



LONDON BOROUGH OF LEWISHAM PENSION FUND DISCRETIONS POLICY

LOCAL GOVERNMENT PENSION SCHEME

LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION)

LOCAL GOVERNMENT (DISCRETIONARY PAYMENTS) (INJURY ALLOWANCES)

SUMMARY OF DISCRETIONS POLICIES

Background

The London Borough of Lewisham annually reviews its discretions policy.

This document summarises the London Borough of Lewisham's policies for the 2014 Pension Scheme as well as associated policies about Discretionary Compensation and Discretionary Payments.

Summary of Policies

Employer Discretion		Regulation	Description of the circumstances in which the London Borough of Lewisham will exercise their discretion
Employee Pension Contributions	Determination of pension contribution bands for active members	Regulation 9 and 10	Pensions contribution bands are determined each April in relation the pay received in that month. They are subsequently reviewed each month based on the pensionable pay received for the month. This considers any variation of pay such as overtime, honorarium, and any other ad hoc payments.
Awarding Additional Pension	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	Regulation 31	The Council's policy is not to award any additional pension.

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Flexible Retirement	Whether all or some benefits can be paid if an active member aged 55 or over and with at least 2 years qualifying service reduces their hours or grade (flexible retirement)	Regulation 30(6) & TP 11(2)	<p>The Council has a policy on Flexible Retirement which requires a member to permanently reduce their hours / pay by not less than 40%.</p> <p>Applications for flexible retirement will be considered from employees aged 55 years and over. Each application will be considered on its own merits with full consideration of all financial and service delivery implications by the Flexible Retirement panel.</p> <p>Please refer to the full Flexible Retirement Policy.</p> <p>The Council may review its policy at any time.</p>
	Whether to waive, in whole or in part, actuarial reductions to benefits paid on flexible retirement	Regulation 30(8)	<p>Where a member of “the 2014 scheme” is awarded flexible retirement from age 55, their benefits may be reduced to reflect their early payment, subject to the former ‘85-year rule’.</p> <p>If flexible retirement is agreed the Council will not waive these reductions.</p>
85 Year Rule	Whether to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement)	TP Sch 2, Para 1(2) & 1(1)(c)	The Council will not "switch on" the 85-year rule.
Voluntary Retirement from age 55 but before Normal Pension Age (NPA) – Active and Deferred Members	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age	Regulation 30(8)	<p>The Council’s policy is not to waive any actuarial reduction that would be applied to a member’s benefits to reflect the early payment of those benefits.</p> <p>Consideration would be given, however, where there are sound, compassionate reasons to waive the reduction.</p>

Award of Additional Pension via a shared cost APC	Whether, where an active scheme member wishes to purchase extra annual pension by making Additional Pension Contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC)	Regulation 16(2)(e), & Regulation 16(4)(d)	The Council makes substantial contributions to the pension fund to provide the main scheme benefits and therefore do not make such voluntary contributions.
Shared Cost Additional Voluntary Contributions	Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements.	Regulation 17	The Council makes substantial contributions to the pension fund to provide the main scheme benefits and therefore do not make payments to an AVC.
Abatement	Policy on abatement of pensions following re-employment	TP3 (13) & A 70 (1)* & A 71 (4) (c) & T1 2	<p>Abatement is no longer included in the 2013 LGPS Regulations.</p> <p>The Council's policy on abatement is to not abate the final salary element of a retirement pension.</p>
Transferring in non LGPS pension rights	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	Regulation 100(6)	The Council do not extend the normal time limits, except in exceptional circumstances where it may be reasonable, e.g., where an election was made in time, but not received by the Pension Fund (evidence form posted) or where the member requested a transfer investigation within 12 months of joining the scheme, but a transfer quote was issued late.

Joining LGPS membership	Whether to extend the 12-month option period for a member to elect that post 31 March 2014 deferred benefits should not be aggregated with a new employment	Regulation 22(8)	The Council do not extend the normal time limits, except in exceptional circumstances where it may be reasonable, e.g., where an election was made in time, but not received by the Pension Fund (evidence form posted) or where the members options were provided late.
	Whether to extend the 12-month option period for a member to elect that post 31 March 2014 deferred benefits should not be aggregated with an ongoing concurrent employment	Regulations 22 (7)	The Council do not extend the normal time limits, except in exceptional circumstances where it may be reasonable, e.g., where an election was made in time, but not received by the Pension Fund (evidence form posted) or where the members options were provided late.
Redundancy Compensation	To award lump sum compensation in cases of redundancy	Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) – Regulation 5 & 6	In addition to a statutory redundancy payment based on the provisions of the Employment Rights Act 1996 ('the 1996 Act'), which sets out the number of weeks payable but caps the weekly earnings used in the calculation, the Council will pay compensation as follows:- 1) Where the weekly rate of pay of the redundant employee is greater than the maximum to be taken into account under section 227 of the 1996 Act, the Council will pay compensation, under regulation 5 of the 2006 regulations, equivalent to the difference between the statutory payment and the statutory payment that would have been paid had it been based on the employee's actual weekly pay. 2) Subject to paragraph 3 below, the Council will also pay compensation, under regulation 6 of the 2006 regulations, based on the number of weeks pay the employee is entitled to under the statutory scheme multiplied by the employee's actual weekly rate of pay. 3) Where an employee becomes entitled, because of being made redundant, to the immediate payment of unreduced pension benefits, and where payment of the unreduced

			pension results in a cost to Lewisham Council, the compensation described in paragraph 2 above will be reduced. The reduction to be applied to the compensation is the capital cost of releasing the pension benefits early. Where the cost to the Council is greater than the compensation described in paragraph 2 above then no compensation is payable under paragraph 2.
Re-employment where an employee has been awarded 'added years'	Compensation for loss of office on the grounds of redundancy or efficiency	Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) – Regulation 17	Employees who were made redundant before April 2007 and awarded an immediate pension may have had their pension benefits enhanced by an award of 'added years'. Where an individual who is in receipt of an added years pension takes up new employment with a local government employer the Council would reduce the added years pension by £1 for every £1 by which the individual's income (i.e. new pay, plus LGPS pension, plus 'added years' pension) exceeds the individual's final rate of pay prior to their being made redundant. In carrying out this calculation, the former rate of pay is adjusted by inflation between the date of leaving and commencement of the new employment.
Discretionary Payments (Injury Allowances)	Whether to grant an injury allowance following reduction in remuneration because of sustaining an injury or contracting a disease while carrying out duties of the job.	Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 – Regulation 3(1)	Lewisham Council has its own policy regarding payments to be made to staff who suffer an accident or injury during their employment, and therefore Lewisham Council does not make payments under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 regulations.

Doc: 2014 Discretions Policy Summary

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