

Local Government Pensions Scheme (LGPS) 2014

Sefton M.B.C Policy Statement on the use of its Discretionary Powers

The Local Government Pension Scheme (Amendment) Regulations 2018, Regulations 2013, the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 and the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2008 requires all scheme employers to formulate, publish and keep under review a written policy statement on how they will apply their discretionary powers in relation to certain provisions in the LGPS.

This policy statement will comply with the regulations relating to the Local Government Pension Scheme (LGPS) and the options for Early Retirement. It defines the employer's discretions in the regulations and clarifies the Council's approach to different retirement options.

This policy statement applies to all members of staff who are eligible to be members of the Local Government Pension Scheme, as defined in the regulations.

The policy reflects changes following the introduction of The Local Government Pension Scheme (Amendment) Regulations 2018. This policy does not confer contractual rights and the Council retains the right to review and amend it at any time. The terms of this Policy Statement reflect the Regulations at the time of writing. The statement will be updated in the event of future changes.

LGPS (amended) regs 2018

LGPS regs 2013 (prefix R)

LGPS regs (Transitional Provisions) 2014 (prefix TP)

LGPS regs 2008 (administration) (prefix A)

LGPS regs 2007 (prefix B)

LGPS regs 1997, regs 1995 (prefix L)

POLICY STATEMENT

COMPULSORY ITEMS:	
Early Payment of Pension	Council Policy:
Regulation R30(7) a & b (2013)	
<p>Where an active member who has attained the age of 55 or over is dismissed from an employment by reason of redundancy or business efficiency, or whose employment is terminated by mutual consent on grounds of business efficiency,</p>	<p>There may be circumstances in which the Council applies its discretion to allow an employee to retire early on the grounds of efficiency. Each case will be considered on its merits and subject to approval.</p> <p>Members aged 55 and over who retire on</p>



	<p>redundancy or grounds of efficiency have entitlement to immediate payment of unreduced benefits.</p>
<p>Awarding Additional Pension</p> <p>Regulation R31(2013)</p>	<p>Council Policy:</p>
<p>Whether to grant extra annual pension of up to £6,822 (figure at 1 April 2018, increased each subsequent 1st April) to an active scheme member, or within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency.</p>	<p>Additional pension will not be awarded.</p>
<p>Funding of Additional Pension</p> <p>Regulations R16(2e) R16(4)(d) (2013)</p>	<p>Council Policy:</p>
<p>An employer may fund wholly, or in part, a member's additional pension contract (APC). The payment can be made by regular contributions or a lump sum.</p> <p><i>(Please note, this does not relate to cases where a member has a period of authorised unpaid leave absence and elects within 30 days of returning to work to pay a SCAPC to cover the amount of 'lost' pension during that period of absence. The employer has to automatically pay 2/3 of the cost with the member paying the balance of 1/3)</i></p>	<p>The Council will not contribute towards the cost of the member purchasing an Additional Pension voluntarily via a APC.</p>
<p>Flexible Retirement</p> <p>Regulation R30(6) (2013 Regs) & TP11(2) 11(3) of the LGPS (Transitional Provisions, Savings and amendment) 2014</p>	<p>Council Policy: amended June 2023</p>
<p>Whether to permit Flexible Retirement for staff aged 55 or over who, with the agreement of the employer, reduce their hours /grade as part of the agreement to permit "Flexible Retirement."</p>	<ol style="list-style-type: none"> 1. Applications for flexible retirement will be considered on a case by case basis. 2. The Council will not agree to flexible retirement unless it is operationally and financially viable (i.e. there is a sound



<p>Whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which member must draw), to permit the member to choose to draw;</p> <ul style="list-style-type: none"> All, part or none of pension benefits accrued after 31 March 2008 and before 1 April 2014, and, or All, part or none of pension benefits accrued after 31 March 2014 	<p>business case).</p> <ol style="list-style-type: none"> An employee will usually take a minimum 20% reduction in hours or, reduce their grade by 2 levels for flexible retirement to be approved. This must provide for a substantial salary saving for the Council or provide the ability to recruit to the hours remaining in a way that is operationally viable. By their very nature flexible retirements are to facilitate a gradual wind down to full retirement and consequently will be implemented for a relatively short term (not exceeding 2 years) with a date for full retirement mutually agreed at the outset. This benefits the employee, providing a period of adjustment in terms of time spent working which better enables the employee to plan for full retirement and allows the employer to benefit from a gradual handover of knowledge, experience and work duties to achieve continuity of service provision. Where Flexible Retirement is agreed, all pension benefits will become payable and may be subject to the appropriate actuarial reduction in accordance with the LGPS Regulations.
<p>Waiving of Actuarial Reduction TP3(1) & TP3(5), TPSch 2 (para 2(1), 3(1), 3(2) & 9) B30(5) & B30A(5)</p>	<p>Council Policy: amended June 2023</p>
<p>Waiving of Actuarial Reduction on;</p> <ul style="list-style-type: none"> Flexible Retirement, Discretion to waive, in whole or in part, actuarial reduction on benefits taken on flexible retirement before Normal Pension Age (NPA). On early retirement (age 55+) for both active and deferred members, whether to waive, in whole or part, actuarial reduction on benefits which a member voluntary draws on or after age 	<p>The Council will only waive any actuarial reduction in whole or in part, where it considers it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and operational business case and will require approval by the Executive Director Corporate Resources and Customer Services.</p>



55 and before normal pension age.	
Early Payment of Pension (suspended tier 3 ill health pensioner) Regulation B30A(5) 2008	Council Policy:
<p>30A (5) Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.</p> <p><i>(Any cost for the early payment would fall on the employer. If the benefits payable would normally be reduced for early payment, an employer may agree to waive all or part of the reduction, on compassionate grounds. The cost of doing so would fall to the employer.)</i></p>	<p>The Council will not waive any reduction in whole or part, unless there are exceptional circumstances, and it is in the financial and/or operational interests of the Council to do so.</p>
To apply the 85 Year Rule before age 60 Schedule 2- paragraph 1(2)& 1(1)(c) (TP) 2014 Regs	Council Policy:
<p>Whether to “switch on” the 85 Year Rule (excluding flexible retirement) for a member voluntarily drawing benefits on or after age 55 and before the age of 60.</p> <p>Where the employer does not “switch on” the rule of 85, benefits accrued would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State.</p> <p>If the rule of 85 is “switched on”, the Council will have to meet the cost of any strain on the fund as a result of early payment of benefits before age 60.</p>	<p>This will be considered on a case by case basis.</p>
NON-COMPULSORY ITEMS:	
Membership Aggregation Regulation 22(7b) (8b) 2013 Regs	Council Policy:
<p>Discretion to extend the 12-month option period for aggregation of deferred benefits.</p>	<p>This will be considered on a case by case basis.</p>



Transfer value Regulation R100(6) 2013 Regs	Council Policy:
<p>Discretion to extend normal time limit for acceptance of transfer value beyond 12 months after joining the LGPS.</p>	<p>This will be considered on a case by case basis.</p>
Shared Cost AVCs (SCAVC) Regulation R17(1) and TP15(2A)&A25(3) Regs	Council Policy:
<p>Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement.</p>	<p>The Council's policy is not to provide a shared AVC scheme.</p>
Members' Contribution Rates Regulation R9 & R10	Council Policy:
<p>Determination of employee contributions. Employers must allocate members into the appropriate contribution band in each financial year.</p> <p>If a member's pay moves into a different band during a financial year, the employer has discretion to implement the new band immediately but may prefer to wait until the next annual review.</p>	<p>The Council will assess actual earnings on a monthly basis to allocate the earnings-related contribution bands. The assessment will re-attribute the specific pay band (up or down) where there is a material change in a member's contractual terms.</p> <p>Earnings will include all pensionable elements of pay which now includes overtime, additional hours, sleep-in etc.</p>
Forfeiture of Pension Rights Regulation R91, 92, 93 2013	Council Policy:
<p>Forfeit right to return of contributions due to offence of a fraudulent character or grave misconduct unless employer directs a total or partial refund is to be made.</p>	<p>This will be considered on a case by case basis</p>
IDRP Regulation A58(7)(b) 2008	Council Policy:
<p>Discretion to extend six-month period to lodge a stage one Internal Dispute Resolution Procedure appeal.</p>	<p>This will be considered on a case by case basis.</p>



Deferred Member IHR	Council Policy:
R38(3) LGPS 2013	
Decisions on whether deferred beneficiary meets permanent ill health criteria and reduced likelihood of gainful employment.	The Council will make the decision to award deferred benefits subject to medical opinion(s) obtained from Occupational Health and / or an independent registered medical practitioner.
<p>Discretions exercised by Sefton M.B.C in accordance with provisions of The Local Government (Early Termination of Employment) (Discretionary Compensation (England and Wales) Regulations 2006 - as amended by SI 2009/3150 - In force from 31 December 2009 but with effect from 1 April 2008</p>	
Power to increase statutory redundancy payments 5	Council Policy:
Discretion to base redundancy payments on an actual weeks pay where this exceeds the statutory pay limit.	An actual weeks pay will currently be used in the calculation of Redundancy and Compensation payments using up to a maximum of 20 years' service.
Discretionary compensation 6	Council Policy:
Discretion to award lump sum compensation of up to 104 weeks in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.	This will be considered on a case by case basis.

It is understood that the stated discretions are applicable to all eligible members in the Local Government Pension Scheme.

Sefton Council will keep this policy statement under review and will make such revisions as appropriate.

