

**WILTSHIRE & SWINDON FIRE AUTHORITY**

<b>REPORT REFERENCE NO.</b>	16
<b>MEETING</b>	Combined Fire Authority
<b>MEETING DATE</b>	13 <sup>th</sup> February 2014
<b>SUBJECT OF REPORT</b>	Local Government Pension Scheme (LGPS) Discretions Policy
<b>LEAD OFFICER</b>	Brigade Manager, People & Development
<b>RECOMMENDATIONS</b>	The Fire Authority is asked to:  i) Approve the 2 new Discretions; and  ii) Approve the LGPS Discretions Policy as at Appendix A
<b>EXECUTIVE SUMMARY</b>	This paper updates the LGPS Discretions Policy with new discretions regarding reinstatement of an ill health pension and actuarial reduction of a deferred member's benefits and provides for a review of the existing discretions.
<b>APPENDICES</b>	LGPS Discretions Policy

**1. Background**

- 1.1 The Local Government Pension Scheme (LGPS) is a nationwide, funded pension scheme which is administered at County level. Wiltshire Pension Fund is responsible for administering LGPS in the Wiltshire and Swindon area.
- 1.2 The LGPS Regulations have certain areas which are open to the Employing Authority to decide what action to take and these are known as Employer discretions. These discretions must be laid out in a policy statement for the Administering Authority to enforce.

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- 1.3 It is best practice to review the Discretions Policy on a regular basis, and it is suggested that a 3 year review period is agreed, on the basis that any new discretions arising in that period are brought to the Committee as & when they occur. The review period may be shorter on this occasion, due to the need to harmonise the policy with Dorset Fire Authority if the combination business case is approved later this year, and also due to the introduction of a revised LGPS scheme in April 2014.

### **2. Discretions requiring Fire Authority consideration**

#### **2.1 Whether to grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60**

- 2.2 It is proposed that consideration is given on a case by case basis. There have been no requests to grant this discretion, and the Authority has low levels of ill health retirement across all pension schemes.

#### **2.3 Whether to waive, on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits paid early to deferred benefit**

- 2.4 It is proposed that the Authority adopt a similar discretion to those currently in place for actuarial reduction on flexible retirement and early retirement (discretions 4 & 6). In these cases the Authority will only waive the actuarial reduction of payment of a deferred member's benefits in exceptional circumstances according to the dictionary definition of compassion – 'inclined to pity or mercy'.

### **3. Policy Implications**

- 3.1 The approved LGPS Discretions Policy will be sent to Wiltshire Pension Fund for enforcement.

### **4. Risks**

- 4.1 There are no new risks associated with this policy statement.

### **5. HR, Equality and Diversity Implications**

- 5.1 Consideration has been given to the impact upon differing groups and a full assessment is not required.

### **6. Environmental Implications**

- 6.1 There are no new implications arising from this statement

### **7. Financial and Legal Implications**

- 7.1 Any financial implications arising from the application of the Discretions Policy will be addressed on a case by case basis.

### **8. Combination Implications**

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- 8.1 Both Wiltshire and Dorset Fire Authorities are required to have LGPS Discretions Policies and it would be advisable that these policies be harmonised as far as possible prior to any combination.

### 9. Recommendations

The Fire Authority is asked to:

- i) Approve the 2 new Discretions;
- ii) Approve the LGPS Discretions Policy as at Appendix A

Barbara Owen  
Brigade Manager, People & Development

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#### **Unpublished documents used in the preparation of this report:**

None

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## WILTSHIRE AND SWINDON FIRE AUTHORITY

## LGPS DISCRETIONS POLICY

DISCRETION & REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
<p><b>1). BMC12: Augmentation (Increasing) of membership of an active member (up to 10 years)</b></p>	<p>The Authority will not normally exercise this discretion.</p>
<p><b>2). BMC 13: Whether to grant additional pension to a member (up to £5,000pa)</b></p>	<p>The Authority will not exercise this discretion in addition or as an alternative to augmentation.</p>
<p><b>3). BMC 18(1): Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to work (“flexible retirement”)</b></p>	<p>The Authority does not give blanket consent for staff in the LGPS aged 55 or over to flexibly retire and draw immediate payment of pension benefits. The Chief Fire Officer &amp; Chief Executive will be responsible for assessing requests to take flexible retirement on a case by case basis taking into factors such as service delivery and any costs.</p>
<p><b>4). BMC (3): Waiving actuarial reduction on flexible retirement.</b></p>	<p>The Authority will only waive the actuarial reduction on flexible retirement in exceptional circumstances - according to the dictionary definition of compassion – ‘inclined to pity or mercy’.</p>
<p><b>5). BMC 30 (2): Whether to allow early payment of benefits at/after age 55</b></p>	<p>The Authority does not give blanket consent for staff in the LGPS aged 55 or over to retire and draw immediate payment of pension benefits. The Chief Fire Officer &amp; Chief Executive will be responsible for assessing any requests to take early retirement, taking into account factors such as costs to the Authority and the effect on service delivery.</p>
<p><b>6). BMC30 (3): Waiving actuarial reduction on early retirement.</b></p>	<p>The Authority will only waive the actuarial reduction on early retirement in exceptional circumstances - according to the dictionary definition of compassion – ‘inclined to pity or mercy’.</p>
<p><b>7). BMC30 (3): Whether to grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60</b></p>	<p>The Authority does not give blanket consent for reinstatement of suspended ill health pensions. The Chief Fire Officer &amp; Chief Executive will be responsible for assessing any requests, taking into account factors such as costs to the Authority and the effect on service</p>

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	delivery.
<b>8). BMC30A (5): Whether to waive, on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits paid early to deferred benefit</b>	The Authority will only waive the actuarial reduction of payment of a deferred member's benefits in exceptional circumstances according to the dictionary definition of compassion – 'inclined to pity or mercy'.
<b>9). Admin 16(4) (b) (ii): Whether to extend 12-month period to combine previous LG service.</b>	The Authority will allow an extension to the 12-month period to combine previous local government/fire service except in cases involving potential early retirement and consequent costs to the Authority.
<b>10). BMC 3: Determine rate of employees' contributions.</b>	The Authority will review all employees' contribution bands when there has been contractual change to a member's full-time equivalent salary at some point during the year. A member's contribution rate will not be reviewed as the result of one-off additional payments.
<b>11). Admin 22(2): Whether to extend the period for a member to elect to pay contributions to cover unpaid leave of absence, maternity, paternity, or adoption leave beyond 30 days after returning to work or leaving.</b>	The Authority will only allow an extension to the period to pay contributions to cover unpaid leave where the member was not notified of the right to pay contributions.
<b>12). Admin 83(8): Whether to extend 12-month period to allow a transfer-in of non-LG pension rights.</b>	The Authority will allow an extension to the 12-month period to combine previous non-LG service except in cases involving potential early retirement and consequent costs to the Authority.

**Abbreviations**

**LGPS** Local Government Pension Scheme

**BMC** Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

**Admin** Local Government Pension Scheme (Administration) Regulations 2008

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