Schedule of Kent County Council's Employer Policy Statement

The Local Government Pension Scheme (Administration) Regulations 2013

This policy statement clarifies the Authority's position on the discretions it can exercise in accordance with the LGPS 2014 regulations and guidance on how they apply to different retirement options.

The policy statement applies to all members of staff who are eligible to be members of the LGPS, as defined in the regulations i.e. employees with a contract of employment of over 3 month's duration and who are under 75 years of age and are contractually enrolled at the start of employment. Those with contracts of less than 3 months, including casuals, can join but need to elect to do so.

Employees who are members of the pension scheme are only entitled to receive pension benefits if they have 2 years or more service. Under LGPS 2014 Regulation 18, if an employee leaves within 2 years of the start of their employment their contributions can be repaid or transferred to another scheme, unless there is some fraudulent offence or misconduct in connection with the employment.

Principles

The Authority will treat any individual retirement case and decisions on its merits.

Decisions relating to retirement will be made taking into account the business case and business implications, the financial implications, employment law consideration, the regulations and the legality of each case. It may also take into account long term savings, affordability, skills and skills retention and impact on service delivery.

The definition of business efficiency shall include, but not be limited to financial savings and/or quality improvements judged on a case by case basis.

Each decision will be made free from discrimination on the grounds of any protected characterising – age, disability, gender reassignment, marriage or civil partnership, pregnancy & maternity, race, religion and belief, sex, sexual orientation or any other personal criteria.

The Authority's decisions relating to retirement and the release of pension benefits will be in line with the current pension regulations. These regulations may be updated from time to time and the Authority will default to the regulations if the policy is not explicit on any current or future regulation.

Decisions relating to the release of deferred benefits to former employees will refer to the relevant pension policies applicable at the time of their employment. In such cases, the decision as to the release of deferred benefits will be on a case by case basis and will take into account the criteria detailed in these principles. Guidance may be sought from the pension administrators as required.

Compassionate grounds are defined in the Blue Book (Terms & Conditions of Employment) as: circumstances must be exceptional and would not reasonably be expected to prevail i.e. the occurrence of a disaster or accident etc. Financial hardship alone would not normally be deemed sufficient.

Discretions
Within the regulations there are a number of discretionary statements that require the Authority to explicitly state their position. The discretions detailed below relate to the current LGPS 2014 regulations and guidance. They also reflect discretions approved by the Authority for the previous pension scheme policies.

Regulation 9 (1) & (3) - Contributions

KCC will apply the nationally determined employee contribution rates and bands. These are subject to change and may be varied.

KCC will pay the rate of contributions determined in the regulations for employees whose pay is reduced through ill health or during authorised unpaid leave, including child related leave.

KCC will determine the appropriate contribution band for an employee by using the pensionable pay received on 1 April each year and every 3 months thereafter.

Variable time employees will have their initial contribution rate at 1 April 2014 set at 5.5% with a reassessment every 3 months thereafter.

KCC will notify employees of their individual contribution rates in their April payslips each year and thereafter when any changes are made. Details of the contribution rates, bands and appeal process will be made available Kent Scheme Newsletter each April and on KNet.

Regulation 16 (2)e and (4)d – Shared Cost Additional Pension Contributions (SCAPC)
KCC will not operate a SCAPC where an employee wishes to purchase extra annual pension (up to the limit defined in the regulations).

The above does not apply where a scheme member has had a period of child related leave or authorised unpaid leave and elects, within 30 days of return to work, to pay a SCAPC to cover the amount of pension 'lost' during the period of absence, KCC will contribute 2/3rds of the cost. If an election is made after the 30 day time limit the full costs will be met by the employee.

Where it is not possible to provide the employee with the information they need to make their election within the 30 day deadline, KCC will extend the limit. However, the scheme member must contact KCC to request this information within 30 days of returning to work and respond within 30 days of the information being provided.

TP Regulations 1(1)(c) of Schedule 2 – whether to allow the rule of 85 to be 'switched on' for members age 55-59.
It is not KCC's general policy to make use of the discretion to 'switch back on' the 85 year rule protections unless there are clear financial or operational advantages to

KCC. Each case will be considered on its merits by the relevant Corporate Director and the Corporate Director of Human Resources.

Regulation 17 (1) – Shared Cost Additional Voluntary Contributions (SCAVC)
KCC will not operate a SCAVC for employees.

Regulation 21(5) – in determining Assumed Pensionable Pay whether a lump sum payment made in the previous 12 months is a 'regular lump sum'
KCC will maintain a list which details what KCC considers being a regular lump sum payment made to our employees to be used in the calculation of the Assumed Pensionable Pay.

Regulation 22 (7)(b) & (8)(b) - Aggregation of Benefits
Employees who have previous LGPS pension benefits in England and Wales will automatically have these aggregated with their new LGPS employment unless they elect within 12 months of commencing membership of the LGPS in the new employment to retain separate benefits. KCC has the discretion to extend this period beyond 12 months and each case will be considered on its own merits.

Regulation 30(6) & 30(8) – Flexible Retirement
It is KCC's policy to provide consent to consider flexible retirement requests only where there are clear financial or operational advantages to KCC.

If consent has been given under Regulation 30(6) it is not KCC's general policy to waive any actuarial reduction unless there are exceptional circumstances.

Each case will be considered on its merits by the relevant Corporate Director and the Corporate Director of Human Resources.

Regulation 30(8) – Waiving of Actuarial Reductions
It is not KCC's general policy to waive any actuarial reductions applied to benefits paid early or where a scheme member has previously been awarded a deferred benefit. Each case will be considered on its merits by the relevant Corporate Director and the Corporate Director of Human Resources.

Where flexible retirement has been agreed under Regulation 30(6) and the benefits payable to the scheme member are to be actuarially reduced, the employer can choose to waive that reduction.

A deferred member from age 55 can request payment of their deferred benefit before their normal pension age. Whether employers consent is required is dependent on the date that the member left.

It is not KCC's general policy to waive any reduction to these requests but each case will be considered on its merits by the relevant Corporate Director and the Corporate Director of Human Resources.

Regulation 31 – Award of Additional Pension

KCC has the discretion to award additional pension (up to the additional pension limit defined in the regulations) to an active member or within 6 months of leaving the scheme to a scheme member who was who are dismissed on grounds of redundancy or business efficiency.

KCC will only exercise this discretion in exceptional circumstances and only at the discretion of the relevant Corporate Director and the Corporate Director of Human Resources.

Regulation 100(6)
If an employee wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, the election to do so must be made within 12 months of starting a new period of membership. This time limit may be extended if the employee can demonstrate exceptional circumstances so as to justify this.

NB: Under Regulation 60(1) of the Local Government Pension Scheme Regulations 2013, it is compulsory for all employers to make a policy decision under Regulation 16, 30(8) and 31 and Paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and amendments) Regulations 2014.

Under Regulation 60(2) a copy of the policies must be sent to the Pensions Section by 30th June 2014 and be publishable to their scheme members on request.

Under Regulation 60(3) employers must keep the policies under review and make any appropriate changes.

Under Regulation 60(4) any amendments to these policies must be made available to the Pensions Section and to scheme members within a month of the date of change.