



WEST BLETCHLEY COUNCIL

LOCAL GOVERNMENT PENSION SCHEME: DISCRETIONS WITHIN THE SCHEME POLICY

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1. Introduction

- 1.1 The Local Government Pension Scheme (LGPS) changed significantly in April 2008, when new arrangements for contributions and benefits were introduced. Councils have always had some local discretion in applying the LGPS, and there has long been local policy in some areas. The introduction of the new scheme means that there are new points to interpret, and specific points on which local policy needs to be set. It is a requirement for each Council to make a written statement of its local discretionary policy on these points. This document sets out below the discretions to be applied within West Bletchley Council.
- 1.2 Buckinghamshire County Council continue to administer the LGPS on behalf of West Bletchley Council.

2. Scope

- 2.1 The policy and procedure set out in this document applies to all Council employees who have elected to join the LGPS.

3. Discretions within the Scheme

3.1 Discretion of employer to increase total membership of active member

The Council will, in exceptional circumstances and on a case by case basis, award augmented years to increase the membership (pensionable service) of a current employee in the pension fund by up to 10 years. Any such award will be made by the Council's Finance and General Purposes Committee.

3.2 Discretion of employer to award additional pension

The Council has not adopted the discretion to grant extra annual pension of up to £6500 to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

3.3 Discretion to permit flexible retirement

The Council's policy has been reviewed and enables an employer to let an employee, aged 55 or more, reduce his/her hours or grade, and receive part or full payment of pension benefits under the main scheme regulations. The employee should be aware that they may suffer an actuarial reduction in their pension and lump sum due to the early payment. Any cost of flexible retirement must be met by the Council.

The Council will not waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.

If flexible retirement is taken from the age of 60 onwards and the member satisfies the 85-year rule benefits will be as per scheme conditions. The Council has not adopted the discretion to switch the 85-year rule back on for members who choose to voluntarily draw their benefits on or after age 55 and before age 60. The Buckinghamshire County Council Pensions Team are not able to provide Flexible Retirement quotes direct to the member, any requests for quotes must be made through West Bletchley Council.

3.4 Discretion to permit early payment of pension

A member of the pension scheme aged 55 or more (50 for any protected members) may apply for the early payment of their retirement benefits, subject to the consent of their employer. An application may be made by either a current employee or a former employee holding deferred benefits.

The Council will agree to an application from a current employee only in a case where it is satisfied that the business benefit outweighs the costs involved, and where the service is willing to reimburse to the pension fund any costs arising from the early retirement.

Applications should be made to the Clerk to the Council, 221 Whaddon Way, West Bletchley, Milton Keynes MK3 6DZ. The decision will be made by the Council's Finance and General Purposes Committee.

The Council will only consider an application, for the early payment of pension, to former employees holding deferred benefits where it can be granted on a strictly cost neutral basis.

The Council will not waive, on compassionate grounds, the actuarial reduction applied to benefits paid early.

3.5 Discretion to permit late inward transfer of pension rights

A request to transfer pension rights into the LGPS must be made within 12 months of joining the scheme. Any request to transfer pension rights after the twelve month limit will be declined unless there are extenuating circumstances for the delay. Further information about the application process is made available to new employees with their contract of employment or can be requested direct from the Pension team on 01296 383755 or via e-mail pensions@buckscc.gov.uk

3.6 Discretion to reinstate suspended tier 3 ill health pension

Ill health retirement in the LGPS has a 3 tier benefit structure. Tier 1 and tier 2 provide an enhancement to the retirement benefits (i.e. accrued membership plus 100% (tier 1) and 25% (tier 2) of prospective membership up to age 65)

If a member's employment is terminated because of tier 3 permanent ill health and the member has at least three months membership and is likely to be able to undertake

gainful employment within 3 years of leaving, the pension payable is to be based on the member's accrued membership, with no enhancement. Pension Benefits are payable for so long as the member is not in gainful employment, or up to 3 years, whichever is the shorter.

If tier 3 is awarded, the person must inform their previous employer if they obtain employment and answer any enquiries made by the employer as to their current employment status, including their pay and working hours. Once benefits have been in payment to a person for 18 months, the Employer must undertake an ill-health review to determine whether either the tier 3 ill health pension will continue for another 18 months, or be reassessed as a tier 2 ill health retirement, or if it will cease. In any event, payment of benefits under tier 3 will be suspended after they have been in payment to a person for three years.

The Council will not accept applications for re-instatement of a suspended tier 3 ill health pension on or after age 55 and before age 60.

The Council will not waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60)

3.7 The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

The Regulations refer to persons employed in a relevant employment who sustain an injury or contract a disease and suffer a reduction in remuneration while he or she is employed in that employment. In such a situation, relevant employers may determine to pay an allowance (Injury Benefit Scheme), which should not exceed the amount of the reduction, while the shortfall continues.

The Council will not adopt an Injury Benefit Scheme.

3.8 Additional Pension Contributions

The Council has not adopted the discretion, where an active Scheme member wishes to purchase extra annual pension of up to £6500 by making Additional Voluntary Contributions (APC), to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

4 Determination of questions and disputes

Any applications to deal with questions and disputes arising from the administration of the scheme membership must be made to the Clerk to the Council, West Bletchley Council, 221 Whaddon Way, West Bletchley, MK3 7DZ.

Further information can be found on the Buckinghamshire County Council's Pensions internet site.

Reviewed: June 2016

Next review date: June 2018