

Pension Discretion Policy Statement LGPS 2015

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Governance Committee		Date approved	
Review date			

Strategic Alignment
Improving the Council's Resource Base – A Workforce Strategy that is built around the needs of the Council (as a single resource base) to deliver the priority outcomes, ensuring future workforce requirements, new skills and innovative approaches, and succession planning are recognised.

Consultation process		
Stakeholders	Contacts identified for each service	
	<i>Joint Trade Unions</i>	
Distribution		

Change record

Date	<i>28/02/2019</i>	Author	<i>Employee Relations Team, EmployeeRelationsTeam@northlan.gov.uk</i>
Change made	<i>New format</i>		

We are aware of our obligations under:

- regulation 58 of SSI 2014 No.164, the LGPS (Scotland) Regulations 2014
- paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014
- regulation 61 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 (in respect of leavers between 1 April 2009 and 31 March 2015)
- regulation 105 of the Local Government Pension Scheme (Scotland) Regulations 1998 (in respect of leavers between 1 April 1998 and 31 March 2009)

Table 1 details our discretions from 01 April 2015 in relation to post 31 March 2015 active members and post 31 March 2015 leavers.

Table 2 details our discretions in relation to scheme members who ceased active membership on or after 01 April 2009 and before 01 April 2015.

Table 3 details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) in relation to pre 01 April 2009 scheme leavers.

Table 4 details our discretions under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended).

TABLE 1

The following table details our discretions from 01/04/15 in relation to post 31/03/15 active members and post 31/03/15 leavers, being discretions under:

- the Local Government Pension Scheme (Scotland) Regulations 2014 [prefix **R**]
- the Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014 [prefix **TP**]

Regulation	Discretion	Employer's policy on the exercise of this discretion
R16(2)(e) & R16(4)(d)	Whether, to contribute towards the cost of a member purchasing additional pension via a Shared Cost Additional Pension Contribution	North Lanarkshire Council will not normally fund a Shared Cost Additional Pension Contribution when an active member enters voluntarily into an Additional Pension Contribution (APC) arrangement.
R29(6) & TP11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade on or after age 55 (flexible retirement)	North Lanarkshire Council will not exercise this discretion.
R29(8) and TPSch 2, para 2(1)	Whether to waive, in whole or in part, any actuarial reduction on benefits paid on flexible retirement. Note: any resultant strain cost from the exercise of this discretion will be charged to the employer regardless of the member's age at date of retirement.	North Lanarkshire Council will not exercise this discretion.
R29(8) and TPSch 2, para 2(1)	Whether to waive on compassionate grounds, in whole or in part, any actuarial reduction on benefits paid early to active or deferred members Note: any resultant strain cost from the exercise of this discretion will be charged to the employer regardless of the member's age at date of retirement.	North Lanarkshire Council will not generally waive the actuarial reduction applied to benefits paid which a member voluntarily draws before normal pension age. North Lanarkshire Council may consider waiving the actuarial reduction on compassionate grounds. Each case will be considered on its individual merits and what constitutes compassionate grounds may vary in each case. Financial hardship of itself will not be considered as compassionate grounds.

R29(8)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age, other than on the grounds of flexible retirement (where the member only has post 31/3/15 membership) Note: any resultant strain costs due to the exercise of this discretion will be charged to the employer regardless of the employee's age.	North Lanarkshire Council will not generally waive the actuarial reduction applied to benefits paid early. North Lanarkshire Council may consider exercising that discretion where it can be justified in terms of a sound business case or where other exceptional circumstances arise that make payment of those benefits justifiable. Each case will be considered on its individual merits.
TPSch 2, paras 1(2) and 2(1)	Whether to apply the 85 year rule (i.e. where a member's age and years of service equals 85) for a member voluntarily drawing benefits, with employer consent, on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	North Lanarkshire Council will not have a general policy of applying the 85 year rule for a member voluntarily drawing benefits, with employer consent, on or after age 55 and before age 60 but will consider requests on a case by case basis. Where the Council does not apply the rule of 85, the member's pension will be actuarially reduced to cover the strain on the fund cost. Where the Council does apply the rule of 85 the Council will meet the strain on the fund cost.
TP3(1), TPsch 2, para 2(1)	Whether to waive, in whole or in part, any actuarial reduction on pre and post April 2015 benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/15 and post 31/3/15 membership and is subject to the 85 year rule)	North Lanarkshire Council will not have a general policy of waiving any actuarial reduction on pre and post April 2015 benefits which a member voluntarily draws before normal pension age but will consider requests on a case by case basis.
TP3(1), TPsch 2, para 2(1) and B30(5)	Whether to waive on compassionate grounds any actuarial reduction on pre April 2015 benefits and to waive, in whole or in part, any actuarial reduction on post April 2015 benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/15 and post 31/3/15 membership and is not subject to the 85 year rule)	North Lanarkshire Council will not generally waive the actuarial reduction applied to benefits paid which a member voluntarily draws before normal pension age. North Lanarkshire Council may consider waiving the actuarial reduction on pre April 2015 benefits on compassionate grounds. Each case will be considered on its individual merits and what constitutes compassionate grounds may vary in each case. Financial

		hardship of itself will not be considered as compassionate grounds. North Lanarkshire Council will not have a general policy of waiving the actuarial reduction on post April 2015 benefits. Each case will be considered on a case by case basis taking into account the interests of the business or any compassionate grounds.
R30	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £5,000 p.a.)	North Lanarkshire Council will not grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £5,000p.a.)

Glossary of terms for the April 2015 scheme

NPA	Normal Pension Age means the employee's State Pension age at the time the employment is terminated, but with a minimum age of 65
APC	Additional Pension Contribution currently up to a maximum of £6,500 can be bought by a member either by a one off payment or by a lump sum
SCAPC	Shared Cost Additional Pension Contribution is where the employer agrees to contribute to the cost of an additional pension contribution being made by an employee
CARE	The pension scheme is now a Career Average Revalued Earnings Scheme. It is still a defined benefit scheme but benefits built up from 1 April 2015 are worked out using the member's pay each scheme year rather than final salary.

TABLE 2

The following table details our discretions in relation to scheme members who ceased active membership on or after 01/04/09 and before 01/04/15, being discretions under:

- the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 (as amended) [prefix **B**]

Regulation	Discretion	Employer's Policy on the exercise of this discretion
B12	Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31 March 2015, to augment membership (by up to 10 years). The resolution to do so would have to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30 September 2015	North Lanarkshire Council will not augment membership of a scheme member who ceased active membership on or after 1 April 2009 and before 1 April 2015 by up to 10 years.
B30(2)	Whether to grant application for early payment of benefits on or after age 50/55 and before age 60	North Lanarkshire Council will not have a general policy of granting early payment of deferred benefits on or after age 50/55 and before age 60 but requests will be considered on compassionate grounds on a case by case basis. Financial hardship of itself will not be considered as compassionate grounds.

TABLE 3

The following table details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) in relation to pre 01/04/09 scheme leavers.

Regulation	Discretion	Employer's policy on the exercise of this discretion
30(2)	Grant application from a post 31/03/98 / pre 01/04/09 leaver for early payment of benefits on or after age 50 and before age 60	North Lanarkshire Council will not have a general policy of granting early payment of benefits on or after age 50/55 and before age 60 to a post 31 March 1998/ pre 1 April 2009 leaver, but will consider requests on a case by case basis. North Lanarkshire Council will only exercise this discretion to employees based on compassionate grounds. Financial hardship of itself will not be considered as compassionate grounds.
30 (5)	Waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post 31/03/98 / pre 01/04/09 leaver Note: any resultant strain cost from the exercise of this discretion will be charged to the employer regardless of the member's age at date of retirement	North Lanarkshire Council will not generally waive the actuarial reduction applied to benefits paid early under regulation B30(2) above. North Lanarkshire Council may consider waiving the actuarial reduction on compassionate grounds. Each case will be considered on its individual merits and what constitutes compassionate grounds may vary in each case. Financial hardship of itself will not be considered as compassionate grounds.
30 (7A)	Pre 01/04/09 optants out only to get benefits paid from Normal Retirement Date (NRD) if employer agrees	North Lanarkshire Council will only agree to benefits being paid to pre 01 04 09 optants out from NRD where no strain on the fund cost is incurred.

TABLE 4

The following table details our discretions under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)

D 4 (1)	Power to increase statutory redundancy payments above statutory weekly pay limit	North Lanarkshire Council will increase statutory redundancy payments above the statutory weekly pay limit and base these on the amount of the full weekly pay.
D 8(1)	Decision on whether to award compensatory added years to an individual on retirement on efficiency / redundancy Grounds	North Lanarkshire Council will award compensatory added years to either a maximum of 6 2/3 or 10 years, depending on the individual's age and length of pensionable service.
D 35	Decision to award up to 104 weeks compensation instead of compensatory added years	North Lanarkshire Council will not exercise the discretion to award up to 104 weeks instead of compensatory added years. North Lanarkshire Council will award up to a maximum of 66 weeks compensation instead of compensatory added years.