



Tamar Bridge and Torpoint Ferry Joint Committee

Employer Discretions Policy

Local Government Pension Scheme (LGPS) 2014

November 2014 (draft)

Summary

This document sets out Tamar Bridge and Torpoint Ferry Joint Committee's (TB&TFJC) policy on exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

The default position is that TB&TFJC will not utilise the discretions in the LGPS 2014 where there is a cost to the organisation. However, exceptionally, where it is in the financial interests of the TB&TFJC to do so, and there is a tangible and specific organisational benefit, the policy allows for the payment of discretionary benefits in cases of early retirement and the award of additional pension.

The policy also provides for early retirement on compassionate grounds in exceptional circumstances or flexible retirement where there is a benefit to TB&TFJC.

Finally the policy allows the General Manager to request the Pensions Manager in Cornwall Council to extend the 12 months limit for allowing active members to transfer benefits from previous pensionable employment into the Pension Fund where it is determined that maladministration has occurred.

Distribution

This policy has been the subject of consultation with the trade union and will be shared with all staff and Cornwall Pension Fund administering authority

Context

This Policy replaces any previous employer discretions policy adopted by TB&TFJC. The policy satisfies the requirement to formulate, publish and keep under review a policy statement to take account of the new discretions under the LGPS 2014.

Background – why this policy is needed

This policy is needed to explain whether and in what circumstances TB&TFJC will exercise any discretions under the Local Government Pension Scheme 2014 and to set out the approval process for decision making.

All local government employers are required to review and update their policy to take account of the changes introduced as part of the LGPS 2014.

Objectives – what the policy aims to achieve

This policy is intended to set out the policy position and clarify the limited circumstances and the related approval process where TB&TFJC might exercise its discretions under the LGPS 2014 in favour of the employee.

The exercise of any of the available discretions in favour of an employee will result in additional pension costs for TB&TFJC.

The default position is that TB&TFJC will not grant additional pension benefits under the LGPS 2014 except where it is essential to do so in order to facilitate a tangible and specific organisational benefit and the additional pension costs are recovered within a 3 year period or where TB&TFJC considers it appropriate to exercise its discretion on compassionate grounds.

Scope

The policy covers all staff of TB&TFJC who are in the pension scheme.

Any discretion in respect of the General Manager's post will be determined by The Strategic Director for Place in Plymouth City Council and the Corporate Director, Economy, Enterprise and Environment in Cornwall Council.

Any discretion in respect of the Business Manager's post this will be determined by the General Manager and the HR Advisor, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

Discretions

A Shared Cost Additional Voluntary Contributions (AVC)(Regulation 17)

AVCs allow any active employee to increase their main scheme benefits by making regular monthly payments direct from their salary to an insurance policy the pension fund holds. These payments accumulate and are payable in the form of a pension and lump sum along with the main LGPS benefits when the employee retires. TB&TFJC's policy is not to contribute to any employee's AVC.

B Early payment of retirement benefits – Waiving Actuarial Reduction (Regulation 30(8))

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. Whilst the default position is that the pension benefits payable will be subject to an actuarial reduction, TB&TFJC may elect to waive any actuarial reduction for early retirement where a financial saving can be

achieved within 3 years and there is a benefit to TB&TFJC. This may also be applied in respect of item D below (early retirement on compassionate grounds).

The General Manager of TB&TFJC is authorised on behalf of the Joint Committee to exercise the discretion in the circumstances described above subject to consultation with the Business Manager, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

Costs of early release of pension will be reported to the Joint Committee.

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

For those employees who were previously able to access unreduced benefits before the age of 60, the LGPS 2014 Regulations automatically provide for the 85 year rule to be “switched off” as the discretion to retire early now rests entirely with the employee. This change results in a reduction to all of the employee’s benefits if retirement is before the age of 60. This change, of course, means that retirement of long-serving employees before the age of 60 is not now associated with additional cost to the employer.

TB&TFJC will not “switch on “ the 85 Year Rule for early retirement unless it is in the financial interests of the TB&TFJC to do so with financial costs recovered within 3 years.

The General Manager is authorised on behalf of the Joint Committee to exercise the discretion in the circumstances outlined above subject to consultation with the Business Manager, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

D Early Retirement on Compassionate Grounds (Regulation 30 (5) of 2008 Regulations)

TB&TFJC may permit early retirement on compassionate grounds in exceptional circumstances. These circumstances might include extreme financial hardship or the need to give up work in order to provide constant care for an immediate family member. The employee must be over 55 years of age for this to be considered.

The General Manager is authorised on behalf of the Joint Committee to exercise the discretion in the circumstances described above subject to consultation with the Business Manager, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

E Flexible Retirement (Regulation 30(6))

TB&TFJC may permit flexible retirement only where there is a benefit to the TB&TFJC (either financial and/or operational) and where the employee's reduced level of earnings together with his or her pension does not exceed his or her pre-retirement earnings.

The TB&TFJC will not waive any actuarial reduction to an employee's pension benefits in these circumstances.

Any pension costs incurred by the employee's service must be recovered within a period of no more than three years.

The General Manager is authorised on behalf of the TB&TFJC to exercise the discretion in the circumstances described above subject to consultation with the Business Manager, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

F Increase of Pension by Employer (Regulation 31)

The award of additional pension is not granted except when it is essential to do so in order to facilitate a tangible and specific organisational benefit.

The General Manager is authorised on behalf of TB&TFJC to exercise the discretion in the circumstances described above subject to consultation with the Business Manager, subject to any initial cost being below £50,000. Costs of £50,000 or more must be reviewed and approved by the appropriate Corporate Directors of Cornwall Council and Plymouth City Council.

G Transfer of Service into the LGPS (Regulation 100)

The General Manager is authorised to request the Pensions Administration Manager in Cornwall Council to extend the 12 month time limit for allowing active members to transfer benefits from previous pensionable employment into the LGPS where it is determined that maladministration has occurred as a result of affected employees not having been given any or sufficient details about the pension scheme or transfer option.

Management of policy

The General Manager is responsible for implementing and managing the policy. Breaches of the policy may be dealt with under TB&TFJC's disciplinary procedure.

Significant impacts associated with the policy will be reported to TB&TFJC.

Evaluation and Review

This policy will be reviewed within 12 months following implementation.

Date policy adopted

Date for review of policy