

APPENDIX 1

WATFORD BOROUGH COUNCIL

HR POLICY: Local Government Pension Scheme Discretions Statement

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1. INTRODUCTION

- 1.1 Under the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2008, each Employing Authority is required to publish and maintain a Discretions Policy under the LGPS. This document sets out below the discretions to be applied within Watford Borough Council.

2. SCOPE

- 2.1 This policy and procedure set out in this document applies to all Council employees, who are eligible to and have elected to join the Local Government Pension Scheme.

3. DISCRETIONS WITHIN THE SCHEME

3.1 Discretion of employer to increase total membership of active member (Regulation 12)

An employer *may* resolve to increase the total membership of an employee at any time whilst s/he is an active member of the Scheme with them. The maximum additional membership period that can be awarded is 10 years.

Watford Borough Council will not be adopting this discretion to increase total membership of active members.

3.2 Discretion of employer to award additional pension (Regulation 13)

An employer *may* resolve to award an employee, at any time whilst he is an active member of the Scheme with them, additional pension of not more than £5,000 a year payable from the same date as his pension is payable under any provisions of the Local Government Pension Scheme Regulations.

Watford Borough Council will not be adopting this discretion to award additional pension.

3.3 Discretion to permit flexible retirement and waive, in whole or part, actuarial reduction on benefits paid on flexible retirement (Regulation 18(1) and (3))

A member who has attained the age of 55 and who, with his employer's consent, reduces the hours he works, or the grade in which he is employed, may make a request in writing to the appropriate administering authority to receive all or part of his benefits under the Regulations, and such benefits may,

with the employer's consent, be paid to him notwithstanding that he has not retired from that employment.

If the payment of benefits takes effect before the member's 65th birthday they will be reduced in accordance with guidance issued by the Government Actuary unless the employer agrees to waive, in full or in part, any such reduction at their cost.

Watford Borough Council's Flexible Retirement Policy enables an employee, aged 55 or more, to apply to reduce his/her hours or grade, and receive part or full payment of pension benefits under the main LGPS regulations. The employee should be aware that the Council will not waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement. Consequently, the employee should be aware that they may suffer an actuarial reduction in their pension and lump sum due to the early payment. A copy of the Flexible Retirement Policy is available on the Intranet.

3.4 Discretion to permit early payment of pension (Regulation 30(2) and (5))

A member of the pension scheme aged 55 or more may apply for the early payment of their retirement benefits, subject to the consent of their employer. An application may be made by either a current employee or a former employee holding deferred benefits.

Watford Borough Council will agree to an application from a current employee only in a case where it is satisfied that there is a clear business benefit, and where the service are willing to reimburse to the pension fund any costs arising from the early retirement.

Applications should be made to the Head of Human Resources.

The Council will not consider an application from a former employee holding deferred benefits, where this incurs an additional cost to the Council.

The Council will not waive reductions on compassionate grounds for either a current employee or a former employee.

3.5 Discretion to permit late inward transfer of pension rights

A request to transfer pension rights into the LGPS must be made within twelve months of joining the scheme. Any request to transfer pension rights after the twelve month limit will be declined unless there are extenuating circumstances for the delay. Further information about the application process is made available to new employees or can be requested from the Human Resources department.

3.6 Discretion to grant an application for reinstatement of a suspended tier 3 ill health pension on or after 55 and before 60

Watford Borough Council will not be adopting this discretion to allow reinstatement of a suspended tier 3 ill health pension on or after 55 and before age 60.

3.7 Discretion to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health retirement pension paid early (i.e. on or after age 55 and before age 60).

Watford Borough Council will not be adopting this discretion to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early.

3.8 Discretion to adopt an Injury Benefit Scheme

Watford Borough Council will not be adopting this discretion to adopt an Injury Benefit Scheme.

3.9 Discretion to extend the period for a member to elect to make absence contributions

This provides for a scheme member to pay optional contributions, for a period of unpaid absence from work, within 30 days of returning to, or of ceasing, employment. The employer can agree to extend this time limit.

Watford Borough Council will allow the extension of the period in cases where the member was not notified of the right to pay contributions.

3.10 Discretion to contribute to Additional Voluntary Contributions (AVCs)

An active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004.

An employer may contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions (SCAVC) arrangement and contributions to it as SCAVCs.

Watford Borough Council does not contribute to shared cost additional voluntary contributions.

4. DETERMINATION OF QUESTIONS AND DISPUTES

4.1 Any applications to deal with questions and disputes arising from the administration of the scheme membership must be made in writing to the Head of Human Resources, Watford Borough Council, Town Hall, Watford, Hertfordshire, WD17 3EX.