

Cabinet  
Council

13 May 2014  
24 June 2014

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

None

**Title:**

Local Government Pension Scheme – Statement of Policy

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**Is this a key decision?**

No

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**Executive Summary:**

To present and seek approval for the Council's statement of policy on the discretions contained within the Local Government Pension Scheme regulations (Appendix 1).

**Recommendations:**

1. Cabinet recommends that the Council adopts the 2014 Local Government Pension Scheme Regulations Statement of Policy at Appendix 1.
2. Council is recommended to approve the 2014 Local Government Pension Scheme Regulations Statement of Policy at Appendix 1.

**List of Appendices included:**

Appendix 1 Local Government Pension Scheme Regulations Statement of Policy 2014.

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

Yes – on 24 June 2014

## **Report title: Local Government Pension Scheme Statement of Policy**

### **1. Context (or background)**

- 1.1 Due to changes within the Local Government Pension Scheme (LGPS) Regulations 2013 the City Council is required to formulate and publish a Statement of Policy in respect of the Local Government Pension Scheme. In particular attention needs to be drawn to the discretionary elements available to the Council.

### **2. Options considered and recommended proposal**

- 2.1 The policy statement has been revised to reflect changes to the LGPS Regulations 2013. The main changes in the policy are as follows:
- Clause 1 (Regulation 30) – change to reflect the removal of the reference to the Rule of 85.
  - Clause 2 (TP Regulations 1(1) of Schedule 2 – a new clause allowing the Council to have discretion when considering applications under the Rule of 85.
  - Clause 3 (Regulation 31) – reordered as was previously Clause 2 and change of reference from 10 years to £6,500 pa. However this discretion will not be exercised.
  - Clause 4 (Regulation 16(2)e and 16(4)d – represent a revision to the previous Clause 3 where employers can choose to make either a regular or lump sum Additional Pension Contribution to a members account up to £6,500pa. However this discretion will not be exercised.
  - Clause 6 (Regulation 17) – represents the former Regulation 25 A.
  - Clause 7 (Regulation 16) – represents the former Regulation 22 A.
  - Clause 9 (Regulation 100) – represents the former Regulation 83 A.
  - Clause 10 (Regulation 9 (3)) – reflects the changes in pension contribution bandings.
  - Clause 11 (Regulation 91-95) – formal recognition of the City Council's powers to recover pensions from former members of staff convicted of a relevant offence in connection with their employment.
  - Clause 12 (Regulation 72) – represents the former Regulation 57 A and acknowledges the change in job title of the specified person in respect of internal disputes. The specified person is the Assistant Director Human Resources and Workforce Services.

### **3. Results of consultation undertaken**

- 3.1 There is no requirement to consult on the LGPS Regulations Statement of Policy

### **4. Timetable for implementing this decision**

- 4.1 The LGPS Regulations Statement of Policy will be effective from 1<sup>st</sup> July 2014.

## **5. Comments from Executive Director, Resources**

### **5.1 Financial implications**

The Council's policies within the discretionary elements of the LGPS have the effect of avoiding the risk of any significant costs being incurred. Whilst there may be a possibility of decisions being made on compassionate grounds or in exceptional circumstances these are likely to be very rare and will be managed within existing service budgets accordingly. Under normal circumstances therefore, it is expected that there will be no significant financial implications. The exception to this is in circumstances where the Council is pursuing a significant reduction in staff numbers to achieve cost reduction through early retirement or voluntary redundancy. For members below pensionable age, this could potentially have large cost implications dependent on individual circumstances

### **5.2 Legal implications**

The City Council is required to formulate and publish a Statement of Policy in relation to the application of discretions within the LGPS.

## **Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

To assist the effective delivery of key objectives and corporate priorities the City Council must ensure a fair and objective system is in place for the application of discretions within the LGPS.

### **6.2 How is risk being managed?**

By adopting the revised LGPS Regulations Statement of Policy as attached at Appendix 1 the City Council would be compliant with the LGPS Regulations 2013.

### **6.3 What is the impact on the organisation?**

None

### **6.4 Equalities / EIA**

As a consequence of the Equality Act the City Council is committed to publishing information relating to salaries and pensions and how discretionary elements may be applied.

### **6.5 Implications for (or impact on) the environment**

None

### **6.6 Implications for partner organisations?**

None

**Report author(s):**

**Name and job title: Amanda Durrant – HR Business Partner (Employment Services)**

**Directorate: Resources**

**Tel and email contact: 024 7683 4396**

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Shokat Lal	Assistant Director	Resources	23/04/14	24/04/2014
Karen Mihajlovic	Senior HR Adviser	Resources	23/04/14	23/04/2014
Annette Mahoney	Pensions and Leavers Team Manager	Resources	23/04/14	24/04/2014
Lara Knight	Governance Services Team Leader	Resources	24/04/14	24/04/14
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Phil Helm	Finance Manager	Resources	23/04/14	24/04/2014
Legal: Gill Carter	Senior Solicitor	Resources	23/04/14	24/04/2014
Director: Chris West	Executive Director	Resources	23/04/14	28/04/2014
Members: Councillor Gannon	Cabinet Member (Strategic Finance and Resources)		28/04/2014	28/04/2014

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# The Local Government Pension Scheme Regulations Statement of Policy

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April 2014

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Under Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013 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 Coventry City Council who are eligible to be members of the LGPS and, where applicable, deferred or pensioner members.

## **1. Regulation 30 – Members request for early payment of benefits**

### **Explanation**

From age 55, members who leave or have left local government employment have the right to apply for early payment of their retirement benefits subject to the consent of their employer. However, members aged 60 and over 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.

### **Coventry City Council's Policy**

- **Active Members (current employees) - The City Council will allow early retirements on the grounds of redundancy/efficiency of the service. This discretion will otherwise only be used in rare and exceptional circumstances.**

**It would need to be funded by a lump-sum contribution into the Pensions Fund by the City Council. Each specific request raised under this Regulation will be judged equally and fairly on its own merits.**

- **This discretion will be exercised by those officers nominated to approve existing severance packages.**
- **Deferred Members (Pre April 2014) – Early release of retirement benefits may be allowed in exceptional circumstances. The former employee must make an application in writing to the City Council. Each specific case will be judged equally and fairly on its own merits and where appropriate approved by the appropriate Cabinet Member.**
- **Waiver or reduction – Each specific case will be judged equally and fairly on its own merits and where appropriate approved by the appropriate Cabinet Member. Any cost would need to be funded by a lump-sum contribution into the Pension Fund by the City Council.**

**2 TP Regs 2 of Schedule 2 - The rule of 85 for members drawing benefits between age 55-59.**

**Explanation**

The rule of 85 applies to those members who joined the LGPS before 2006 and allows them to retire earlier than their normal pension age, taking their pension benefits in full. Under the LGPS 2014 Regulations members may lose some of the rule of 85 protections if they wish to access their benefits and they are aged 55-59. An employer may resolve to reinstate the protection which would have cost implications.

**Coventry City Council Policy**

Each specific case will be considered on the grounds of efficiency of the service, having fully considered service delivery and financial costs.

**3. Regulation 31 – Award of Additional Pension of an active member**

**Explanation**

An employer may resolve to award a member additional pension of not more than £6,500 per year (as at 1<sup>st</sup> April 2014). An employer may make decisions on awarding additional pension for up to six months after termination of employment in cases of redundancy, in the interests of efficiency of the employing authority's functions or at the ending of a joint appointment because the other appointment holder has left.

**Coventry City Council's Policy**

**This discretion will not be exercised by the City Council in any circumstances.**

**4. Regulation 16(2)e & Regulation 16(4)d – Additional Pension Contribution (APC)**

**Explanation**

An employer may make either a regular or lump sum Additional Pension Contribution (APC) to a member's account. This may be part or whole funded.

**Coventry City Council's Policy**

**This discretion will not be exercised by the City Council in any circumstances.**

**5. Regulation 30(6) and Regulation 30 (8) – Flexible Retirement**

**Explanation**

A member who is aged 55 or over and with their employer's consent reduces their hours and/or grade can then, but only with the agreement of their employer, make a written application to the administering authority (West Midlands Pension Fund) for payment of all or part of their accrued benefits without having retired from that employment.

If payment of benefits occurs before normal retirement age the benefits can be actuarially reduced in accordance with guidance issued by the Government actuary.

The employer may choose to waive the reduction in whole or in part. If the employer chooses to do so, then the cost of waiving the reduction in whole or in part has to be paid to the Fund.

**Coventry City Council's Policy**

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs. The Council will normally only approve the payment of benefits where there is no additional cost to the Council.

**6. Regulation 17 – Shared Cost AVC**

**Explanation**

Employers may resolve to establish and maintain a Shared Cost Additional Voluntary Contribution Scheme (SCAVC). Who can join, how much the employer and employee will jointly contribute and the type of benefits provided must be considered.

**Coventry City Council's Policy**

**Coventry City Council does not propose to introduce a Shared Cost Additional Voluntary Contribution Scheme.**

**7. Regulation 16 – Optional contributions during absence**

**Explanation**

Employing authorities have the discretion to extend beyond 30 days the period where a member can make a written request to make contributions. These contributions will cover a period of absence where pension contributions would otherwise not have been made.

**Coventry City Council's Policy**

**Coventry City Council will extend the period of 30 days in rare and exceptional circumstances or where it was beyond the member's control.**

**8. Regulation 22 – Re-employed and rejoining deferred members**

**Explanation**

Where a deferred member becomes an active member again, before becoming entitled to the immediate payment of retirement benefits in respect of former membership(s), he/she may elect to have former membership(s) aggregated with their current active membership. An election must be made in writing to the member's appropriate administering authority (West Midlands Pension Fund) before the expiry of the period of 12 months, beginning with the date that the employee again became an active member (or any such longer period as the employer may allow).

**Coventry City Council's Policy**

**Coventry City Council will extend the period of 12 months in rare and exceptional circumstances or where it was beyond the member's control.**

**9. Regulation 100 – Inward transfers of pension rights**

**Explanation**

A person who becomes an active member who has relevant pension rights may request their fund authority to accept a transfer value for some or all of their former rights. An election must be made in writing before the expiry of the period of 12 months beginning with the date that he/she became an active member (or any such longer period as his employer may allow).

**Coventry City Council's Policy**

**Coventry City Council will extend the period of 12 months in rare and exceptional circumstances or where it was beyond the member's control.**



## **10. Regulation 9 (3) - Contributions payable by active members**

### **Explanation**

Employing Authorities must review the contribution band to which they assign members each April, employers can also review band levels during the year

### **Coventry City Council Policy**

An employee's contribution percentage will be determined each pay period (e.g. each month's pay) based on the following:

a) The pensionable pay to be paid in the pay period will be multiplied by 12 to give an annual equivalent and the contribution rate for that pay period determined according to the relevant tables.

b) Any lump sums or retrospective arrears payments covering more than one pay period would be excluded from the calculation.

Employees will be notified of their pension contribution percentage on their payslip each month.

Details of the contribution rates can be found on the intranet by following the link [http://beacon.coventry.gov.uk/downloads/download/621/2013-14\\_contribution\\_bands](http://beacon.coventry.gov.uk/downloads/download/621/2013-14_contribution_bands)

Members of the pension scheme have the right to appeal the pension banding decision within 6 months of the change of contribution rate; in the first instance they should contact Employment Services so that the matter can be reconsidered.

If they are still dissatisfied with this decision they can make a written application to the specified person, appointed by Coventry City Council, to give a decision under dispute.

## **11. Regulation 91-95 Forfeiture of pension rights**

### **Explanation**

If a member is convicted of a relevant offence committed in connection with their employment the former Scheme employer may apply for a forfeiture certificate. A forfeiture certificate certifies that the offence was 'gravely injurious to the state' or is liable to lead to a 'serious loss of confidence in the public service'. Where issued the former Scheme employer may direct that the member's rights under the regulations are forfeited.

### **Coventry City Council Policy**

Coventry City Council will apply the provisions of regulations 91 to 95.

## **12. Regulation 7 – The Internal Dispute Resolution Procedure**

### **Explanation**

An Internal Dispute Resolution Procedure applies to active members of the LGPS and to others such as deferred and pensioner members, whose position may be affected by decisions taken by their former employer or LGPS administrating authority.

Responsibility for determinations under the first stage of the procedure rests with a “specified person” appointed by the employer. The employer must specify the job title and address of the person to whom applications should be directed.

**Coventry City Council's Policy**

**The specified person is:**

**Assistant Director Human Resources and Workforce Services  
Coventry City Council  
Earl Street  
COVENTRY  
CV1 5RX**