

## 2017 Review of Local Government Pension Scheme, Employer Discretions Statement of Policy

### Report of the Chief Fire Officer

For further information about this report please contact Rod Hammerton, Chief Fire Officer, on 01743 260201, or Germaine Worker Head of Human Resources and Administration, on 01743 260210.

### 1 Purpose of Report

This report informs the Fire Authority of the review of the employer discretions Statement of Policy for the Local Government Pensions Scheme (LGPS).

### 2 Recommendations

The Fire Authority is asked to:

- a) Note the 2017 review of the Statement of Policy for the Local Government Pension Scheme (LGPS); and
- b) Agree that the appended Statement of Policy stands unchanged.

### 3 Background

Under Regulation 60 (1) of the LGPS 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations.

Shropshire Fire and Rescue Service maintains a Statement of Policy for the Local Government Pension Scheme, which is reviewed and amended, when further discretions are issued within the LGPS Regulations. This Statement is applicable to all employees of Shropshire Fire and Rescue Authority, who are eligible to be members of the LGPS Scheme. The policy was last reviewed in 2014 with the advent of the new scheme.

## **4 2017 review of current policy**

To meet the requirements of the 2013 Regulations, and to ensure good practice, the 2014 policy (including those provisions brought forward from the 2008 discretions policy) has been reviewed by the Head of Human Resources and Administration and the Pensions Officer from Shropshire Council.

The administration experience of the last three years was considered to inform the review and it was agreed that no changes are needed. It is therefore proposed that Members agree that the current policy stands unchanged.

## **5 Financial Implications**

There are no financial implications arising directly from this report but there may well be costs associated with exercising the discretions.

## **6 Legal Comment**

The introduction of the new Local Government Pension Scheme 2014 (LGPS) on 1 April 2014 requires all Scheme employers to review their existing discretionary pension policy statements and publish new policy statements.

This Statement of Policy will ensure the Fire Authority's compliance with the requirement to publish a statement of its policy in relation to various pension discretions.

The Fire Authority has an ongoing duty to comply with the Regulations and to ensure that the provisions of the Equality Act 2010 are complied with in relation to the exercise of its discretion.

## **7 Initial Impact Assessment**

An Initial Impact Assessment has been completed.

## **8 Equality Impact Assessment**

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

## **9 Appendix**

2017 Statement of Policy (reviewed and unchanged)

## **10 Background Papers**

There are no background papers associated with this report.

## Shropshire Fire and Rescue Service

### Statement of Policy 2017 (unchanged from 2014)

Under Regulation 60 (1) of the Local Government Pensions Scheme (LGPS) 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. This Statement is applicable to all employees of Shropshire and Wrekin Fire Authority, who are eligible members of the LGPS.

#### 1. Regulation 16(2) (e) and 16 (4) (d) Funding Additional Pension

Explanation	Agreed Policy	Comment
Where an active member opts to make Additional Pension Contributions (APCs) under Rule 16(2)(e) these may be funded in whole or in part by the Employer. Under Rule 16(4)(d) the employee may opt to pay APCs as a lump sum and this may also be funded in full or part by the employer.	The Fire Authority will not fund in whole or in part any APC purchased either by periodical payments or lump sum.	This Regulation replaced Shared Cost AVC Regulation 67.

#### 2. Regulation 30 (6) Flexible Retirement

Explanation	Agreed Policy	Comment
A member who is aged 55 or over and with their employer's consent reduces their hours or grade can then, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from that employment.	<p>This will be subject to management consent and will only be considered where there is a justifiable business case and the cost, if any, of early release of pension is managed within the section's budget.</p> <p>Employees who request a reduction in their hours or in the grade of their post should use the procedure outlined in the "Flexible Working Framework".</p> <p>The authorisation for an employee to receive immediate payment of their pension under flexible retirement will be considered and determined by their Head of Department in discussion with the Assistant Chief Fire Officer.</p>	No change

--	--	--

**3. Regulation 30 (8) Waving of Actuarial Reduction**

Explanation	Agreed Policy	Comment
<p>From age 55, members who have left local government employment receive early payment of their retirement benefits and do not need their employer's consent. The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.</p> <p>For a member who joined the scheme prior to 1 October 2006 where the member's age and membership (in whole years) satisfies the "rule of 85" then the benefits would be reduced, unless the employer chooses to exercise the discretion within the regulations. For a member who joined the Scheme on or after 1 October 2006, then reduced benefits would be payable if taken before age 65.</p>	<p>This discretion will not be exercised by Shropshire and Wrekin Fire Authority.</p>	<p>No change</p>

#### 4. Regulation 31 Power of the Employing Authority to Award Additional Pension

Explanation	Agreed Policy	Comment
<p>An employer may resolve to award a member additional pension of not more than £6,500 a year, payable from the same date as their pension is payable under any other provision of these regulations. An additional pension may be paid in addition to any increase to total membership resolved under Regulation 16 so long as the overall total does not breach the limits laid down within these regulations.</p>	<p>The Fire Authority will not normally award additional pension under this regulation other than in exceptional circumstances, where the financial implications can be justified in the Authority's best interests.</p> <p>Exceptional cases would be considered by the Pensions Panel on a case by case basis, taking into account the recommendation from the Chief Fire Officer and with advice from the Treasurer.</p>	<p>No change</p>

#### 5. Choice of early payment of Deferred Pension

Explanation	Agreed Policy	Comment
<p>Where a member became a deferred member between 31 March 2008 and 1 April 2014, they can apply for early release of benefits, and the Fire Authority can fund the costs of the release.</p>	<p>Shropshire and Wrekin Fire Authority will not grant the benefit contained within this Regulation.</p>	<p>No change</p>

**Existing discretions not needing a formal policy and carried forward from the 2008 Statement of policy**

Regulation	Explanation	Policy
3 (B) & 55 (A)	This discretion allows the Employer to determine which contribution band is allocated on joining the scheme and at each April. It also determines the circumstances when an employee's band may be reviewed.	<p>The contribution band will be assessed using the full time equivalent salary plus any permanent pensionable extra payments.</p> <p>The figures will increase on 1 April each year by the rise in the Retail Prices Index.</p> <p>Bandings will be reassessed for all employees every April, with the exception of the following:</p> <ul style="list-style-type: none"> <li>• Promotion or permanent/long term honoraria payments</li> <li>• Down-grading or demotion</li> <li>• A re-grading exercise</li> </ul> <p>All of the above will prompt an immediate reassessment.</p> <ul style="list-style-type: none"> <li>• Pension contribution bandings will not be reassessed after a back dated pay award.</li> <li>• All employees who are members of the scheme shall be informed of their current or new pension contribution banding after every annual reassessment.</li> </ul>

Regulation	Explanation	Policy
16 (4) (A)	The 12 month time limit for transferring pension rights from a previous LGPS fund may be extended (but only where there has not been an option to transfer with a previous LGPS employer)	<ul style="list-style-type: none"> <li>The request to transfer pension rights should normally be made within 12 months of the employee starting employment with Shropshire and Wrekin Fire Authority.</li> <li>In exceptional circumstances, where an employee can show good cause, they may seek an extension to the first twelve months by up to a further 12 months before making a decision on making an application to transfer their pension rights subject to confirmation that they are not likely to retire, or be subject to ill-health retirement in the near future. In all instances, the employee should write to the Head of Human Resources and Administration requesting an extension to the twelve months, detailing any extenuating circumstances.</li> </ul>
22 (2) (A)	Extension of time limits to pay contributions to cover a period of absence.	<p>SFRS will consider whether or not to extend the time limits.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
(6(9)(b) – 997 Regulations	<p>Election to convert AVCs into scheme membership can be extended from 30 days of ceasing to be an active member (only applicable to AVC contracts taken out before 13 November 2001).</p> <p>NB. DCLG have stated that even though this is not covered in the new regulations it was their intention that this provision be carried forward.</p>	<p>SFRS will extend the 30-day deadline where the Pension Fund Administrators have been unable to provide the necessary information to the employee within the 30-day time limit.</p> <p><b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.</p>
47 (2) (A)	A member who has ceased employment due to an offence of a fraudulent nature or grave misconduct may have a refund only if approved by the employer.	<p>SFRS will consider whether or not to make a refund based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>

Regulation	Explanation	Policy
72 (A)	If a scheme member is convicted of, and ceases employment as a result of, an offence in connection with his/her employment which was gravely injurious to the state or liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the Office of the Deputy Prime Minister for the issue of a forfeiture certificate. If the Secretary of State issues a certificate the employer may direct that certain of the person's rights be forfeited.	<p>SFRS will consider whether or not to request a forfeiture certificate based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
73 (A)	Where the Secretary of State has issued a forfeiture certificate but the employer has not applied the certificate, or notified the scheme member of an award of benefits under the LGPS, the employer may direct that, interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture certificate or to make an award of benefits.	<p>SFRS will not direct that interim payments be made from the Fund pending a decision.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
74 (A)	Where a member (i) ceases employment in consequence of a criminal, negligent or fraudulent act or omission in connection with that employment and (ii) has incurred a monetary obligation arising there from to the employer and (iii) is entitled to pension benefits under the LGPS, the employer may recover the amount of the monetary obligation or the value of the member's pension rights, if less, other than transferred in pension rights, from the Pension Fund and reduce the member's benefits accordingly.	<p>SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>

Regulation	Explanation	Policy
76 (A)	<p>Where</p> <ul style="list-style-type: none"> <li>(i) a member ceases employment in consequence of an offence involving fraud or due to grave misconduct in connection with that employment, and</li> <li>(ii) the employer has suffered a direct financial loss resulting there from, and</li> <li>(iii) the member is entitled to benefits under the LGPS and a forfeiture certificate has been applied, or the member is entitled to a refund of pension contributions the employer may direct that the amount of the direct financial loss, or the refund of contributions if less, be recovered from the Pension Fund.</li> </ul>	<p>SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
83 (8) (A)	<p>The 12-month time limit for transferring pension rights from a non-local government scheme into the LGPS may be extended.</p>	<p>SFRS only allow transfer within 12 month time limit as agreed by HR Committee on 07 June 2007 and the Fire Authority on 18 July 2007.</p> <p><b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.</p>