

Policy - Local Government Pension Scheme Discretions and Banding

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Version control

This document is subject to regular review due to legislative and policy changes. The latest versions of all our publications can be found on our website. Before contacting us about the content of this document, we recommend that you refer to the most recent version on the website and any relevant guidance.

Version	Date approved	Approved by	Notes / changes
v1.2	22/06/18	agreed at cabinet	Changes in accordance with LGPS (Amendment) Regulations 2018 to deferred members accessing their pensions without consent from former employers with actuarial reductions being applied when necessary
v1.3	01/02/22	David Kennedy	Reformatting
v1.4	01/06/2024	Sophie Vaughan	Policy checked to ensure compliance with the LGPS required discretions

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What is this Policy?

Discretions Policy

The regulations of the Local Government Pension Scheme require every employer, under Regulation 60(1) of the LGPS(Administration) Regulations 2013 and Regulation 66(1) of the LGPS (Administration) Regulations 2007 to:

- issue a written policy statement on how it will exercise the various discretions provided by the scheme,
- keep it under review and
- revise it as necessary.

This document meets these requirements stating the regulation requirement and the organisation decision on these.

These discretions are subject to change, either in line with any change in regulations or by due consideration by the council. These provisions do not confer any contractual rights.

Contribution Banding Process

Denbighshire County Council will determine the employee's pensionable pay contribution banding on the 1st April each year in accordance with Regulation 9(3) of the LGPS Regulations 2013.

Each April contribution banding will be allocated as follows:

- Current Relief / Casual Employees band allocation will be based on their actual pensionable earnings from the previous financial year.
- Current employees will be allocated by their contractual salary on the 1st April and will include additional hours worked in the previous financial year. This will be annualised for staff who do not have a whole years' service.
- New starters after April will be allocated by their contractual salary and relief / casual will be allocated to the lowest band. (currently 5.5%)

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- Employees who participate in a salary sacrifice scheme that is not recognised by the Local Government Pension Scheme (e.g. Car Sacrifice Schemes) will have their contributions calculated on their reduced salary. Childcare Vouchers, Salary Sacrifice Shared Cost Additional Voluntary Contributions or Cycle to Work are not affected as they are currently recognised by Local Government Pension Scheme.

Details of the percentages and salary band ranges that decide the pension contributions that members pay can be found on the Clwyd Pensions website.

LGPS Regulations 2013 Regulation 30(6) 30(8) – Flexible Retirement

A member of the pension scheme who has attained the age of 55 and with his/her employer's consent, reduces the hours he / she works, or the grade in which he/she is employed, may make a request in writing to the Pension Fund to receive all or part of his/her benefits under the Benefits Regulations. However, payment of the benefits cannot be made without the employer's consent.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction.

Statement of Policy

Any employee request for flexible retirement will be considered on a case by case basis on its own merits following full consideration of all financial and service delivery implications. The reduction should be a minimum of 20% of their current salary and the employee must retire fully within 2 years of taking flexible retirement.

Denbighshire has the discretion to waive in full or in part any employee actuarial reductions. Where there is a capital cost to the employer it is unlikely that the request will be agreed unless these costs can be offset by financial savings. Each case will be decided based upon its individual merits.

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This does not preclude younger employees under 55 years of age requesting flexible working but without the payment of their retirement benefits.

Review - The council may review its policy at any time.

LGPS (Benefits, Membership and Contributions) Regulations 2013 Regulation 30(5), 30(8), 30A(3) - Early Payment of Pension Benefits at the Request of the Employee.

When a member of the pension scheme leaves employment before he/she is entitled to the immediate payment of retirement benefits, once they have attained the age of 55 they may choose to receive payment of them immediately without consent from his/her employer, and their retirement benefits will be actuarially reduced.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction on compassionate grounds.

The council can grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60 made under regulation 30A(3).

It is the policy of Denbighshire County Council to consider each case to waive any reduction of benefits on its own merits if there are compelling and/or compassionate reasons to do so. Otherwise, actuarial reductions will apply to the person's accrued pension benefits to take account of the fact that the benefits are being voluntarily drawn early.

Review - The council may review its policy at any time.

LGPS Regulations 2013 Regulation 17 (1) – Shared Additional Voluntary Contributions

Where the member's employing authority contributes to the scheme, the additional voluntary contributions arrangement is to be known as a shared cost additional voluntary contributions arrangement and contributions to it as "SCAVCs".

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Statement of Policy

Denbighshire County Council will not put any additional contributions towards a shared cost additional voluntary contributions scheme.

Review - The council may review its policy at any time.

Amended LGPS (Transitional Provisions, Savings and Amendment)

Regulations 2018 Schedule 2 – 85 Year Rule

“The ‘85 Year Rule’, where members whose age plus length of membership in the current and earlier schemes is equal to 85 years or more can be activated for individual members prior to age 60. In the case of Early Retirement, the cost of which can be waived in full or in part, by the employer.

It provides that members between the ages of 55 and 59 who choose to take early pension under the 1997 and 2007 Regulations, may also benefit from the ‘rule of 85’ with their employer’s consent.”

Denbighshire County Council has the discretion to waive reductions in full, or in part, and will consider each case on its own merits with a full business case to be approved by the Head of Service, Head of Finance/Section 151 and Head of Corporate Support Services – People.

Review - The council may review its policy at any time.

LGPS Regulations 2013 Regulation 100(6) – Transfer of Pension Rights

If a scheme member wishes to transfer a previous pension benefits into the LGPS he/she must opt to do so within 12 months of joining the LGPS or such longer period as the employer may allow.

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Statement of Policy

Denbighshire County Council will not consider extending the time limit for a transfer in of previous pension rights which is more than twelve months after joining.

LGPS Regulations 2013, Regulation 31 – Awarding Additional Pension

This regulation allows an employer to resolve to award a member additional pension of not more than £6500 a year (As at 01/04/14, increases annually) payable from the same date as their pension is payable under any other provisions of the Regulations.

The Council can augment a member's service made through redundancy or business efficiency within 6 months of ceasing as an active member.

Statement of Policy

Denbighshire County Council will not award additional pension nor augment service for leavers.

Review - The Council may review its policy at any time.

LGPS Regulations 2013, Regulation 16(2)(e) & (4)(f) – Shared Cost Additional Pension Contributions

This regulation allows the employer to contribute towards the cost of the employee purchasing additional pension contribution (APC).

Statement of Policy

Denbighshire County Council will not contribute towards the cost of the employee purchasing additional pension.

Review - The Council may review its policy at any time.