



Appendix 1

Local Government Pension Scheme 2014

Statement of Policy on discretions for:

****Employer Name: Tewkesbury Borough Council**

****Applicable/Operative Date: 1st October 2021**

****Completed/Authorised By: Mike Dawson**

****Position: Chief Executive**

****Date Completed: November 2021**

Signed:.....

**** PLEASE ENTER ABOVE DETAILS, which will be replicated onto each page of the document when it is printed, and complete the declaration below. Once completed and printed, please ensure the Policy is signed by a person suitably authorised to do so ****

The Local Government Pension Scheme Regulations require an Employer to prepare and keep under review, a written statement of its policy in relation to the exercise of its discretion under a number of provisions of the Regulations.

Similarly, there are a number of discretions under the Regulations which although not specifically requiring a written policy, would benefit from employers doing so, thereby demonstrating and ensuring a fair and consistent approach amongst its scheme members.

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Tewkesbury Borough Council

Applicable/Operative Date: 1st October 2021

Completed/Authorised By: Mike Dawson

Position: Chief Executive

General Information

In formulating its policies, a scheme employer should have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;

A Scheme employer **must** send a copy of its policy statement to the administering authority (Gloucestershire County Council) and **must** ensure that a copy is published and easily accessible to all of its eligible Scheme employees.

A Scheme employer **must** keep its statement of policy under review and make such revisions as are appropriate following a change of its policy. Where a revision to the statement is made, a Scheme employer **must** send a copy of its revised statement to the administering authority before the expiry of one month beginning with the date that any such revision is made and **must** ensure that a copy is published and easily accessible to all of its eligible Scheme employees.

Tewkesbury Borough Council will review its policy every three years (or when a change is required), and bring the policy back to Executive Committee for approval if a change is required.

Notes regarding this document

Together with the description of each required policy, the relevant Regulation is provided, as per the key below.

- The Local Government Pension Scheme Regulations 2013 **(R)**
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 **(TP)**
- The Local Government Pension Scheme Regulations (Benefits, Membership and Contributions) Regulations 2007 (as amended) **(B)**
- The Local Government Pension Scheme Regulations 1997 (as amended) **(L97)**
- The Local Government Pension Scheme Regulations 1995 (as amended) **(L95)**

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Tewkesbury Borough Council

Applicable/Operative Date: 1st October 2021

Completed/Authorised By: Mike Dawson

Position: Chief Executive

LGPS Discretions Policy (Feb 2021)GCC May 2014

Date Completed: November 2021

PART A – Formulation of COMPULSORY policies in accordance with the 2014 Local Government Pension Scheme Regulations

1. Award of Additional Pension (Regulation 31 (R))

Whether to award (*at full cost to the employer*)

(a) an active member, or

(b) 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,

additional annual pension of, in total (*including any additional pension purchased by the Scheme employer under Regulation 16*) not more than the additional pension limit of £6,500 (*value of limit @ 1st April 2014*).

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

The council will not apply this discretion

2. Additional Pension Contributions (Regulation 16 (R))

Whether to fund in whole or in part, any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with Regulation 16(2)(e), or by way of a lump sum in accordance with Regulation 16(4)(d).

The council will not apply this discretion

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Position: Chief Executive

3. Flexible Retirement (Regulations 30(6) & 30(8) **(R) and 11(2) **(TP)**)**

Whether to permit an active member who has attained the age of 55, to reduce their working hours, or grade and subsequently:

- (i) ****whether to consent to flexible retirement and the immediate payment of all or part of the retirement pension to which the member would be entitled in respect of that employment and**
- (ii) **whether to waive, in whole or part and at the employers own cost, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA)**

*** there may be direct costs to the employer where consent is given to the early payment of benefits before the members NPA*

A reduction in hours must be at least 20% and/or a reduction in grade of at least one grade below. Full details can be found in the Flexible Retirement Policy.

Tewkesbury Borough Council will consider each request on its merits and a request will only be agreed if it is in the Council's economic and/or operational interests to do so, as detailed in a business case. Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

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Applicable/Operative Date: 1st October 2021

Completed/Authorised By: Mike Dawson

Position: Chief Executive

4. Switching on the “Rule of 85” rule (Schedule 2 – paragraph 2(2) (TP))

** Whether, as the “Rule of 85” does not (other than on flexible retirement) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits between age 55 and 60, to switch the “Rule of 85” back on for such members.

*** there will be direct costs to the employer where the “Rule of 85” is switched back on for such members.*

Tewkesbury Borough Council will consider each request to ‘switch on’ the 85 rule on its merits and a request will only be agreed if it is in the Council’s economic and/or operational interests to do so, as detailed in a business case. Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council’s constitution.

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Position: Chief Executive

5. Waiving actuarial reduction for members retiring on or after age 55 and before Normal Pension Age (other than on Flexible Retirement) (Regulation 30(8) (P) and Schedule 2 – paragraph 2(3) (TP)

** For active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and for deferred members and suspended tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who were:

not members of the LGPS before 1 October 2006 [Group 4 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April 2014, and/or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014

members of the LGPS before 1 October 2006 and will be 60 or more on 31 March 2016 [Group 1 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2016, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2016

members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 and will not attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2014, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014

members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 but will attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2020, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2020

** *there will be direct costs to the employer where actuarial reductions are waived*

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Tewkesbury Borough Council

Applicable/Operative Date: 1st October 2021

Completed/Authorised By: Mike Dawson

Position: Chief Executive

Tewkesbury Borough Council will consider each request to waive actuarial reduction for those retiring between 55 and Normal Pension Age on its merits and a request will only be agreed if it is in the Council's economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

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Position: Chief Executive

PART B – Formulation of RECOMMENDED policy in accordance with the Local Government Pension Scheme Regulations 2013

6. Contribution Banding (Regulations 9(1) & 9(3) (R))

** How the pension contribution band to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March).

*** Where a scheme member is "rebanding", the Scheme employer must inform the member of the revised contribution rate and the date from which it is to be applied.*

Employees who are active scheme members of the LGPS will be assigned each April to the relevant contribution band based on the pensionable pay that they earned in the previous 12 months and any increment awarded on 1 April.

Those employees who join the LGPS during the scheme year will be assigned to the relevant LGPS contribution band based upon their starting annual salary. If an employee does not have an annual salary rate and has not been working for the whole of the previous year (for example those working under a casual contract) they will initially be assigned to the lowest LGPS contribution band.

Tewkesbury Borough Council may review and change the appropriate contribution band and rate on any material change in pay during the scheme year. Contribution bands can be found here: [LGPS member site](#)

7. Additional Voluntary Contributions (Regulation 17(1) (R))

Whether, how much, and in what circumstances to contribute to a Shared-Cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2014.

The council will not apply this discretion.

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

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8. Merging of Deferred Member Pension Accounts with Active Member Pension Accounts (Regulation 22(7)(b) & 22(8)(b) (R))

Whether to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership)

The council considers that the statutory 12 month window within which a scheme member can elect to aggregate previous deferred LGPS benefits into their current employment is adequate time and will not extend the 12 month deadline.

9. Inward Transfers of Pension Rights (Regulation 100(6) (R))

Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he / she has not made such an election within 12 months of joining the LGPS.

The council considers that the statutory 12 month window within which a scheme member can elect to aggregate previous deferred LGPS benefits into their current employment is adequate time and will not extend the 12 month deadline.

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10. Assumed Pensionable Pay (Regulation 21(5) (R))

Whether or not, when calculating assumed pensionable pay when a member is:

- on reduced contractual pay or no pay on due to sickness or injury, or
- absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or
- absent on reserve forces service leave, or
- retires with a Tier 1 or Tier 2 ill health pension, or
- dies in service
- to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred

The council confirms, should this need arise, this regulation will be dealt with on a case by case basis.

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THE FOLLOWING ARE ‘OLD’ PROVISIONS RELATING TO “NON ACTIVE” SCHEME MEMBERS (I,E WHO HAVE ALREADY LEFT YOUR EMPLOYMENT AND ARE ENTITLED TO DEFERRED BENEFITS UNDER PREVIOUS REGULATIONS).

PART C – Formulation of COMPULSORY policy in accordance with Regulation 66 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

11. Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) (Regulation 30(2) & (5) (B))

- (i.) ** Whether to grant applications from deferred members who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60
- (ii.) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

(i) Tewkesbury Borough Council will consider each request on its merits and a request will only be agreed if it is in the Council’s economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council’s constitution.

(ii) Tewkesbury Borough Council will consider each request on its merits and a request will only be agreed if it is in the Council’s economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must

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be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

12. Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) for a suspended tier 3 ill health pensioner (Regulation 30A(3) & (5) (B))

- (i) ** Whether to grant applications from a suspended Tier 3 Ill Health member who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60
- (ii) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to a previously suspended Tier 3 Ill Health member, which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

(i) Tewkesbury Borough Council will consider each request on whether to grant applications from a suspended Tier 3 Ill Health member who left between 01/04/2008 and 31/03/2014, on its merits and a request will only be agreed if it is in the Council's economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

(ii) Tewkesbury Borough Council will consider each request on waiving any actuarial reduction in exceptional circumstances on compassionate grounds. A request will only be agreed if it is in the Council's economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in

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consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

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PART D– Formulation of COMPULSORY policy under the Local Government Pension Scheme Regulations 1997

13. Early payment of Deferred Benefits (where the member left employment between 01/04/1998 and 31/03/2008) (Regulation 31 (2) & (5) (L97))

- (i.) ** Whether to grant applications from deferred members who left between 01/04/1998 and 31/03/2008, the early payment of deferred pension benefits on or after age 50^(see note below) and before age 60
- (ii.) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

NOTE

Benefits paid on after 50 and before age 55 will be subject to an HMRC unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5th April 2006

(i) Tewkesbury Borough Council will consider each request from deferred members on its merits. A request will only be agreed if it is in the Council's economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

(ii) Tewkesbury Borough Council will consider each request on waiving any actuarial reduction in exceptional circumstances on compassionate grounds. A request will only be agreed if it is in the

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Council's economic and/or operational interests to do so, as detailed in a business case. Requests will not normally succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

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Position: Chief Executive

PART E – Formulation of COMPULSORY policy under the Local Government Pension Scheme Regulations 1995

14. Early payment of Deferred Benefits on Compassionate grounds (where the member left employment before 01/04/1998) (Regulation D11 2(c) (L95))

** Whether to grant applications from deferred members who left before 01/04/1998, the early payment of deferred pension benefits on compassionate grounds (without actuarial reduction) on or after age 50^(see note below) and before age 65

** *there may be direct costs to the employer where consent is given to the early payment of benefits before age 65*

NOTE

Benefits paid on after 50 and before age 55 will be subject to an HMRC unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, but there will be no Scheme sanction charge

Tewkesbury Borough Council will consider each request from deferred members on its own merits. Requests are not normally likely to succeed due to the associated cost.

Dependent on the cost of the request and whether the expenditure can be found from within existing budgets, it will either need to be approved by the Head of Paid Service and S151 Officer in consultation with the Finance Lead Member OR, for higher cost requests and/or where the expenditure cannot be found from within existing budgets, may need to be approved by the Executive Committee (and must be approved by full Council if the total severance package totals more than £100k). The current approval limits are set out in the Council's constitution.