

SALISBURY CITY COUNCIL

Subject : Pension Discretionary Policy
Committee : Personnel Committee
Date : 25 November 2024
Author : Tracy Adams, Head of Human Resources

Agenda Item: 14

1. Report Summary:

1.1 Salisbury City Council has various discretionary areas regarding the administration of the Local Government Pension Scheme (LGPS) that can be decided by the Council.

1.2 The policy was last reviewed in September 2019.

2. Background:

2.1 Wiltshire Pension Fund (WPF) provide a template for LGPS members as guidance on the discretions that should be covered by the organisation policy.

2.2 Head of HR has compared our existing policy against the WPF template.

3. Recommended changes

3.1 Current policy makes reference to HR Sub Committee, this has now been changed throughout the document to Personnel Committee.

3.2 An additional discretion TP3(1),TPSch 2 para 2(1),B30(5) & B30A(5) has been added concerning members voluntarily drawing benefits other than on the grounds of flexible retirement as this was not covered in the 2019 version.

3.3 Additional sections have been included to address members who ceased active membership on the following dates. These discretions were not previously covered in the 2019 policy.

3.3.1 on or after 1 April 2008 and before 2014 or

3.3.2 on or after 1 April 1998 and before 1 April 2008 and

3.3.3 before 1 April 1998

3.4 More significant proposed changes include:

3.4.1 The current policy grants decision-making authority to Personnel Committee.

3.4.2 It is recommended that consideration is given to this decision being delegated to the s151 officer (RFO).

3.4.3 This change would enable faster, more consistent and evidence-based decision making for areas covered in the policy. Requests to enhance pension benefits or allow early pensions access can be sensitive. Such decisions may impose significant financial strain to the Council. Even if the person requesting it ceased being a council employee many years before. The current RFO has previously had the delegated authority to determine such requests in line with

laid-down policies on behalf of the Council, with proper consideration for the consequential impact on the public purse. Any such delegated decisions taken by the RFO would be reported to the next Full Council meeting.

3.5. Employee pension contributions are based on yearly earnings. Currently the percentage of contribution is based on a yearly assessment in April annually. The recommendation is to change the frequency from yearly to monthly. This is because a yearly review may lead to underpayment of employee contributions. Salisbury City council pay enhancements for staff working weekends or evenings. Payment of these enhancements may lead to employee's being assigned the wrong pension contribution pension. If employee's do pay the incorrect contribution then this is identified during the triennial evaluation and will result in an increase in employer contributions.

4. Recommendation:

4.1 It is recommended that the Committee:

4.1.1 Adopts the suggested amendments in the pension discretionary including:

4.1.1.1 Decision making authority to RFO.

4.1.1.2 Change frequency of determining employee contributions levels from yearly to monthly.

Wards Affected: All

Background papers: Pension Discretion Policy

Implications:

Financial: Potential additional liability if contribution levels are only assessed yearly.

Legal: None.

Personnel: All employees of the Council.

Environmental Impact: None.

Equalities Impact Statement: None identified.



Pensions Discretions Policy – DRAFT UPDATE November 2024

Policy No.	Version	Date Published or reviewed	Review Due	Changes made:
HR27	4	October 2024		<p>Take to Personnel Committee</p> <p>Changes: Changed all reference to HR Sub Committee to Personnel Committee Changed frequency employee contributions will be assessed from yearly to monthly</p> <p>Added TP3(1),TPSch 2 para 2(1),B30(5) & B30A(5) Discretions for members who ceased active membership on or after 1 April 2008 and before 2014 Discretions for members who ceased active membership on or after 1 April 1998 and before 1 April 2008 AND Councillor members who ceased active membership on or after 1 April 1998 Discretions for member who ceased membership before 1 April 1998</p>
HR27	3	Sept 19	September 2022	No changes
HR27	2	09/14		Changes to wording of Reg 22 (&9) and Admin 22 (2). Also two new regulations TP Regs. 1 (1) c and Reg 16 (2).
HR27	1	08/12		

Distribution

Internal: All SCC Staff

External: Wiltshire Pension Fund

WILTSHIRE PENSION FUND - EMPLOYING AUTHORITY DISCRETIONS

Discretion	REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
1	<p>Admin 22(2) Whether to extend the period for a member to elect to pay contributions to cover unpaid leave of absence, maternity, paternity, or adoption leave beyond 30 days after returning to work or leaving.</p>	<p>Salisbury City Council will only allow an extension to the 30 day period to pay contributions to cover unpaid leave if it can be shown that the member was not made aware of this option within 2 weeks of returning to work.</p>
2	<p>Reg 9 (3) Determine rate of employees' contributions.</p>	<p>Salisbury City Council will only review employees' contribution bands as at 1 April each year. Hence, when a member's salary changes (either temporarily or permanently) during the year, the member will remain on the same employee contribution rate until the following April.</p> <p>Salisbury City Council will review employee contributions each month to assess pension contribution rate applicable for that pay reference period.</p>
3	<p>Reg 16 (2) e and Reg 16 (4) d Whether to make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding of this)</p> <p>Note: this discretion only relates to cases when the member is working as normal rather than absent from work with permission but no pensionable pay – in the latter scenario, employer's must fund it if necessary.</p>	<p>Salisbury City Council will only exercise this discretion in exceptional circumstances and with the express permission of Personnel Committee after consideration of the financial implications of that decision.</p>

Commented [TA1]: Recommended amendment, the reason for this is if SCC underpays contribution (due to unpredictable nature of enhanced and additional hours) then SCC will need to make up shortfall during next triennial evaluation. This does involve more admin for payroll processing balanced with potentially financial liability to keep the assessment yearly

Discretion	REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
4	<p>Regulation 16 (6) Whether to extend 30 day deadline for member to elect for a shared cost APC</p>	See discretion 3
5	<p>Reg 22 (8 & 9) Whether to extend the 12-month period to separate previous LG service.</p>	Salisbury City Council will only allow an extension to the 12-month period to separate previous LG service where it can be reasonably shown that the member was not provided with the required information within 6 months of starting.
6	<p>Reg 30 (6) Whether all or some benefits can be paid if a member aged 55 or over reduces their hours / grade and continues to work ("flexible retirement").</p>	Salisbury City Council will consider employee requests to take flexible retirement on a case by case basis after taking into account factors such as service delivery and any costs, and such requests must be agreed by the Personnel Committee.
7	<p>Reg 30 (8) Whether to waive in whole or in part, actuarial reduction on benefits paid on flexible retirement.</p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership)</p>	See discretion 3
8	<p>Reg 31 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 £8,344 p.a – this</p>	Salisbury City Council will not exercise this discretion.

Discretion	REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
	figure is inflation proofed annually)	
9	<p>Reg 100 (6) Whether to extend the 12-month period to allow a transfer-in of non-LG pension rights.</p>	Salisbury City Council will only allow an extension to the 12-month period to combine previous non-LG service where it can be shown that the member was not provided with the required information within 6 months of starting.
10	<p>TPSch 2 para 1 (2) & 1(1)(c) Whether to allow the rule of 85 to be “switched on” for members who would normally meet the rule but who will not if they draw their benefits age 55-59 (other than on the grounds of flexible retirement). TP3(1),TPSch 2 para 2(1),B30(5) & B30A(5)</p>	See discretion 3
11	<p>TP3(1),TPSch 2 para 2(1),B30(5) & B30A(5) Whether to waive an actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership):</p> <p>(a) On compassionate grounds (pre1 April 2014 membership) and in whole or part on any grounds (post 31 March 2014 membership) if the</p>	See discretion 3

Commented [TA2]: New area not previously included but on WPF 'template' policy

Discretion	REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
	<p>member was not in the Scheme before 1 October 2006</p> <p>(b) On compassionate grounds (pre 1 April 2014 membership) and in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the scheme before 1 October 2006 will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive</p> <p>(c) On compassionate grounds (pre 1 April 2016 membership) and /or, in whole or in part on any grounds (post 31 March 2016 membership) If the member was in the scheme before 1 October 2006 and will be 60 between 1 April 2016</p> <p>On compassionate grounds (pre 1 April 2020 membership) and / or, in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive.</p>	

Discretions for members who ceased active membership on or after 1 April 2008 and before 2014		
12	<p>B30(5), TPSch 2, para 2(1)</p> <p>Whether to waive, on compassionate</p>	See discretion 3

Commented [TA3]: Added the following sections for employees with existing pensions

	grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member).	
13	TPSch 2, para 1(2) & 1(1)(c) Whether to “switch on” the 85 year rule for a pensioner member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.	See discretion 3
14	B30A(5), TPSch 2, para 2(1) Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits)	See discretion 3
	Discretions for members who ceased active membership on or after 1 April 1998 and before 1 April 2008 AND Councillor members who ceased active membership on or after 1 April 1998	
15	31(2) Grant application for early payment of deferred benefits on or after age 50 and before age 55.	See discretion 3
16	TPSch 2, para 1(2) & 1(1)(f) & R60 Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.	See discretion 3
17	31(5) & TPSch 2, para 2(1) Waive, on compassionate grounds, the actuarial reduction applied to deferred	See discretion 3

	benefits paid early.	
	Discretions for member who ceased membership before 1 April 1998	
18	TP3(5A)(vi), TL4, L106 (1) Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds.	See discretion 3

Guidance Application Note

If there are any financial implications as a result of a recommendation by the Personnel Committee, such recommendations will be referred to the Finance & Governance Committee (and then Full Council as appropriate in certain circumstances) for consideration and approval. Any decision made will be in accordance with the Council's Scheme of Delegation.

Abbreviations

LGPS - Local Government Pension Scheme

Admin - Local Government Pension Scheme (Administration) Regulations 2008

Reg - Local Government Pension Scheme Regulations 2013

"TP Regs" - Transitional Provisions, Savings and Amendment Regulations 2014