



Local Government Pension Scheme Discretionary Policy

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Local Government Pension Scheme Discretions Policy Statement

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1.0 Introduction

Under the LGPS Regulations 2013 effective from 1 April 2014, all employers participating in the Local Government Pension Scheme (“LGPS”) are required to prepare and publish a written statement on how it will exercise the various discretions provided by LGPS 2014, LGPS 2008, LGPS 1997, Compensation and Injury Allowances Regulations

This document includes discretionary policies for LGPS Regulations 2013 as required by regulation 60, LGPS (Administration) Regulations 2008 as required by regulation 66 and 1997 LGPS Regulations as required by regulation 106 (for pre 1 April 2008 leavers).

This Policy will be kept under review.

2.0 Employer Discretions - Local Government Pension Scheme Regulations 2013

	Discretion	Regulation	Employer Policy
2a	Whether, how much, and in what circumstances to contribute to a shared cost Additional Pension Contribution (“APC”) or Additional Voluntary Contribution (“AVC) scheme.	R16(2)(e) & R16(4)(d) R17(1) R15(1)(d)	Fareham College will not consider contributing to a shared cost APC or AVC scheme. NB the College will contribute, as required, where an employee chooses within 30 days, to purchase pension following a period of authorised unpaid leave of absence.
2b	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).	R30(6) & TP11(2)	Fareham College will consent to the payment of benefits on flexible retirement where there is a suitable post that the employee can “step down” into and it can be demonstrated that this is in the interests of the college and/or there is no extra financial cost. The employee must reduce their salary by at least 40% by either reducing their contractual hours and/or their pay grade.
2c	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	R30(8)	Fareham College will not consider waiving actuarial reductions on a flexible retirement.
2d	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	R30(8)	Fareham College will not consider waiving actuarial reductions on a retirement before normal pension age.
2e	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, paras 1(2) and 2(2)	Fareham College will not consider “switching on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.
2f	Whether to waive any actuarial reduction on pre and/or post April 2014 benefits.	TP3(1), TPSch 2, paras 2(1) and 2(2), B30(5) and B30A(5)	Fareham College will not consider waiving actuarial reductions on pre and or post 2014 benefits.
2g	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 £6,500.00 p. a.).	R31	Fareham College will not consider granting additional pension to a member ceasing to be an active member by reason of redundancy or business efficiency.

3.0 Additional Employer Discretions – LGPS Regulations 2013

	Discretion	Regulation	Employer Policy
3a	Determine rate of employee's contributions	R9(1) 7 R9(3)	Fareham College and Hampshire Payroll will allocate employees to a contribution band on 1 April, following an assessment of their previous years' earnings. New staff will be allocated a contribution band on the basis of their contracted salary. The allocation of a contribution band will not be reviewed during the year.
3b	In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum"	R21(5)	Fareham College will determine that one off payments or a bonus paid in a previous year is not a regular payment for the purposes of calculating AAP
3c	Extend the 12 month time limit for acceptance of a transfer value	R100(68)	Fareham College will not extend the time limit for acceptance of a transfer value.
3d	Extend the 12 month time limit for acceptance of a request not to have deferred benefits aggregated with their new or concurrent LGPS employment	R22(8)(b), R22(7)(b)	Fareham College will not extend the time limit for acceptance of a request not to have deferred benefits aggregated with their new or concurrent LGPS employment.
3e	Which employees to nominate for membership (admission bodies only)	R3(1)(c) & R4(2) (b)	N/A
3f	Determine whether a deferred beneficiary meets the criteria for ill health pension benefits	R38(3)	Fareham College will determine in line with the medical assessment as determined on the ill health certificate.
3g	Decide to suspend Tier 3 benefit where member is likely to be capable of undertaking gainful employment	R38(6)	Fareham College will determine in line with the medical assessment as determined on the ill health certificate.
3h	Recover any overpayment of Tier3 ill health pension following commencement of gainful Employment	R37(3)	Fareham College will seek to recover any overpayment where a Tier3 pension has been paid after gainful employment has commenced.

4.0 Employer Discretions - Local Government Pension Scheme (Administration) Regulations 2008

	Discretion	Regulation	Employer Policy
4a	Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.	B30(2)	Fareham College will not consent to applications for early payment of deferred benefits on or after age 55 and before age 60.
4b	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30.	B30(5)	Fareham College will not consider waiving actuarial reductions for deferred benefit.
4c	Whether to grant an application for early payment of a suspended Tier 3 ill health pension on or after age 55 and before age 60.	B30A(3)	Fareham College will not consent to application for early payment of a suspended Tier 3 ill health pension on or after 55 and before age 60
4d	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30(A)	B30A(5)	Fareham College will not consider waiving actuarial reductions
4e	Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31st March 2014, 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 30th September 2014.	B12	N/A

5.0 Employer Discretions – Local Government Pension Scheme Regulations 1997 (as amended) in relation to pre 1 April 2008 leavers

	Discretion	Regulation	Employer Policy
5a	Grant application from a post 31 st March 1998 / pre 1 st April 2008 leaver for early payment of benefits on or after age 50/55 and before age 60.	31(2)	Fareham College will not consent to application for early payment of deferred benefits to those aged 55+. Applications for those aged 50-54 will not be considered due to the HMRC ruling that such payments are unauthorized.
5b	Waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post 31 st March 1998 / pre 1 st April 2008 leaver.	31(5)	Fareham College will not consider waiving actuarial reductions

6.0 Employer Discretions – Local Government Pension Scheme Regulations 1995 (as amended) in relation to pre 1 April 1998 leavers

	Discretion	Regulation	Employer Policy
6a	Grant application for early repayment of deferred pension benefits on or before age 50 and before age 65 on compassionate grounds	D11(2)(c)	Fareham College will not consent to application for early payment of deferred benefits to those aged 55+. Applications for those aged 50-54 will not be considered due to the HMRC ruling that such payments are authorised.

7.0 Employer Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended)

	Discretion	Regulation	Employer Policy
7a	To base redundancy payments on an actual week's pay where this exceeds the statutory week's pay limit.	5	Fareham College will base redundancy payments on actual week's pay.
7b	To award lump sum compensation of up to 104 week's pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.	6	Fareham College will not award lump sum compensation in cases of redundancy*, termination of employment on efficiency grounds, or cessation of a joint appointment. *except where so obliged by virtue of TUPE.

8.0 Employer Discretions under the Local Government (Discretionary Payments) (Injury Allowance) Regulations 2011

	Discretion	Regulation	Employer Policy
8a	Whether to grant an injury allowance following a reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties.	3 (1)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8b	Amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job.	3(4) and 8	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8c	Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1).	3(2)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8d	Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties if the job.	4(1)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8e	Amount of injury allowance following cessation as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job.	4(3) and 8	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8f	Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1).	4(2)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8g	Whether to suspend or discontinue injury allowance awarded under regulation 4(1) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months.	4(5)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8h	Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a reg 3 payment was being made at date of cessation of employment but reg 4 does not apply.	6(1)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8i	Determine whether and when to cease payment of an injury allowance payable under regulation 6(1)	6(2)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8j	Whether to grant an injury allowance to the spouse, civil partner, nominated co-habiting partner or dependent of an employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	7(1)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8k	Determine amount of any injury allowance to be paid under regulation 7(1)	7(2) and 8	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.
8l	Determine whether and when to cease payment of an injury allowance payable under regulation (7)1	7(3)	Fareham College Policy is not to set up an Injury Allowance Scheme at this time.