

## **AGENDA 13, Enc v) Ashington Town Council Pension Discretions Policy**

### **1. Introduction and Background**

Most of the rules within the Local Government Pension Scheme (LGPS) can only be changed by an Act of Parliament. However, there are some rules with discretions placed upon them for both Administering Authorities and employers.

Discretions are powers that allow the Fund and employers to choose how they will apply these rules. Under the Local Government Pension Scheme Regulations, employers participating in the LGPS are required to formulate, publish, and review policies on specific discretionary areas. These discretionary powers allow employers to apply certain elements of the scheme according to the particular needs of their workforce, supporting both effective management of pension benefits and fair treatment of employees.

In setting out these discretions, the employer ensures compliance with regulatory obligations while providing clear guidelines on how these discretionary areas will be exercised. The policy reflects our commitment to transparency, accountability, and the consistent application of pension scheme rules, safeguarding the interests of both the scheme members and the employer.

### **2. Purpose**

The Pension Discretions Policy outlines Ashington Town Council's approach to exercising discretionary powers under the Local Government Pension Scheme (LGPS) 2014. The policy ensures fair and transparent handling of pension-related decisions while balancing Council objectives and financial considerations.

### **3. Scope**

This policy applies to all LGPS members employed by Ashington Town Council, detailing Council discretion under key LGPS regulations. As an employer we are required to publish a policy statement for our functions under Regulations 16, 30 and 31 of the Local Government Pension Scheme Regulations 2013 and of Schedule 2 of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and provide a copy to the Fund.

### **4. Policy Statement**

Ashington Town Council will exercise discretion in line with LGPS provisions to benefit both the Council and employees, primarily when such actions provide a clear operational or financial advantage. We will be fair and consistent when operating this policy, and members can appeal if they think that an employer is being inconsistent in their approach to these matters.

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### **5. Discretions**

#### **5.1 Contributions Payable by Active Members (Regulation 9(3))**

The Council will assess pay bands each April, in line with annual pay awards or increments or when there are significant material changes such as promotions or pay awards. This will inform the contribution rate for each member, based on their pensionable pay and in line with the contribution banding provided by the scheme.

#### **5.2 Shared Cost Additional Pension Contributions ((Regulation 16(2)(e) & 16(4)(d))**

Employees may purchase additional pension through Shared Cost APCs to increase their benefits. The Council does not contribute towards a member's Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC), but may consider this under specific conditions, such as authorised unpaid leave or illness, where there is a reasonable operational benefit.

#### **5.3 Flexible Retirement (Regulation 30(6) & TP11(2))**

As per the Flexible Retirement Policy, the Council supports flexible retirement where:

- ❖ Operational benefits and cost recovery are achievable within two years.
- ❖ No actuarial reductions are waived unless financially beneficial to the Council.

#### **5.4 Early Retirement on Compassionate Grounds (Regulation 30(5))**

The Council will consider early retirement on compassionate grounds only under exceptional circumstances, such as:

- ❖ Severe financial hardship.
- ❖ The need for continuous care of an immediate family member.

Each case will be individually assessed, and any actuarial reductions may be waived if financial recovery is achievable within two years.

#### **5.5 Waiving Actuarial Reductions on Early Retirement (Regulation 30(8))**

The Council may waive actuarial reductions for employees over age 55 where:

- ❖ There is a two-year cost recovery benefit to the Council.
- ❖ The decision provides a clear operational advantage.
- ❖ Compassionate grounds are demonstrated (see Section 5.3).

The Council will obtain cost estimates before any decision is made concerning the waiving of an actuarial reduction. (Waiving reduction on flexible retirement, early voluntary request for pension payment either from leaving employment or for a request for early payment of deferred pension).

#### **5.6 Awarding Additional Pension (Regulation 31)**

The Council does not ordinarily grant additional pension. However, in rare cases, where an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency it serves a significant organisational benefit and costs are justified, additional pension may be awarded, maximum £7,579

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per annum (2024 figure, subject to annual review) following Personnel Committee recommendation, and Full Council approval.

### **5.7 85-Year Rule Waiver (Schedule 2, Transitional Regulations)**

Each request will be considered on a case by-case basis considering any changes to retirement regulations.

### **5.8 The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (SI 2006/2914)**

These regulations give councils discretion to award additional compensation to employees whose employment is terminated early due to redundancy or efficiency grounds.

Relevant regulations include:

Regulation 5: Allows for the payment of a one-off lump sum compensation payment.

Regulation 6: Allows for the awarding of additional annual compensation payments.

## **6. Administration and Legal Compliance**

### **6.1 Review and Documentation**

The Council will review this policy annually and in line with regulatory changes to maintain compliance. All changes to discretionary decisions will be documented and reviewed by the Executive Officer and the Personnel Committee.

### **6.2 Internal Dispute Resolution Procedure (IDRP)**

Employees dissatisfied with decisions under this policy may file a written complaint within six months. Disputes will be handled in two stages:

Stage 1: Submission to the Executive Officer for initial resolution.

Stage 2: Appeal to the Head of Pensions at the administering authority if unresolved.

## **7. Monitoring and Review**

The Executive Officer is responsible for policy implementation and ensuring compliance with LGPS regulations. Ashington Town Council will monitor the financial and operational impact of discretionary decisions annually to ensure alignment with Council objectives and financial prudence.