

**POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION**

REF: 013 – 2015

DATE: 16 March 2015

SUBJECT	LOCAL GOVERNMENT PENSION SCHEME CARE 2014 AND DISCRETIONARY POLICY STATEMENT
REPORT BY	CHIEF CONSTABLE
CONTACT OFFICER	Nancie Shackleton, Assistant Chief Officer Telephone 01522 558007 Tony Tomlinson, Force Chief Finance Officer Telephone 01522 558187
EXECUTIVE SUMMARY AND PURPOSE OF REPORT The introduction of the new Local Government Pension Scheme (LGPS) from 1 April 2014 requires all scheme employers to review their existing discretionary pension policy statements and to publish new policy statements effective from 1 April 2014. This report summarises the pension policies that need reviewing and makes recommendations for the adoption of new pension policy statements. The 2014 LGPS reforms have changed what is classified as pensionable pay and a new set of pay bandings and associated pension contribution rates have been implemented. This report summarises these changes and makes recommendations for determining the pensionable pay, the in-year review process along with a proposed communication plan.	
RECOMMENDATIONS	That: 1. the Discretionary Policy statement attached at Annex 1 be adopted; 2. the Exercising Discretionary Policy Procedure attached at Annex 2 be adopted.

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE

I hereby approve the recommendation above, having considered the content of this report.

Signature:  **Date:** 16/03/15

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

A1. INTRODUCTION AND BACKGROUND

1. The attached report details the considerations and issues concerned with adopting a revised set of discretionary policies and also the calculation of employees pensionable pay bandings.

A2. LINKS TO POLICE AND CRIME PLAN AND PCC'S STRATEGIES/PRIORITIES

2. None

B. FINANCIAL CONSIDERATIONS

Detailed in the report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

[This should include the legal powers the PCC has for making the decision]

The PCC receives all policing funding and other sources of income in relation to policing and crime reduction in accordance with the Police Reform and Social Responsibility Act 2011. The PCC therefore has the legal power to make this decision.

D. PERSONNEL AND EQUALITIES ISSUES

Personnel or equalities issues related to this request are included in the report.

E. REVIEW ARRANGEMENTS

The discretions will be reviewed on an annual basis or as required by changes in legislation.

F. RISK MANAGEMENT

The HR Director will be responsible for identifying and recording any risks associated with this decision.

H. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the

decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

Is the publication of this form to be deferred? No

If Yes, for what reason:

Until what date:

Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

Is there a part 2 form? No

If Yes, for what reason:

ORIGINATING OFFICER DECLARATION

	Initial to confirm
Originating Officer: ACO and FCFO recommend this proposal for the reasons outlined above.	T.E.S.
Financial advice: The PCC's Chief Finance Officer has been consulted on this proposal.	J.F.
The CC's Chief Finance Officer has been consulted on this proposal.	A.
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	J.S.
Chief Constable: The Chief Constable has been consulted on this proposal	N.R.

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.

Signature:

Date:

16/3/15

The Police and Crime Commissioner for Lincolnshire



Local Government Pension Scheme 2014

Discretionary Policy Statement

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Summary

The introduction of the new Local Government Pension Scheme (LGPS) from 1 April 2014 requires all scheme employers to review their existing discretionary pension policy statements and to publish new policy statements effective from 1 April 2014.

Previously the Force had relied on an old Police Authority powers and this report serves to rectify that position.

Currently across the regional forces each force has a different template for their discretionary policies so Lincolnshire has been asked to adopt the template issued by Mouchel in line with Lincolnshire County Council.

This report summarises the pension policies that need reviewing and makes recommendations for the adoption of new pension policy statements.

1.0 Introduction

- 1.1. The 2014 LGPS reforms have changed what is classified as pensionable pay and a new set of pay bandings and associated pension contribution rates have been implemented. This report summarises these changes and makes recommendations for determining the pensionable pay, the in-year review process along with a proposed communication plan.
- 1.2. The Local Government Pension Scheme regulations require all scheme employers to publish and keep under review a written policy statement on how they will apply their discretionary powers in relation to certain provisions of the scheme. As the new LGPS came into force on 1 April 2014 it is necessary to adopt new discretionary pension policy statements from this date.

2.0 Background

- 2.1 The cost of providing public sector pension schemes has been steadily increasing over many years and the previous Government was concerned about their long-term sustainability. Consequently it appointed Lord Hutton of Furness to chair an independent Public Service Pensions Commission to undertake a fundamental structural review of public sector pension provision
- 2.2 The main recommendations of the Commission were that:
 - all public sector pension schemes should change from final salary pension schemes to career average re-valued earnings schemes;
 - scheme retirement ages should be the same as state retirement pension ages;
 - there should be a cost sharing mechanism introduced that provided that scheme members should also share the increasing costs of providing public sector pension schemes and not just the employers;
 - existing rights of current scheme members should be protected.

3.0 Pension policy statements

- 3.1 The pension 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.

3.2 Augmentation of membership

- 3.2.1 In the outgoing pension scheme (2008) there was a discretion that allowed an employer to award up to 10 years of additional pension scheme membership to a scheme member.
- 3.2.3 The outgoing Force policy stated that this provision would only be used in exceptional cases as part of the Force Redundancy and Efficiency Policy.

3.2.4 This provision has been removed from the new scheme (2014) introduced from 1 April 2014 however there is a period of 6 months after a person has left the Force/OPCC where this discretion can still be requested to be exercised.

3.2.5 As this provision has not been used since 2010 and neither the Force or the OPCC has made anyone redundant recently it is unlikely that it will be exercised prior to the end date in September 2014.

3.2.6 Hence this discretion will be totally spent as at the 30th September 2014.

3.3 Awarding additional pension

3.3.1 In the outgoing scheme (2008) there was a discretion that enabled an employer to award an additional pension of up to £5,000 per annum to a scheme member or a member who was active but dismissed by reason of redundancy or business efficiency.

3.3.2 Under the new scheme (2014) this amount has been increased to £6,500 per annum from 1 April 2014. The cost of awarding additional pension would be substantial and once awarded the pension could not be taken away.

3.3.3 This discretion could be used:

- On compassionate grounds due to the member's exceptionally difficult person or domestic circumstances.
- As a recruitment and retention incentive for active members.

3.4 Flexible Retirement

3.4.1 This provision enables an employer to grant permission for an employee who is age 55 or over to receive payment of the pension benefits they have built up and continue working for the Force or PCC on a lower level of pay.

3.4.2 The current policy is to allow flexible retirement provided permission is given by the Assistant Chief Officer and the employee has a permanent reduction in pay of at least 20%.

3.4.3 It is recommended that this policy remain unchanged.

3.5 Early payment of pension benefits at the request of a current employee

3.5.1 Under the 2008 scheme, an employer had the discretion to allow an employee to retire voluntarily between the ages of 55-59 and to receive immediate payment of their pension benefits. From age 60 the employer's permission was not required. The pension benefits payable would be subject to a reduction to allow for early payment.

3.5.2 However, in exceptional circumstances, when it is in the operational interests of the Force/OPCC or on compassionate grounds the reduction could have been waived and the pension paid without reduction.

3.5.3 Waiving the reduction would have required the Force/OPCC to make a payment to the pension fund to make up the shortfall (known as the pension strain cost) created by paying the pension early without reduction.

- 3.5.4 The previous process used was to refer all applications to the Chief Officer Group for consideration of individual cases on their merits and for consideration of any compassionate grounds
- 3.5.5 Under the new scheme (2014), employees aged between 55 and 59 will no longer need their employer's permission to retire and receive immediate payment of their pension benefits. Therefore benefits may be drawn from age 55 up to normal pension age, i.e. 65 years.
- 3.5.6 However, the pension benefits payable would still be subject to an actuarial reduction to allow for early payment.
- 3.5.7 The Force/OPCC can pay the pension without the actuarial reduction under operational or compassionate grounds subject to payment of the pension strain.
- 3.6 **Shared Cost Additional Voluntary Contributions (SCAVC) and Shared Cost Additional Pension Contributions (SCAPC)**
- 3.6.1 Active members of the LGPS can elect to make additional pension contributions in the following circumstances:
- To buy extra pension.
 - To buy lost pension for unpaid leave of absence or unpaid child-related leave.
 - To buy lost pension due to a trade dispute.
- 3.6.2 In relation to the options to purchase extra pension and to replace lost pension due to a trade dispute is at the full cost of the employee however to buy lost pension for unpaid leave or child related leave this is a shared cost between employer and employee as long as the request is made within 30 days of returning to work.
- 3.6.3 Under the 2008 scheme, the employee's AVC payments are limited to 50% of pay and APC are limited to £5000.
- 3.6.4 Under the 2014 scheme, the AVC limit of 50% of pay has been removed and the APC limit has been increased to £6500.
- 3.6.4 It is recommended that the OPCC/Force does not adopt this discretion except where required to by Regulations or under exceptional circumstances.
- 3.7 **Early payment of pension benefits before normal retirement age at the request of a former employee (a deferred pensioner)**
- 3.7.1 If there is no cost to the Force/OPCC to allow early payment of benefits to former employees this would normally be approved with the subsequent actuarial reductions. In exceptional circumstances the Force/OPCC could waive the reduction to the pension that would normally apply if the employee's circumstances satisfied the criteria contained in the Exercising Discretionary Policies Procedure to grant payment on compassionate grounds.
- 3.8 **Discretion to 'switch on' the 85 year rule for 55 to 60 year olds**
- 3.8.1 Under the LGPS (Transitional Provisions Savings and Amendments Regulations 2014) the previous protection given to members to be able to retire and draw their

pension benefits when they meet the criteria for 85 year rule without the normal actuarial reductions being applied has been withdrawn.

- 3.8.2 The Force/OPCC can decide in exceptional circumstances where it is of benefit to the Force/OPCC to pay the pension strain and allow the early payment of the members pension without the actuarial reduction.

3.9 Rates of Contribution – Bandings

3.9.1 CARE scheme

The LGPS reforms make the pension scheme a Career Average scheme rather than a Final Salary scheme. This means that the pensions individuals will retire with are calculated on the average pensionable pay throughout their membership of the LGPS and are no longer based on the final years.

3.9.2 Pensionable Pay

The 2014 LGPS reforms change what is classified as pensionable pay. The main change is that additional hours and contractual overtime is now classed as pensionable.

A detailed list of all wage types and their new pensionable pay classification can be found in Appendix A.

Please note there is no employer discretion over the treatment of a pay element as pensionable pay.

3.9.3 Banding Changes

The 2014 LGPS reforms have implemented a new set of pay bandings and associated pension contribution rates as below:-

Actual Pensionable Pay	Contribution
< £13,500	5.50%
£13,501 to £21,000	5.80%
£21,001 to £34,000	6.50%
£34,001 to £43,000	6.80%
£43,001 to £60,000	8.50%
£60,001 to £85,000	9.90%
£85,001 to £100,000	10.50%
£100,001 to £150,000	11.40%
> £150,000	12.50%

It is important to remember that the banding contribution rates have no impact on an individual pension. The employees' pension is based on the actual pensionable pay, irrespective of the contributions.

3.9.4 Part-time Members

The reforms also change how part-time LGPS members are treated. Previously part-time members paid the banding rate which equated to their full-time equivalent. The reforms say that members should pay a contribution rate which is based on their actual pensionable pay and not their full-time equivalent.

3.9.5 Introduction of 50/50 Option

The reforms introduce the option for members to elect to only pay pension contributions on 50% of their pensionable pay. This will cut their long term benefits in the scheme upon retirement but could entice new members on lower incomes or encourage members in financial difficulty, providing an alternative option rather than withdrawing from the pension scheme.

Please note that the Employers contribution would not change if a member chooses the 50/50 option.

3.9.6 Initial Banding Exercise

The initial assessment to allocate members to their appropriate contribution banding is done as at 1st April. Allocating the members to their appropriate contribution rate is a relatively straight forward process unless the individual undertakes additional hours and/or overtime; especially since there is no way of knowing how many hours overtime an individual will work in the next year. It is recommended that the OPCC/Force utilise the previous year's overtime/honorarium figure as part of the following assessment calculation.

Salary as at 1st April + Allowances as at 1st April + Overtime/Honorarium from previous year = Assessment Total

3.9.7 Employees starting in year

New starters will be assessed for their pension contribution banding based on the starting salary and allowances.

3.9.8 Review Process - The Definition of Material Changes

Once the initial banding assessment exercise has been carried out the employer is required by the regulations to reassess the appropriate banding each April. The regulations also permit the employer to review the band on any material change in pay throughout the financial year.

The Force must clearly define what it classifies as a material change; an assessment needs to be made to ensure that any definition does not disadvantage any specific group of employees. It is recommended that the OPCC/Force adopts the following definition for Material Changes for the purposes of LGPS movements between bandings:-

- Any contractual changes which affect the pensionable pay.
- Any overtime and or honorarium payments in the period of review would not instigate a change in pension banding.

3.9.9 Review Process – Options

The material change operates as a trigger to review the individuals pension banding and change if appropriate. A number of options as to when a review could take place have been considered and are shown in Appendix B.

It is recommended that the OPCC/Force would review an individual's banding allocation in the month that a material change occurs. The individual's pension banding would reflect their new pensionable pay figure from the pay period onwards. Any change would not be backdated to prior periods and the individual would be informed of the change in writing.

This option has been assessed as giving the OPCC/Force an effective review process while balancing this with the needs of the individual to have a review process which treats them fairly within the financial year.

3.9.10 Statement of Principles

Mouchel have recommended that employers produce a "Statement of Principles" document which is reviewed annually. This document would explain how pensionable pay has been calculated and the employer policy on in-year reviews therefore supporting the band allocation if an appeal was received.

3.9.11 Appeals Process

Individuals can appeal their banding rate if they believe that they have been disadvantaged. The current Independent Disputes Resolution Procedure (IDRP) process would be followed for any appeals. This process would be followed by all members including G4S TUPE staff. The IDRP process will be published on the Finance intranet site and will be communicated as per below.

3.9.12 Communication to Date

The HR and Finance teams have been working since last autumn on the issue of changing LGPS regulations. There have been a number of communication activities which have been used to communicate the LGPS changes to members:-

- Early warning Routine Orders (Pre-Christmas 2013)
- Road-shows presented by Mouchel and G4S payroll staff
- Intranet Fact Sheet
- Further confirmation Routine Order in March
- Confirmation of new rate of LGPS banding on the ePayslip

3.9.13 Proposed Communication Plan

- Communicate as soon as possible the Statement of Principle and Dispute Process via Routine Orders and Mailmonitor email
- Follow up the above communication with an all-encompassing individual letter to all individuals stating their rate and re-iterating the Statement of Principles and Dispute Process. This should be sent in the days following the email/Routine Order.

4.0 Conclusion

Appendix C attached sets out the proposed statement of policy regarding the exercise of discretions with the Local Government Pension Scheme.

Appendix A**Pensionable pay elements from 1st April 2014**

Pay	Pension
Basic Pay	YES
Performance related pay	YES
Overtime	YES
Travel Expenses	NO
First Aid Allowance	YES
Weekend Working	YES
Shift Allowances	YES
Subsistence	NO
Payment for loss of holidays	NO
Payment in lieu of notice on terminations	NO
Bonus	YES
Honoraria	YES
Acting up	YES
Market pay supplement	YES

Appendix B

As part of this review a number of options open to the Force regarding administering the bandings in year have been assessed. The options are shown below:-

1. Review each pay period

Any material change to pay in the pay period could trigger a review of the individuals banding allocation in the month of pay.

The review calculation formula would be Salary and Allowance on the date of change + overtime for the previous financial year.

Advantages	-Gives the most accurate banding rates for LGPS members and the Force.
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Disadvantages	-May lead to confusion with members as the rate could continually change -Will complicate yearend and leaver LGPS returns
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2. Review at half year

Any material change to pay could trigger a review of the individuals banding allocation in the at 1st October.

The review calculation formula would be Salary and Allowance on the date of change + overtime for the previous financial year.

Advantages	-Possibly a happy medium option, which may suit both the employee and employer.
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Disadvantages	-May cause confusion with members as their rates would be changing.
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3. Review at month 11 and revise in month 12

The cumulative pensionable pay for the Scheme year to date at the end of month 11 (or week 48) could be grossed up to an annual equivalent (making an appropriate adjustment for any lump sum or retrospective payments made in the Scheme year to date). If this indicates that the incorrect employee contribution rate had been applied during the Scheme year to date, apply a new contribution rate from the contribution table for the remaining period of the Scheme year only which will, as near as is possible, recover any 'underpaid' employee contributions or refund any 'overpaid' employee contributions. A new employee contribution rate would, of course, still need to be assessed at the beginning of the new scheme year.

Advantages	-Ensures that the yearly contributions would reflect the members pensionable pay.
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Disadvantages	- May be difficult for the members to understand.
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-This would add additional workload on the payroll section in March to assess and manually change bandings.

-Also there may be an issue if an individual is in a refund position at the end of February.

- Individuals could be in an arrears position at period 12

4. Each year reference previous year

Each year for the next Scheme year set by reference to:

- the actual pensionable pay received in the previous Scheme year, or
- the annual rate of pensionable pay at the beginning of the new Scheme year, or
- the expected annual pensionable pay for the new Scheme year.

Advantages -Less additional work for the payroll section.

Disadvantages -Always retrospective not reflective of actual years pensionable pay.

Cost implications of review options

An assessment of the cost implications has been undertaken to support each of the options from the point of the LGPS member:

- Option 1 Each month – contributions would be correct as per the pensionable pay.
- Option 2 Quarterly/Half yearly – changes in hours or salary may result in banding movements and over/under LGPS contributions for the period until the next review.
- Option 3 Review Month 11 – any hours or banding changes which may result in banding movements and possible over/under LGPS contribution would be corrected in month 12. There is uncertainty as to how this would work for members who require potential refunds.
- Option 4 Reference previous year – contributions would always be based on previous year's figures. There would be implications for leavers who potentially have not paid contributions at the rate of their last year's pensionable pay.

An assessment of the Employers cost implications has found that any change of bandings would be immaterial. It is estimated that results of under and over payments would roughly balance. Cost implications should therefore not be a consideration when considering which review option to select.

The Police and Crime Commissioner for Lincolnshire



Statement of Policy Regarding the Exercise of Discretions with the Local Government Pension Scheme

Police and Crime Commissioner for Lincolnshire

and

Chief Constable for Lincolnshire

Deepdale Lane

Nettleham

Lincoln

LN7 5PH

Introduction

From 1 April 2014 the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 came into force.

Under these regulations, Scheme employers are required to have a statement of policy concerning a number of discretions made available to them throughout the Regulations.

For the Office of the Police and Crime Commissioner for Lincolnshire and the Chief Constable for Lincolnshire these discretions are outlined in this document.

For active and deferred members of the Local Government Pension Scheme to request consideration of any discretions you will need to refer to the Exercising Discretions Policies Procedure.

Discretions from 1.4.14 in relation to post 31.3.14 active members and post 31.3.14 leavers, being discretions under:

- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Discretion	Regulation	Employer Policy
To whom to offer membership of the LGPS (designation bodies)	R3(1)(b) & RSch 2, part 2	Not applicable as the Force is a scheduled Body
Which employees to designate for membership (admission bodies)	R3(1)(c) & R4(2)(b)	Not applicable as the Force is a scheduled Body
Determine rate of employees' contributions	R9(1) & R9(3)	Employee contribution bandings are allocated on an annual basis on the 1 April based on salary as at 1 April plus allowances as at 1 April plus overtime/honorarium from the previous year In the case of new starters, where no pay data is available for the preceding 12 months, starting pay and associated allowances if applicable, will be used to determine a nominal full year salary and contributions rates based on this amount
Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R16(2)(e) & R16(4)(d)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure and where Regulations require the employer to share the costs with the employee
Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into on or after 1.4.14	R17(1) & definition of SCAVC in RSch 1	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure and where Regulations require the employer to share the costs with the employee
Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into before 1.4.14	TP15(1)(d) & A25(3)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure and where Regulations require the employer to share the costs with the employee
Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active	TP15(1)(b) & L66(8) & former L66(9)(b)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure

membership (where AVC arrangement was entered into before 13.11.01)		
No right to return of contributions if member left due to offence of a fraudulent character or grave misconduct unless employer directs a total or partial refund is to be made	R19(2)	The expectation is that a refund of contributions would not be made to employees who are dismissed from their employment as a result of fraudulent misconduct however the decision to allow a partial or full refund will be considered in exceptional circumstances
Specify in an employee's contract what other payments or benefits, other than those specified in R20(1)(a) and not otherwise precluded by R20(2), are to be pensionable	R20(1)(b)	Individual's terms and conditions document any allowances which are payable and pensionsable
In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum"	R21(5)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment	R22(8)(b)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment	R22(7)(b)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	Dealt in accordance with the Force's Flexible Retirement Policy
Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)	Dealt in accordance with the Force's Flexible Retirement Policy
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age	R30(8)	Dealt in accordance with the Force's Flexible Retirement Policy
Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, paras 2(1) and 2(2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure

Whether to waive any actuarial reduction on pre and/or post April 2014 benefits	TP3(1), TPSch 2, paras 2(1) and 2(2), B30(5) and B30A(5)	<p>Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure</p> <p>The definition of compassion is situations of severe personal distress resulting from non-financial circumstances affecting the individual or close relative (eg spouse, child parent) leading to unavoidable financial hardship</p> <p>In all cases some form of independent corroboration will be required</p>
Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 pa)	R31	Dealt with on a case by case basis in accordance with Force Redundancy Policy
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme	TP12(6)	This discretion has not been adopted as the expectation would be to use the relevant forms for the 2014 scheme.
Determine whether a member is entitled to an ill health retirement pension, and what tier of benefit to be awarded.	R36	Dealt with in accordance with the Force Ill health retirement policy
Whether to recover any overpaid Tier 3 pension following commencement of gainful employment	R37(3)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner	R38(3)	Dealt with on a case by case basis taking into account medical advice from the independent medical practitioner
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to extend six month period to lodge a stage one IDRP appeal	R74(4)	Extensions will not be given for the six month period to lodge a stage one IDRP Appeal however this will be considered in

		exceptional circumstances
Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence)	R91(1) & (8)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP – but see R95 below)	R91(4)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	R92(1) & (2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than benefits from transferred in pension rights or APCs or AVCs or subject to R95 below, in respect of any GMP) where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	R93 (2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under R91 or recovery of a monetary obligation under R93 should deprive the member or member's surviving spouse or civil partner of any GMP entitlement.	R95	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(68)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure and subject to the agreement of the Administering Authority.

Discretions in relation to scheme members who ceased active membership on or after 1.4.08 and before 1.4.14, being discretions under:

- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Discretion	Regulation	Employer Policy
Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31 st March 2014, to augment membership (by up to 10 years). The resolution to do so would have to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30 th September 2014.	B12	Dealt with on a case by case basis in line with Force Redundancy Policy
Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership	Tsch1 & L66(8) & former L66(9)(b)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
No right to return of contributions due to offence of a fraudulent character or grave misconduct unless employer directs a total or partial refund is to be made	A47(2)	The expectation is that a refund of contributions would not be made to employees who are dismissed from their employment as a result of fraudulent misconduct however the decision to allow a partial or full refund will be considered in exceptional circumstances
Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence)	A72(1) & (6)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited	A72(3)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the	A73(1) & (2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure

certificate or to pay benefits		
Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	A74(2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to recover from Fund any financial loss caused by fraudulent offence or grave misconduct of employee (who has left because of that), or amount of refund if less	A76(2) & (3)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60	B30(2)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30	B30(5)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure The definition of compassion is situations of severe personal distress resulting from non-financial circumstances affecting the individual or close relative (eg spouse, child parent) leading to unavoidable financial hardship In all cases some form of independent corroboration will be required
Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60	B30A(3)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A	B30A(5)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure The definition of compassion is situations of severe personal distress resulting from non-financial circumstances affecting the individual or close relative (eg spouse, child parent) leading to unavoidable financial hardship In all cases some form of independent

		corroboration will be required
Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria	B31(4)	Dealt with on a case by case basis taking into account medical advice from the independent medical practitioner
Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment	B31(7)	Dealt with on a case by case basis taking into account medical advice from the independent medical practitioner

Note: benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. Also, any part of the benefits which had accrued after 5 April 2006 would generate a scheme sanction charge.

Discretions under the Local Government Pension Scheme Regulations 1995 (as amended) in relation to pre 1.4.98 scheme leavers

Discretion	Regulation	Employer Policy
Grant application from a pre 1.4.98 leaver for early payment of deferred benefits on or after age 50 on compassionate grounds (see Note below)	D11(2)(c)	Dealt with on a case by case basis in line with the Exercising Discretionary Policies procedure The definition of compassion is situations of severe personal distress resulting from non-financial circumstances affecting the individual or close relative (eg spouse, child parent) leading to unavoidable financial hardship In all cases some form of independent corroboration will be required
Decide, in the absence from a pre 1.4.98 leaver of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership	D10	Dealt with on a case by case

Note: benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. However, as the benefits had accrued prior to 6 April 2006, they would not generate a scheme sanction charge.

I warrant that the above policies reflect the policy intention of Office of the Police and Crime Commissioner for Lincolnshire and the Chief Constable for Lincolnshire as at October 2014.

Signed: ..

Signed: ..

Position:

Position:..

Police and Crime Commissioner
For Lincolnshire

Chief Constable for Lincolnshire

The Police and Crime Commissioner for Lincolnshire



Local Government Pension Scheme 2014

Procedure to Exercise Discretionary Powers

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1.0 Introduction

- 1.1 The Local Government Pension Scheme 2014 regulations require all scheme employers to publish and keep under review a written statement of policy on how they will apply their discretionary powers in relation to certain provisions of the scheme.
- 1.2 This procedure outlines the process for exercising discretionary policies and applies to all staff members of the LGPS who are employed or have been employed by the Chief Constable or the Police and Crime Commissioner and should be read alongside the Statement of Policy regarding the exercise of discretions and the LGPS 2014 Statement of Principles for Lincolnshire.

2.0 Background

- 2.1 Following the Government's fundamental review of public sector pension provision it was agreed that changes were required to ensure long term sustainability of schemes. These changes are:
- All public sector pension schemes should change from final salary pension schemes to career average re-valued earnings schemes
 - Scheme retirement ages should be the same as state retirement pension ages
 - Scheme members and employers should share the increasing costs of providing public sector schemes
 - Existing rights of current scheme members should be protected
- 2.2 Benefits accrued prior to 1 April 2014 are largely unaffected by the new scheme and that element will continue to be assessed on a final salary basis rather than a career average scheme.

3.0 Procedure

- 3.1 The procedure for application is:-
1. Application from the current or deferred member of the LGPS scheme to exercise a discretionary power giving their full reasons for their request. Application to be made to their Head of Department for current employees and to HR for deferred members. All applications to be in writing.
 2. Head of Department in liaison with their HR Business Partner will compile a decision report for current employed members. For deferred members HR Business Partner will compile the decision report in liaison with the individual.
 3. The decision report should contain all the relevant information pertinent to the case including:
 - Independent corroboration of the circumstances e.g. GP or consultants reports. For any medical reports consent will be requested from the individual for release to both the Force and OPCC
 - This will be supplied by your HR Business Partner upon request
 - Financial implications for the scheme and employer (Pension Strain)

- The full financial position needs to be included in all submissions
 - Organisational impact and HR considerations
 - Head of Departments view in conjunction with their HR Business Partner
 - Legal implications. Please consult with your the legal team
 - Any other mitigating factors that need to be considered.
4. Prior to submission to the Assistant Chief Officer (Resources), the Force Deputy Chief Financial Officer will be consulted and their views recorded in the decision report.
 5. The completed decision report and appendices are submitted to the ACO Resources for authorisation from the Force
 6. Following the authorisation from the Force the report is submitted to Chief Executive, Office of the Police and Crime Commissioner for authorisation from the OPCC.
 7. On receipt of both authorisations, HR will complete the relevant letters to the individual giving the reasons for the decision and arrange notification to Mouchel if required.

4.0 Appeals

- 4.1 Appeals against any decision made under this procedure will be through the Internal Dispute Resolution Procedure.

Appendix A - Terminology

Pension Strain

is the financial cost to the employer of paying the lump sum benefit earlier than Normal Retirement Date and the pension being paid out for a longer period than funded for along with a loss of contributions to the scheme

Compassion

situations of severe personal distress resulting from non-financial circumstances affecting the individual or close relative leading to unavoidable financial hardship.

Independent Corroboration

Should be a specific report from a professional person regarding the exact circumstances detailed from the individual making the application i.e. GP, Consultant, treating specialist etc.

Deferred Members

Deferred members refers to individuals who have left the employment of either the Chief Constable for Lincolnshire or the Police and Crime Commissioner for Lincolnshire but have pension benefits left in the LGPS scheme.