

# **LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS POLICY**

## **SCOPE STATEMENT**

This Policy applies to all members of the Local Government Pension Scheme (or those non-LGPS members who are eligible for membership) excluding:

- Those employed by Governing Bodies in educational establishments under delegated powers.

**Date of Issue: April 2023**

|                                       |  |
|---------------------------------------|--|
| <b>DOCUMENT CONTROL</b>               |  |
| Document Title                        | Local Government Pension Scheme Discretions Policy |
| Previous Publication Date             | 1 April 2016                                       |
| <b>DOCUMENT APPROVAL</b>              |  |
| This document received approval from: |  |
| Group Manager HR & OD                 | 30 November 2022                                   |
| Trade Unions                          | 15 February 2023                                   |
| Corporate Management Board            | 14 February 2023                                   |
| Cabinet/Council                       |  |
| <b>REVISION HISTORY</b>               |  |
| Revision History                      |  |

|                  |  |             |       |
|------------------|--|-------------|-------|
| Document Title   | Local Government Pension Scheme Discretions Policy | Department  | HR&OD |
| Publication date | April 2023   | Review Date |       |

## Contents

|                               |   |
|-------------------------------|---|
| 1. Introduction .....         | 4 |
| 2. Mandatory Discretions..... | 4 |
| 3. Optional Discretions.....  | 5 |

|                  |   |             |       |
|------------------|---|-------------|-------|
| Document Title   | Local Government Pension Scheme<br>Discretions Policy | Department  | HR&OD |
| Publication date | April 2023  | Review Date |       |

## 1. Introduction

- 1.1 Local Government Pension Scheme legislation contains a number of clauses where the employer has a discretion in how the scheme is applied within that Council. This document sets out the use of the discretions available to the Council under the terms of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the 2014 Local Government Pension Scheme Regulations for active employees and the 1995, 1997, and 2007 Local Government Pension Scheme regulations for ex-employees with a deferred benefit.
- 1.2 In formulating and reviewing its policy, Bridgend County Borough Council must have regard to the extent to which the exercise of its discretionary powers could lead to serious loss of confidence in the public service.
- 1.3 The discretions exercised will come into operation on the 15 April 2023 and will continue in force until such time as the Council resolves that it should be discontinued or amended.
- 1.4 Whilst this Policy Statement sets out the general position, this Council must consider every application on its merit. Where there are extraordinary or justifiable circumstances, a departure from policy may be appropriate. This would need to be approved by the Group Manager - Human Resources and Organisational Development.

## 2. Mandatory Discretions

### 2.1 Power of Employing Authority to Award Additional Pension

Employers may resolve to award additional pension.

**Policy:**

**Bridgend County Borough Council will allow active employees to convert the full amount of the compensatory payment into additional pension, where a compensatory lump sum on termination of employment is due.**

### 2.2 Power of Employing Authority to award Additional Pension

An employing authority may resolve to award an active member additional pension of not more than £7,352 a year

**Policy:**

**Bridgend County Borough Council will not allow such awards.**

### 2.3 Flexible Retirement

An employing authority will determine whether to grant a member, who has attained the age of 55 and has reduced the hours they work, or the grade in which they are employed, their request to receive all or part of their benefits, and whether to waive part of the actuarial reduction on benefits paid on flexible retirement.

**Policy:**

|                  |  |             |       |
|------------------|--|-------------|-------|
| Document Title   | Local Government Pension Scheme Discretions Policy | Department  | HR&OD |
| Publication date | April 2023   | Review Date |       |

**This has been approved and published as the Flexible Retirement Policy.**

**2.4 Employer consent to apply the '85 year rule' for active employees voluntarily drawing their benefits on or after age 55 and before age 60**

Active employees who wish to retire from age 55 onwards can request that the Council apply the 85 year rule and waive the actuarial reduction in full or part, if they are eligible. To be eligible, the employee's LGPS Service and their age must equal 85 years or more, and they must have joined the pension scheme before 1<sup>st</sup> October 2006.

**Policy:**

**Bridgend County Borough Council will consider each case on its own merits.**

**3. Optional Discretions**

**3.1 Contributions Payable by Active Members**

Employers will determine the contribution rate payable based on actual pensionable pay for existing members at the commencement of their membership. Where there has been a permanent material change to the terms and conditions of a member's employment which affect their pensionable pay in the course of a financial year, their employing authority may determine that the contribution rate to be applied in their case is not to be calculated.

**Policy:**

**Bridgend County Borough Council will undertake an annual review of employees who are members of the LGPS on 1 April each year, after incremental progression increases and pay awards have been applied. Where a pay award is applied retrospectively the bandings are not revised until the following 1 April. Where an employee moves to a new position within the Council, the banding is revised and new starters during a financial year are allocated to the banding appropriate to their commencement salary.**

**3.2 Shared Cost Additional Voluntary Contribution**

Employers may choose to contribute to a shared cost additional voluntary contribution scheme (SCAVC). Employers will need to establish eligibility and how much the employer and employee will jointly contribute.

**Policy:**

**Bridgend County Borough Council supports the introduction of a SCAVC Scheme.**

**3.3 Forfeiture of pension rights after conviction of employment-related offences**

A person is not entitled to a repayment of contributions under regulation 46 if he/she left employment because of an offence of a fraudulent character, or grave misconduct in connection with his/her employment.

The Council may direct the payment out of the appropriate fund to the employee or, in a case of an offence of a fraudulent character, to him or to his spouse, civil

|                  |  |             |       |
|------------------|--|-------------|-------|
| Document Title   | Local Government Pension Scheme Discretions Policy | Department  | HR&OD |
| Publication date | April 2023   | Review Date |       |

partner, nominated cohabiting partner or any dependant of his, of a sum equal to all or part of his contributions.

**Policy:**

**The Council can direct the payment out of all or part of the contributions.**

**3.4 Extension to Internal Disputes Resolution Panel (IDRP) Appeal**

Employers may decide to extend the six-month period to lodge a Stage One appeal under the IDRP process

**Policy:**

**Bridgend County Borough Council will not extend the six- month period to lodge a Stage One appeal *unless* the appeal relates to access to pension benefits on the grounds of ill-health or other extenuating circumstances that may justify an extension.**

**3.5 Forfeiture of pension rights after conviction of employment-related offences**

If a member is convicted of a relevant offence, his/her former employing authority may apply to the Secretary of State who may issue a forfeiture certificate.

A relevant offence is an offence, committed in connection with an employment in which the person convicted is a member, and because of which he/she has left that employment.

**Policy:**

**Bridgend County Borough Council will consider applying for a Forfeiture Certificate basing each case on its own merits.**

**3.6 Recovery of Monetary Obligation**

The employer has discretion as to whether to recover from the Pension Fund any monetary obligation or, the value of the members' benefits (other than transferred in pension rights or Additional Voluntary Contributions ), whichever is less, where the obligation was incurred as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and, as a result of which, the person has left employment.

**Policy:**

**Bridgend County Borough Council will seek to recover funds where there has been a criminal, negligent or fraudulent act and there is a monetary obligation arising from the act or omission.**

**3.7 Inward Transfers of Pension Rights**

A member who has previous pension rights in a different pension scheme may transfer some or all their former pension rights, provided they opt to do so within twelve months of joining the scheme. The employer has discretion to extend the twelve-month limit.

**Policy:**

**Bridgend County Borough Council will not extend the twelve-month limit.**

|                  |  |             |       |
|------------------|--|-------------|-------|
| Document Title   | Local Government Pension Scheme Discretions Policy | Department  | HR&OD |
| Publication date | April 2023   | Review Date |       |

**3.8 Final Pay: Fees**

Where an employee's pensionable pay consists of or includes fees, normally fees are averaged over the three-year period leading up to the date the employee leaves active membership of the scheme. The employer has the discretion to allow the member to select the average of any three consecutive years ending 31 March in the ten years prior to leaving.

**Policy:**

**Bridgend County Borough Council will allow members to average their earnings over three consecutive year endings 31 March in the ten years prior to leaving.**

|                  |  |             |       |
|------------------|--|-------------|-------|
| Document Title   | Local Government Pension Scheme Discretions Policy | Department  | HR&OD |
| Publication date | April 2023   | Review Date |       |