



BODMIN TOWN COUNCIL

Employer Discretion Policy

Local Government Pension Scheme 2014

1 Overview

From 1 April 2014 the Local Government Pension Scheme 2014 was introduced, which requires each local authority to revise its published policy statement on discretionary items in relation to the Local Government Pension Scheme. Bodmin Town Council is considered to be a local authority for the purposes of these regulations.

The purpose of the statement is to manage the severance arrangements for employees where voluntary redundancy or early retirement is in the best interest of efficiency of service, whilst giving regard to workability, affordability, and reasonableness.

This Policy Statement explains how the Council will exercise the discretions available to it under the regulations. However, the Council will consider each case individually, and in exceptional circumstances may apply a different discretion (particularly where there is no other option to resolve an issue, which is not of the individual's making).

2 Regulation 17 – Shared Cost Additional Voluntary Contributions (AVC)

The employer may pay into an Additional Voluntary Contribution scheme on behalf of an individual. However, there is a requirement that the individual must also pay a contribution but this can be any proportion of the total contribution. The cost of paying into an AVC would result in an immediate charge to the employer.

POLICY DECISION

Bodmin Town Council will not exercise this option except in the following circumstances:

- *For the purpose of attracting or retaining key members of staff*

3 Regulation 30 (8) – Early Payment of Retirement Benefits – Waiving Actuarial Reduction

In cases of redundancy or efficiency, retirement benefits are payable between the age of 55 and 60. Under these circumstances the employer is required to cover the additional cost to the pension fund.

For permanent ill health there is no age restriction and no immediate additional employer cost, any additional cost is included in the following triennial actuarial valuation.

However, an employee may elect from the age of 55 to receive their benefits immediately in cases where the above criteria are not met, for example: Voluntary resignation.

The Council can agree to waive this actuarial reduction either in the full or part. However this will result in a cost to the Council.

POLICY DECISION

Bodmin Town Council does not agree to allow blanket consent to early payment of retirement benefits or waiving actuarial reductions. All requests will be referred to the Finance, Staffing and Performance Management Committee (FSPM) and assessed on

their own merit(s) taking into account factors such as:

- *Cost, service delivery and career progression*

4 Transitional Provisions Regulations – Early Payment of Retirement Benefits between age 55 and 60

Where a member retires or leaves the Council's employment after the age of 55 but before the age of 60, they may elect to draw their benefits. These benefits will be actuarially reduced.

The Council can agree to meet full or part of those reductions by 'switching on' the 85 year rule. However this would incur an immediate charge for the Council.

POLICY DECISION

Bodmin Town Council does not agree to allow blanket consent to early payment of retirement benefits. All requests will be referred to the Finance, Staffing and Performance Management Committee (FSPM) and assessed on their own merit(s) taking into account factors such as:

- *Cost, service delivery and career progression*

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

The employer may allow a member early payment of pension benefits on compassionate grounds, such as;

- Extreme financial hardship
- To provide constant care for an immediate family member

POLICY DECISION

Bodmin Town Council does not agree to allow blanket consent to early retirement on compassionate grounds. All requests will be referred to the Finance, Staffing and Performance Management Committee (FSPM) and assessed on their own merits taking into account factors such as;

- *Cost, service delivery and career progression*

In addition to this, the employer may waive (either fully or in part) the actuarial reduction. This would be taken into account at the next valuation.

POLICY DECISION

Bodmin Town Council will not exercise this discretion.

6 Regulation 30 (6) – Flexible Retirement

Active members aged 55 and over may request payment of the accrued pension benefits from the Council whilst remaining in employment, providing the member either reduces their hours or moves to a position on a lower grade.

Employees being awarded flexible retirement below normal pension age will be subject to an actuarial reduction to their benefits, however this reduction can be waived by the Council but would result in a cost to the Council.

POLICY DECISION

Bodmin Town Council does not agree to allow blanket consent to flexible retirement and drawing of pension benefits. All requests will be referred to the Finance, Staffing and Performance Management Committee (FSPM) and assessed on their own merit(s) taking in to account factors such as:

- *Cost, service delivery and career progression;*
- *Retention of experienced staff;*
- *Assisting with easing down to retirement; and*
- *To help avoid redundancies when facilitating reorganisations/re-structuring; or*

- *As an alternative to redundancy.*

7 **Regulation 31 – Increase of Pension by Employer**

The employer may award an additional pension which must not exceed £6,675 a year.

The regulations stipulate that no survivor benefits are payable on this additional pension.

This award may be paid in addition to any increase received under Regulation 12 above. The full cost of this must be paid by a one-off payment.

Consideration: Granting this discretion will result in an immediate increase to an employee's pension benefits. This could increase the employees benefit growth in that scheme year above the annual allowance limit, which could result in an additional tax liability for the employee.

POLICY DECISION

Bodmin Town Council will not exercise this discretion, except in the following circumstance:

- *For the purpose of attracting or retaining key members of staff;*

8 **Regulation 100 – Transfer of Service into the LGPS**

Employees joining the scheme have 12 months in which to request the transfer of pension benefits from a previous employment. In exchange for a payment the employee is awarded a period of Pensionable service (calculated in accordance with their age, sex and rate of pay).

The employer and the Administrating Authority (Cornwall Council) may extend the 12 month time limit for requests to transfer pension benefits.

Consideration: This may have adverse cost implications for the Council, allowances should be made for future investment return, price inflation and normal pension age.

POLICY DECISION

Bodmin Town Council will accept transfers of pension beyond the 12 month deadline, but only where there is no financial implications to the Council, and subject to the agreement of the Administrating Authority.

If you are unhappy with the Employers Decision

If an employee is unhappy with the employers decision they have the ability to invoke the scheme's Internal Disputes Resolution Procedure (IDRP) or refer the matter to the Pensions Ombudsman for determining.

9 **Review and Amendment of Regulations**

This policy will be reviewed regularly and amended as necessary based on good practice or evidence taken forward. All revisions must be approved by the Finance, Staffing and Performance Management Committee.

10 **Alternative Formats**

Equality Act 2010 – copies of this document in large print (A3 Format) or larger font size, or recorded onto tape as a 'talking book' can be made available for those with sight impairment on request from the Council Office or by telephoning 01208 76616 or e-mailing anne.banks@bodmin.gov.uk

The Council can also arrange to provide versions in other languages.

11 **Freedom of Information**

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Council's Website www.bodmin.gov.uk

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12 **Abbreviations**

LGPS – Local government Pension Scheme