas someone caring for only an incapacitated dependant would get a reduced pension even though they may need to provide constant care for a considerable period of time, somewhat undermining the compassion given.

Adopted by Midsomer Norton Town Council – September 2014