



# **THE LOCAL GOVERNMENT PENSION SCHEME DISCRETIONARY POWERS**

## **Statement of Policies of Newcastle-under-Lyme Borough Council**

## **Introduction**

This document sets out the policies of Newcastle Borough Council in relation to exercising its discretions as an employer in accordance with the following Local Government Pension Scheme (LGPS) Regulations for active members and deferred benefit members and Councillor Members.

It sets out the areas of discretion where a policy statement is mandatory in accordance with the following Regulations.

### **A policy statement must be formulated and published in accordance with:**

- Regulation 60 of the Local Government Pension Scheme Regulations 2013
- Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008
- Paragraph 2(2) of schedule 2 Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- Regulation 106 of the Local Government Pension Scheme Regulations 1997

### **And Discretions under:**

- The Local Government Pension Scheme Regulations 2013 (prefix **R**)
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 (prefix **TP**)
- The Local Government Pension Scheme (Administration) Regulations 2008 (prefix **A**)
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (as amended) 2007 (prefix **B**)
- The Local Government Pension Scheme Regulations 1997 (as amended) (prefix **L**)

## **PART 1**

**Discretions from 01.04.2014 in relation to post 31.03.2014 active members of the Local Government Scheme and post 31.03.2014 leavers (excluding councillor members)**

**In accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013**

**In accordance with The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014**

**LGPS Regulations 2013 R16 (2) (4): Contribute to a shared cost additional pension contribution scheme (APC)**

The Borough Council does not intend to use this power at this time.

**LGPS Regulations 2013 R30 (6): Flexible Retirement**

Newcastle Borough Council, as employing authority, will allow the immediate payment of benefits to an employee who:

- (a) is a member of the Local Government Pension Scheme and satisfies the general qualification for benefits
- (b) is aged at least 55, and
- (c) has the agreement of his/her employing Directorate to reduce his/her hours of work and/or rate of pay in the post in which they are employed.

This would be subject to:

- (a) the employing Directorate being able to demonstrate a business case for allowing flexible retirement
- (b) a reduction in the costs of employing the person of at least 40%, and
- (c) the costs of the retirement remaining within the budget of the division concerned.

If the payment of benefits takes effect before the members normal pension age, benefits payable may be reduced in accordance with the guidance issued by the Government Actuary.

Where a request for release of retirement benefits under this provision has been refused, no further application under the provision may be considered until the following financial year.

Any reduction in pay/grade and/or hours will constitute a permanent change to the employee's contract of employment.

**LGPS Regulations 2013 R30 (8):**

**Waive all or part of the actuarial reduction on benefits which a member voluntarily draws before normal pension age (including Flexible retirement)**

The Borough Council will not normally use this discretion, however, it may be exercised in exceptional circumstances or compassionate grounds and only if the increase in cost incurred remains within budget.

## **PART 1 Continued**

### **LGPS (TP) Regulations 2014 TP Sch2 (2):**

**To “switch on” the 85 year Rule for a member who voluntarily draws benefits on or after age 55 and before age 60**

The Borough Council will not normally use this discretion, however, it may be exercised in exceptional circumstances or compassionate grounds and only if the increase in cost incurred remains within budget.

### **LGPS Regulations 2013 R31:**

**To award additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (maximum amount £6,675 per annum with effect from 01.04.2015, to increase each subsequent April in line with the Pensions (increase) Act 1971)**

The Borough Council will not use this discretion where a LGPS member is dismissed on the grounds of redundancy and that person is entitled to a redundancy payment.

## **PART 2**

**Discretions in relation to scheme members of the Local Government Pension Scheme who ceased active membership on or after 01.04.2008, but before 01.04.2014 (excluding Councillor Members)**

**The Local Government Pension Scheme (Administration) Regulations 2008 (prefix A)**

**The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (as amended) 2007 (prefix B)**

**LGPS (Benefit) Regulations B12:**

**To allow a member leaving on the grounds of redundancy or business efficiency on or before 31.03.2014 to augment membership**

The Borough Council will only use this power where a LGPS member is dismissed on the grounds of redundancy and that person is entitled to a redundancy payment.

Newcastle Borough Council, as employing authority, may award lump sum compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. At the member's request, the Borough Council will, as an alternative to this compensation payment, allow the member to receive a period of increased LGPS membership (not exceeding 10 years) under the above Regulation which will be assessed having regard to the capital value of the lump sum compensation otherwise payable, and in accordance with the factors supplied by the Fund Actuary.

The resolution to do so would have to be made within 6 months of the leaving date.

(This discretion is spent after 30 September 2014)

**LGPS (Benefit) Regulations B30 (2):**

**To allow an application for early payment of deferred benefits on or after age 55 and before age 60**

If a Scheme member elects under Regulation 30 (2) of the Benefits Regulations to receive immediate payment of deferred benefits, being age 55 or over but below age 60, Newcastle Borough Council, as employing authority, will not normally give consent under this Regulation.

The Borough Council will not normally use this discretion, however, it may be exercised in exceptional circumstances or compassionate grounds and only if the increasing cost incurred remains within budget.

Applications must be made to the Executive Director (Resources & Support Services).

If consent is given, the pension benefits would be reduced as appropriate in accordance with guidance issued by the Government Actuary.

## **PART 2 Continued**

### **LGPS (Benefit) Regulations B30 (5):**

#### **To waive the actuarial reduction applied to deferred benefits paid early under B30 on compassionate grounds**

The Borough Council will not normally use this discretion, however, it may be exercised in exceptional circumstances or compassionate grounds and only if the increase in cost incurred remains within budget.

Applications must be made to the Executive Director (Resources & Support Services)

### **LGPS (Benefit) Regulations B30 A (3):**

#### **To allow an application for early payment of a suspended Tier 3 ill health pensions on or after age 55 and before age 60**

If a scheme member who has had a Tier 3 ill-health pension cancelled under regulation 20(9) and is classed as a pensioner member with deferred benefits elects under Regulation 30A (3) to receive immediate payment of the deferred benefits, being age 55 or over but below age 60, Newcastle Borough Council, as employing authority, would not normally use this discretion, however, it may be exercised in exceptional circumstances or compassionate grounds and only if the increase in cost incurred remains within budget.

Applications must be made to the Executive Director (Resources & Support Services).

If consent is given, the pension benefits would be reduced as appropriate in accordance with the guidance issued by the Government Actuary.

### **LGPS (Benefit) Regulations B30 A (5)**

#### **To waive the actuarial reduction applied to benefits paid early under B30A on compassionate grounds**

The Borough Council will not normally use this discretion, however it may be exercised in exceptional circumstances or compassionate grounds and only if the increase in cost incurred remains within budget.

Applications must be made to the Executive Director (Resources & Support Services).