

Report of: Assistant Chief Executive (Governance and HR)

Meeting of Audit Committee	Date 29 September 2014	Agenda Item	Ward(s)
Delete as appropriate	Exempt	Non-exempt	

SUBJECT: Local Government Pension Scheme 2014 – Discretionary Policy
1. Synopsis

- 1.1 The introduction of the new Local Government Pension Scheme (LGPS) on 1 April 2014 involving a change from a “Final Salary Scheme” to a “Career Average Scheme” requires employers under Regulation 60 of the Local Government Pension Scheme Regulations 2013 to review their existing discretionary pension policy statement(s) and publish new policy statement(s) in line with the new scheme.
- 1.2 This report summarises the relevant regulations and the pension policies that need to be reviewed and makes recommendations for the adoption of a new pension policy statement as required under Regulation 60. It also considers and makes recommendations concerning certain other discretions available under the LGPS.

2. Recommendations

- 2.1 To consider and approve with such amendments as the committee may agree the proposed policy statement and the draft proposals set out in **Appendix 1 Table 1**, where the council is the employer (including schools).
- 2.2 To agree to apply the same policy in respect of Regulation 30(8) discretions where council is the administering body and a former employer has ceased to be a scheme employer .

3. Background

- 3.1 The Local Government Pension Scheme (LGPS) contains a number of discretionary elements and the council's current policies relevant to this report which were last reviewed in 2009 is attached as **Appendices 2 and 3**. Augmentation of pensions is no longer available.

- 3.2 The Local Government Pension Scheme Regulations 2013 ('the Regulations') and the related Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (the Transitional Regulations) introduced a number of discretionary powers that need to be considered by the council. As an employer, the council is required to formulate, publish and keep under review a policy statement on these discretions. In addition, there are a small number of other discretions which apply and are also addressed in the attached table.
- 3.3 The council must consider the discretionary powers granted to employers in the context of both "active members" (generally current employees) who are in 2014 LGPS and also former employees ("members" of the LGPS) who left the council prior to 31st March 2014 with preserved / deferred pension benefits.
- 3.4 The Trade Unions are being consulted concerning the recommendations in this report and any comments will be reported back to the committee.

4 Employer Discretions

- 4.1 Regulation 60 of the Regulations requires the council as employer to prepare a written statement of its policy in relation to the exercise of its functions under regulations:
- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
 - (b) 30(6) (flexible retirement);
 - (c) 30(8) (waiving of actuarial reduction); and
 - (d) 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

For details of the Regulations see:

<http://www.legislation.gov.uk/ukxi/2013/2356/regulation/60/made>

- 4.2 There is no longer an automatic entitlement to an unreduced pension for employees who voluntarily retire early aged between 55 and 60 whose length of service plus age is 85 or more. The Transitional Regulations provide a discretion to "switch back on" that entitlement on compassionate grounds.
- 4.3 In preparing, reviewing and making revisions to its statement under Regulation 60 the council must have regard to the extent to which the exercise of these discretionary powers, could lead to a serious loss of confidence in the public service.
- 4.3 The council is required to keep the statement under review and make such revisions as are appropriate following a change in its policy.
- 4.4 The discretions for consideration are detailed in **Appendix 1, Table 1** along with a summary of the council's current policy, where applicable, and recommendations for future policy.
- 4.5 The Appendix invites members to consider in respect of some of the available discretions adopting a policy to use them but only in exceptional circumstances. The advantage of this that is that it retains flexibility to respond in cases, for example, of particular hardship. This does of course mean that there may be some cost to the council. The

discretion to allow flexible retirement has been used relatively frequently (13 times since March 2012 at a cost to the council of £505,938) but exercise of the other discretions has rarely been requested under the previous scheme.

5 Implications

5.1 Financial implications:

There are financial implications arising directly from the report. The costs of exercising the discretions detailed in **Table 1** can give rise to pension strain costs when a member draws their pension benefits before their normal or state pension age (for whatever reason).

Factors that influence the strain costs include the members' age, length of service, gender and marital status. The impact on the fund is the loss of future contribution streams from the employee and the member, and paying out benefits earlier than otherwise anticipated. Generally where a strain costs arises due to an employer decision, such as waiving actuarial reductions, the strain costs will be met by the employer and not the Pension Fund.

5.2 Legal Implications:

Regulation 60 of the Local Government Pension Scheme Regulations 2013 requires the council to prepare and publish a written statement of its policy in relation to various discretions available to it under the scheme and to publish that statement. The statement must thereafter be kept under review.

The Regulations require that in preparing or making revisions to its pension policy statements, the scheme employer must have regard to the extent to which the exercise of any of its policies could lead to a serious loss of confidence in the public service (Regulation 60(5)).

5.3 Environmental Implications:

There are no environmental implications arising from this report.

5.4 Equality Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Under the The Local Government Pension Scheme Regulations 2013 the council is required to have a policy statement in relation to the exercise of the discretionary provision contained in the Act. All eligible employees working for the council are automatically admitted to the LGPS, unless they opt-out. However, care needs to be taken in the exercise of discretions that equality characteristics as outlined in the Equality Act 2010 are taken into account.

6 Conclusion and reasons for recommendations

- 6.1 A formal review of the council's discretionary pension policy statement is required due to the introduction of the new Local Government Pension Scheme from 1 April 2014. In formulating and reviewing the policy statement the council must have regard to the extent to which the exercise of its discretionary powers could lead to a serious loss of confidence in the public service.

Appendices

Appendices 1 – 5 attached

Background papers:

Final report clearance:

Signed by:

Debra Norman	Date
Assistant Chief Executive (Governance and HR)	

Received by:

Head of Democratic Services	Date
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Local Government Pension Scheme Discretions
Table 1

Ref	The LGPS Regulations 2013	Detail	Proposal	Comment
1	16(2)e (funding of additional pension)	The LGPS regulations allow members to make additional pension contributions (APCs) to the LGPS at their own cost of up to £6,500. In addition it allows for shared costs between the employer and employee. Voluntary funding of additional pension contributions via Shared Cost Additional Pension Contributions (APC) - (by regular ongoing contribution)	Not to fund additional pension via shared cost APC.	Current approach
2	16(4)(d) (funding of additional pension)	Voluntary funding of additional pension contributions via Shared Cost Additional Pension Contributions (APC) - (by one off lump sum)	Not to fund additional pension via shared cost APC.	Current approach
3	30(6) (flexible retirement) [Replacing Reg 18 LGPS Benefit Regs 2008]	Employees aged 55 or more who reduce their working hours or grade may elect, with the employer's consent, to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment. (The pension amount will normally be actuarially adjusted although under regulation 30(8) the employer may waive any reduction in whole or part – see below)	To continue with the council's existing provision for flexible retirement (Policy attached as Appendix 2.)	Current policy allows the flexible retirement of active members of the LGPS with decisions made in agreement with the relevant Corporate Director (or Assistant Chief Executive) based on business benefits (with no waiver of actuarial reduction).
4	30(8) (waiving of actuarial reduction – in cases of voluntary early retirement and flexible retirement)	An active member can voluntarily retire on or after age 55 and draw pension benefits, as can a deferred member on or after age 55 [Regulation 30(5)] The employer's consent to the retirement used to be	Option 1 Not to apply the discretion to waive all or part of any actuarial reduction in respect of Regulation 30(5) or Regulation 30(6).	Current policy is to consider the early release of pension benefits, (which prior to the new regulations required the employer's consent, from

		<p>required in the case of employees aged 55-59 but this is no longer the case under the new regulations.)</p> <p>.</p> <p>Employees aged 55 or more who reduce their working hours or grade may elect, with the employer's consent, to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment (Regulation 30(6) – see above).</p> <p>The pension amount in both cases will normally be actuarially adjusted.</p> <p>.</p> <p>Employers may agree to waive all or part of the actuarial reduction in each case. Waiving the reduction would require the council to make a payment to the pension fund for the shortfall (pension strain) created by paying the pension early without reduction,</p>	<p>Option 2 Not to apply the discretion to waive the actuarial reduction in respect of Regulation 30(6).</p> <p>To consider in the case of Regulation 30(5) waiving all or part of any actuarial reduction in very exceptional circumstances:</p> <p>i) where for an active member immediately prior to retirement, there is a clear financial or operational advantage with each case considered on its merits and subject to the approval of the relevant Corporate Director (or Assistant Chief Executive).</p> <p>(e.g. in the case of an active member) in circumstances where redundancy is not an immediate option, but potentially possible in the medium term, there could be a cost saving) or ii) on compassionate grounds</p> <p>(See Appendix 4 for criteria to consider on compassionate grounds)</p> <p>Subject to in all cases to there being no detrimental impact on services.</p>	<p>the age of 55) on compassionate grounds with an actuarial reduction. The former service area is responsible for reimbursing the pension fund costs arising from the early release.</p> <p>Current policy is to consider the early release of pension benefits on grounds of redundancy / efficiency without an actuarial reduction at the discretion of the relevant Corporate Director / Assistant Chief Executive.</p>
5	31 (award of additional pension)	An employer may award an active member , or a member who was an active member who was dismissed by reason of redundancy, or business	Option 1 Not to fund additional pension via added contributions of up to	There is limited provision in the existing policy to use this discretion.

	[replacing Reg12 LGPS Benefits Regs 2008 which allowed an additional £5,000 per annum]	efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency, additional annual pension of up to £6,500 from 1st April 2014 and that figure is increased on 1st April 2015 and in future years, in line with the Regulations.	£6,500 (as at 1 April 2014). Option 2 To consider the use of this regulation, in circumstances where the relevant Corporate Director (or Assistant Chief Executive) considers it will lead to significant cash saving and the cost to the pension fund will be reimbursed within one month. (e.g.in the case of an active member, in circumstances where redundancy is not an immediate option, but potentially possible in the medium term, so there could be an overall cost saving) An equalities impact will need to be considered in all such decisions made.	(See – Appendix 3)
Additional Discretions				
6	The LGPS (Transitional Provisions and Savings) Regulations 2014 (Switching on the 85 year rule -for scheme member wishing to voluntarily draw benefits on or after 55 and before age 60.)	An active member is able to retire without the employer's permission between age 55 and before age 60 and their pension benefits will normally be subject to an actuarial reduction to meet the strain on the pension fund. In cases where the employee is protected under the 85 year rule (a scheme member on 30 September 2006) , the employer has discretion to waive the actuarial reduction by switching on the 85 year rule if an employee voluntarily requests to draw their pension benefits and the pension strain cost is met by the employer. (i.e. age at retirement and length of service add up to 85)	Option 1 Not to switch on the 85 year rule for those who retire before the age of 60. Option 2 To switch on the 85 year rule in very exceptional circumstances where there is a clear financial or operational advantage' with each case considered on its merits and subject to the approval of the relevant Corporate Director. / Assistant Chief Executive.	Currently the 85 year rule is switched off.

7	Discretions for leavers post 31 March 2008 / pre 1 April 2014	Members who have left employment before 1 April 2014 come under the previous LGPS regulations.	Consent to the early release of pension benefits to be considered in line with the existing (pre 1 April 2014) policy in respect of discretions.	
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Existing Policy

The Local Government Pension Scheme - Flexible Retirement Policy

1 Introduction

- 1.1 The London Borough of Islington values the knowledge, experience and skills of all its employees. We are committed to having a flexible approach to retirement and recognise the benefits that it can have for both employees and the council as a whole.
- 1.2 The work on past retirement policy already allows employees to apply to continue to work over the age of 65 and potentially up to the age of 75, should they so wish.
- 1.3 The Flexible Retirement Policy allows employees who are members of the Local Government Pension Scheme (LGPS) to apply to reduce their working hours or pay grade (stepping down) and to draw pension benefits accrued up until the transfer to flexible retirement.

2 Flexible Retirement Policy

- 2.1 Flexible retirement occurs where an employee draws their pension and carries on working, either at a lower grade (stepping down) or on reduced hours.
- 2.2 It is available to Local Government Pension Scheme (LGPS) members who are aged 55 or over (including those working beyond the age 65) and who, with the Council's consent, reduce their hours or grade. Subject to necessary approvals, such employees may also be able to draw their local government pension whilst continuing to work. In addition they can remain in the Local Government Pension Scheme until the day before their 75th birthday, building up further benefits in the scheme.

3 Eligibility

- 3.1 In order to apply for the flexible retirement scheme an employee must:
 - be aged 55 or over, and
 - have 3 months total membership of the LGPS, and
 - complete the Flexible Retirement Request Form, and
 - obtain the consent of the line manager and Head of Service/Chief Officer.

The proposed reduction in salary, through either reduced hours or level of responsibility, must involve as a minimum either a 30% reduction in hours, or two grades difference in salary.

- 3.2 As an alternative to the last option, an employee may apply for a job at a lower grade and/or on reduced hours through open competition for a post through the council's normal open recruitment process and if successful make a request for pension benefits under the flexible retirement scheme. In such cases the employee's new department must agree to the application and the request form should be authorised by the new employing department.

4 Procedure

- 4.1 Any employee wishing to work reduced hours and/or at a lower grade (stepping down), must first put their request in writing to their line manager by completing the flexible retirement request form (see Appendix B). In the first instance the line manager will consider the request and the business case for supporting it. The manager may give provisional approval where they consider that:

- there is no detrimental effect on service delivery; and
- there is available alternative work at the lower grade or that the role can be carried out within the reduced hours or that suitable alternative arrangements can be made to cover the work; and
- the arrangement is fair and equitable to other team members

4.2 **Appendix A** contains points that the manager may wish to bear in mind when considering a request and **Appendix B** the application form.

4.3 If the line manager provisionally supports the request, the form should be forwarded to the Pensions Section where estimated pension figures will be calculated.

4.4 If, having received the figures, the employee wishes to proceed the line manager should obtain the agreement of their Head of Service / Director / Corporate Director, who will authorise the request.

4.5 No application for flexible retirement will be agreed at Head of Service / Chief Officer level in the absence of the line manager's support and necessary financial information from HR and the Pension Section.

4.6 Following the recommendation of the Head of Service / Chief Officer the employee should be advised in writing of the outcome. This should normally be within 28 days of the original request.

4.7 HR Express will amend and reissue the employee's contract of employment to reflect the new hours and/or grade as approved.

4.8 Employees requesting to draw their pension following appointment to a lower grade (stepping down) or reduce hours through open recruitment should seek the approval of their new line manager.

4.9 The policy for flexible retirement is as follows: -

Each case is treated on its merits, based on the needs of the service at the relevant time taking into account all relevant considerations including the grounds on which the application for flexible retirement is made, requirements of service provision, length of service, and capital cost of the strain on the Pension Fund.

4.10 If an application for flexible pension is refused and the employee wants to appeal please see **Appendix C**.

5 Receiving Pension Benefits Whilst Working

5.1 In all cases, employees must receive information as to how flexible retirement will affect their net pay and pension entitlement. This is important, as an employee's pension may be actuarially reduced if paid before age 65. In addition, any job held while in receipt of pension benefits may attract a higher rate of tax. While the Council will provide necessary pay and pension figures, the employee should be encouraged to seek independent financial advice. The employee may also seek advice from the Employee Assistance Programme. (See section 8 below for details.)

5.2 An employee who is granted flexible retirement under this scheme maintains continuity of service for terms and conditions of employment, including redundancy.

5.3 An employee granted flexible retirement can continue in employment under the flexible retirement scheme until they reach the Council's normal retirement age, which is currently 65. An employee who reaches the age of 65, who wants to continue working can apply to remain working under the work on past retirement scheme.

6. Pension Implications For Working Reduced Hours Or Stepping Down

6.1 Where an employee varies their working arrangements their pension entitlements will continue to accrue. Pension rights accrued before the reduction in hours or grade will be unaffected by the change. The employee's pension following the change may however be affected where, for example, special payments are no longer paid in the new role. Employees who opt for flexible retirement should obtain information from the Pensions Section about how their benefits might be affected and also seek independent financial advice.

6.2 Working part-time prior to, or in a lower grade prior to, the normal retirement age may also affect an employee's ill-health benefits or redundancy and compensation payments if they subsequently retire on health grounds or are made redundant or leave on efficiency grounds. Employees should contact HR Express / Pension Section to obtain further information about how these might be affected.

7. Long Service Retirement Award

7.1 Eligibility for the long service award on retirement will be awarded on retirement from the council rather than when an employee takes up the flexible retirement option.

8 Flexible Retirement Policy Changes

8.1 This policy will be reviewed in the light of the operation of the scheme and in line with legislative changes and also changes to the Local Government Pension Scheme.

9 Further information

9.1 If you would like further information on this policy, please contact your HR Business Partner or the Pensions Section.

9.2 To access the Employee Assistance Programme phone: 0800 243 458 or visit <http://www.workplaceoptions.co.uk/member-login.asp>

The login and password details are: Client ID: Islington Password: employee.

9.3 There is also further information about personal financial management on izzi at: <http://izzi/council/councilnews/freetime/health/Pages/eap.aspx>

9.4 Trade union members can also obtain advice from their trade union. Contact Vaughan West, GMB on 0207 527 3805 or Jane Doolan, Unison on 0207 527 8298.

Note: Flexible Retirement Appendices not attached

Existing Policy

Termination by Reason of Redundancy or in the Interests of the Efficiency of the Service, including Early Retirement

1 General Policy: Redundancy

Without prejudice to the Council's discretion to treat every case on its merits, the Council's general redundancy payments policy is based on the statutory redundancy payment as follows:

- for service up to the age of 21 – employees made redundant are entitled to 0.5 actual weeks pay (without any salary cap) for each completed year of service during that period;
- for service between 22 - 41 years of age – employees made redundant are entitled to 1 actual weeks pay (without any salary cap) for each completed year of service during that period;
- for service over 41 years of age – employees made redundant are entitled to 1.5 actual weeks pay (without any salary cap) for each completed year of service during that period.

The maximum number of years continuous service that can be counted for statutory redundancy payments purposes is 20. The redundancy payment is calculated according to statutory provisions but using actual contractual weekly pay rather than the statutory maximum.

The formula set out above includes both the redundancy payment (including the statutory element) and the discretionary lump sum.

The general policy applies only to redundancy, and not to efficiency, situations.

The general redundancy payments policy applies only to employees with two or more year's continuous service with a body listed in the Redundancy Payments (Continuity of Employment in Local Government, Etc) (Modification) Order.

2 Exceptional Discretionary Policy: Redundancy or Efficiency

The Council may use its discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (as amended), in exceptional circumstances, and only where the relevant employee has not received an additional period of membership or an additional pension (see section 3 below) to pay a lump sum of up to a total of 2 years (104 weeks) actual pay without any salary cap as a compensatory payment to any employee (eligible for the Local Government Pension Scheme), whose employment is terminated by reason of redundancy or in the interests of the efficiency of the service, including early retirement. This discretion can only be exercised within six months of termination and will be in exceptional circumstances and on a case-by-case basis, to be determined by the Corporate Director of each relevant department or, where appropriate, by the Chief Executive (in relation to a Corporate Director) or by Corporate Services Committee (in relation to the Chief Executive). Any redundancy (under Part XI Employment Rights Act 1996) and any enhanced compensation payments (under regulation 5 of these Regulations) on top of redundancy shall be deducted from any lump sum payable under this section.

The Council will have regard to the extent to which the exercise of discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service. The following factors will be taken into account when deciding whether to award a compensatory payment and, if a compensatory payment is made, the amount of that payment:

- Individual financial and other personal circumstances
- The Council's interests, including corporate and service imperatives
- The Council's fiduciary duty, including its duty to protect the interests of Council Tax payers and to exercise prudence and propriety
- Overall work record of the employee, including performance, attendance, length of service, level of responsibility and disciplinary record
- Any other factor relevant to the individual case

Redundancy and efficiency payments will be met from service department budgets.

3 **Augmentation**

The Council has discretion to

- (i) Increase an active member of the LGPS's membership (i.e. add years) by a maximum of ten additional years; and
- (ii) Award an active member an additional pension of up to £5000 per annum under Regulations 12 and 13 respectively of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 (as amended).

Regulation 12 allows the Council to award an active member additional membership at any time up to the termination of employment (non-redundancy) or in the six months following termination (redundancy). In the latter case any increase shall be backdated to the date of termination. Regulation 13 additional pension is payable from the same date as the underlying pension becomes payable and can be paid in addition to any increased membership under Regulation 12.

The Council's general policy on such augmentation is that no extra membership or pension should be granted, subject to exceptional individual circumstances. However, as an exception to the general augmentation policy, the Council will use these augmentation provisions to give pension scheme members the option on a redundancy or efficiency dismissal of converting all of any discretionary compensation payment (less the statutory or contractual redundancy payment) into additional pensionable service under Regulation 12 up to a maximum of ten years.

Examples of how many additional years the conversion of the lump sum payment can deliver are available from the Pension Section, HR, or your trade union representative. The figures vary depending on salary and length of service. Where the compensation includes a statutory or contractual redundancy payment, this payment shall not be eligible for augmentation.

4 **Further information**

Further information about this policy can be obtained from:

Steve Rogers, Pension Section - email: steve.rogers@islington.gov.uk
telephone 0207 527 2028

Pat Edwards, Human Resources - email: pat.edwards@islington.gov.uk
telephone 0207 527 2420 or you can contact your HR Business Partner.

Also information on the statutory redundancy scheme is available on:

<http://www.direct.gov.uk/en/Employment/RedundancyAndLeavingYourJob/Redundancy/index.htm>



Draft for consideration

The Local Government Pension Scheme 2014

Guidance Criteria in the Exercise of Discretionary Powers

Consideration for the early release of pension benefits on compassionate grounds*

Applies to existing and former members of the LGPS

In respect of both existing and former employees in relation to determining on compassionate grounds the early release of retirement pension and grant, the council will examine each case on its merits and may take into consideration:

- the nature of the compassionate grounds put forward in the application; and the supporting evidence supplied showing exceptionally difficult personal or domestic circumstances
- the likely period that the claimed compassionate grounds will last into the future;
- medical evidence, where relevant, which relates to the member or deferred pensioner and/or a dependent relative;
- the likelihood or otherwise of the member or deferred pensioner obtaining employment at some stage in the future;
- the nature and reason for the employee leaving;
- the member's or deferred pensioner's age and period of membership;
- income and/or capital having been received or in prospect of being received from the Council or other sources;
- the costs to the pension fund; and
- any other relevant factor(s).

In the case of existing employees the final decision rests with the relevant Corporate Director/ Assistant Chief Executive.

In the case of former employees in the first instance the Director Financial Management will make a decision based on the evidence supplied by the individual. In the case of an appeal the relevant Corporate Director/ Assistant Chief Executive will make the final decision.

*There is no definition in the Local Government Pension Scheme Regulations 2013 of 'compassionate grounds'



DRAFT

The Local Government Pension Scheme 2014 - Policy Statement

(Subject to decisions made by Members at the Audit Committee on 29 September 2014)

1 Introduction

Regulation 60 of the The Local Government Pension Scheme Regulations 2013 requires the council to prepare a written statement of its policy in relation to the exercise of its functions with regards to the following Regulations.

- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
- (b) 30(6) (flexible retirement);
- (c) 30(8) (waiving of actuarial reduction); and
- (d) 31 (award of additional pension),

The council's policy with regards these Regulations is as follows:

2 Regulation 16 – Additional Pension Contributions

The council's policy concerning the whole or part funding of an active member's additional pension contributions:

Not to fund additional pension via shared Additional Pension Contributions either by regular on-going contributions or by way of a one off lump sum payment.

3 Regulation 30(6) – Flexible Retirement

The council's policy concerning flexible retirement

Consideration will be given to requests from employees aged 55+ who are active members of the LGPS to reduce their working hours or grade of employment and receive immediate payment of all or part of their retirement pension to which they would be entitled in respect of that employment. The council's policy on flexible retirement which is based on business benefits (with no waiver of actuarial reduction) is attached.

4 Regulation 30(8) – Waiving of Actuarial Reduction

The council's policy concerning the waiving of actuarial reduction

Not to apply the discretion to waive the actuarial reduction in respect of Regulation 30(6) (flexible retirement).

To consider in the case of Regulation 30(5) waiving all or part of any actuarial reduction in very exceptional circumstances:

- i) where for an active member immediately prior to retirement, there is a clear financial or operational advantage with each case considered on its merits.
- or
- ii) on compassionate ground (active or deferred members aged 55+) with each case considered on its merits

subject to in all cases to there being no detrimental impact on services.

5 Regulation 31 – Award of added pension contributions

The council's policy regarding the award of added pension contributions of up to £6,500 (as at 1 April 2014) where an active member or a member a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

Option 1 (Subject to Audit Committee's approval)

Not to fund additional pension via added contributions of up to £6,500 (as at 1 April 2014).

or

Option 2 (Subject to Audit Committee's approval)

To consider the award of added pension contributions of up to a maximum of up £6,500 (as at 1 April 2014) in circumstances where the relevant Corporate Director (or Assistant Chief Executive) considers it will lead to significant cash saving and the cost to the pension fund will be reimbursed within one month.

6 Additional Discretions under the Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

The council's policy regarding "switching on" the 85 year rule

Option 1 (Subject to Audit Committee's approval)

Not to switch on the 85 year rule for a scheme member who voluntarily retire or leave employment and elect to draw their benefits at or after the age of 55 and before the age of 60. In all such cases benefits will be actuarially reduced.

or

Option 2 (Subject to Audit Committee's approval)

To switch on the 85 year rule in very exceptional circumstances where there is a clear financial or operational advantage' with each case considered on its merits for a scheme member who voluntarily retire or leave employment and elect to draw their benefits at or after the age of 55 and before the age of 60.

7 Discretions for leavers post 31 March 2008 / pre 1 April 2014

The council's policy regarding scheme members who have left employment before 1 April 2014 and are subject to previous LGPS regulations.

In all such cases the council will consider the early release of pension benefits in line discretions enacted in the relevant policies in force pre 1 April 2014. .

8 Further Information

Further information about this policy statement can be obtained from the Pension Section - email: pensions@islington.gov.uk

Or see the Local Government Pension Scheme website: <http://www.lgps2014.org/>