



Human Resources Policy

Pension Discretions Policy – Post 1st April 2014 membership of the Local Government Pension Scheme (LGPS).

Scope

This policy applies to all employees of Cheshire East Borough Council who are eligible for membership of the Local Government Pension Scheme and have membership on or after 1st April 2014.

The exercise of discretions will be subject to a decision of the Council or of a Committee or Panel with appropriate delegated powers.

Policy Statement

To operate pensions discretions in a way that is fair and equitable to employees in a way that manages the liabilities of the pension fund in the overall interests of its members and of the Council whilst ensuring that it is suitable, reasonable and affordable and fosters confidence in public service.

Principles

There is a legal requirement for the Council to publish a policy statement on its approach to specified pensions discretions.

The policy addresses the discretions available to the Council under the Local Government Pension Scheme (LGPS) Regulations 2013 and Local Government (Early Termination of Employment (England and Wales) Discretionary Compensation Regulations 2006 and also sets out the Council's approach to other specified pensions discretions.

Definitions

Active member: an employee who is currently a member of the Council's Pension Scheme.

Deferred member: an employee or former employee who has benefits in the Council's pension scheme from an earlier period of service.

In respect of retirements on the grounds of ill health, 'Gainful Employment' is defined as paid employment for a period of not less than 30 hours in each week for a period of not less than 12 months.

Normal pension age/ normal retirement age- the normal scheme retirement age is linked to your State Pension age, or age 65 if this is later.

Pensions Discretions

***Regulation 1- Transitional Protections**

Power of employing authority to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

An employee may voluntarily retire from age 55. The Council will not consider 'switching on' protection to the 85 year rule for members who retire from age 55 but before age 60, and will therefore not meet additional retirement costs under this regulation.

Regulation 9

Contributions payable by active members

Employees will be allocated to a band once a year from 1 April and subsequently only if their contract changes permanently i.e. promotion, down grading or a change in hours of work. Where an employee receives a mid-year grade increment or a late pay award, this will be picked up when the band is reviewed in the following April.

Where employees work additional hours or overtime the Council will allocate the band by in accordance with actual earnings made in that year and again change the following 1st April.

Employees on casual contracts will be allocated an estimated banding at the beginning of their assignment based on the number of hours the employee is likely to work. The banding will be reviewed annually, or earlier at the employee's request.

There is an appeal against allocation to a band which must be lodged within 6 months of the date of allocation.

Regulation 16

Applications to buy back Additional Pension Contributions (APC's) for lost pension during periods of absence.

An employee may elect, within 30 days of authorised unpaid absence, including additional child related leave, to make up lost contributions. If the election is received within 30 days of return to work the cost will be shared between the employee (1/3rd) and the employer (2/3rds)

If the absence was due to strike, or the election to pay is received after 30 days of the return to work, the full cost of purchasing lost pension will be met by the employee who must enter into an Additional Pension Contribution Agreement directly with the pensions provider.

***Regulation 16**

Ability to contribute to a shared cost additional pension contribution (APC) scheme.

Employees may elect to pay additional pension contributions into a scheme established by the Pension Fund. The Council has not exercised its discretion to contribute to this APC scheme under the APCs arrangement.

Applications by employees to buy extra pension through APCs are available for scheme members in the 50/50 section of the pension scheme. In order to comply with scheme requirements, applications must be supported by the Council to verify the employee is in good health.

Regulation 22

Re-employed and re-joining deferred members.

Aggregation of current and previous service will be automatic where the employee has left and re-joined in the 2014 Scheme, unless the employee chooses not to aggregate the service.

If the member does not wish to aggregate service, this decision must be made within 12 months of joining the scheme.

Extensions to the 12 month period will not generally be considered, other than in exceptional circumstances.

***Regulation 30**

Ability to award flexible retirement and waive actuarial reduction.

Employees aged 55 and above may apply to reduce their hours of work and/or their pay grade and to seek agreement to early release to some, or all of their pension.

Requests will be considered if:

Either their substantive grade reduces by a minimum of 2 grades (e.g. grade 6 to grade 4) or equivalent, and/or their contract hours reduce by a minimum of 1/5th and at the same time the employee requests early release of their pension.

Where flexible retirement requests are approved and pension is released, payment of all of the pension will be on an actuarially reduced basis, unless they are in the protected group of employees as covered in the Local Government Pension Scheme Regulations.

Approval for release of pension under this regulation will only be given subject to affordability and an evidenced business case, and must be approved by the Staffing Officer Panel.

***Regulation 30**

Ability to waive some or all of early retirement reduction on benefits if a member retires before Normal Pension Age (NPA)- for both active and deferred members.

Policy for Active Members – Early release of pension will be approved where the Council is satisfied that such release represents value for money, or is on *appropriate grounds*. The Council will release benefits on *appropriate grounds* in full for active members.

Policy for Deferred Members – Early release of pension will only be approved where the Council is satisfied that such release is on *appropriate grounds*. The Council will waive, on *appropriate grounds*, the actuarial reduction applied to the release of pension benefits paid early.

***Regulation 31**

Ability 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.

The Council has agreed this provision to enable an active scheme member or a member within 6 months of leaving to purchase additional membership where their employment was terminated on the grounds of redundancy or business efficiency.

The maximum amount awarded will be in line with the nationally determined limit.

The Council will consider funding in part with the employee or wholly an APC purchase. This provision will not be used other than in exceptional circumstances, and will be subject to the agreement of the Staffing Officer Panel.

Regulation 35

Early Leavers – Ill Health

Under this regulation, an employee must have a qualifying period of *two years* pensionable service, and be certified by an Occupational Health Practitioner as incapable of carrying out their contractual role. To be eligible an employee must be certified by an Independent Registered Medical Practitioner (IRMP) that they are, *as a result of ill-health or infirmity of mind or body*, are *permanently incapable of discharging efficiently the duties of their employment* and that they are *not immediately capable of undertaking any gainful employment* (whether in Local Government or otherwise).

The employee will then be entitled to one of three levels of benefit as determined by the Local Government Pensions Regulations. The employer

will decide the appropriate tier after consideration of the medical information available, and according to the likelihood of the employee obtaining gainful employment as certified by the IRMP. Agreement to release of pension on these grounds will be subject to approval of the Staffing Officer Panel.

Regulation 100

Inward transfer of pension rights

An employee may elect to transfer rights from a previous pension scheme within 12 months of joining the Local Government Pension Scheme. Extension to the 12 month period to transfer pension values will not be generally considered, other than in exceptional circumstance, and will only be agreed with joint approval from the Employer and Administering Authority.

Early payment of pension on grounds of ill health- ex-employees

Requests from ex employees with deferred benefits who seek early release of their pension on the grounds of ill health will be referred to an IRMP who will certify whether or not the ex employee is permanently incapable of undertaking the duties of their former employment because of ill health and that they are incapable of immediately obtaining any gainful employment. Release of pension on these grounds is subject to approval of the Staffing Officer Panel.

Equality

Cheshire East Council will ensure that, when implementing this policy, no employee will be disadvantaged on the basis of age, disability, gender reassignment, marital status or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. This means that the policy may need to be adjusted to cater for the specific needs of an individual, including the provision of information in alternative formats where necessary.

Monitoring and Review

The policy will be reviewed in the light of operating experience and/or changes in legislation.

Data relating to this policy will be collated and monitored periodically to ensure that the Policy is operating fairly, consistently and effectively. Issues that are identified from the data will be dealt with appropriately.

Right of Appeal

Employees who are dissatisfied with a decision made under this scheme or that a decision has not been made under this scheme have a right to complain by using the Cheshire Pension Fund IDR (Internal Dispute Resolution Procedure).

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