



**ENERGIZE, SHROPSHIRE, TELFORD AND WREKIN
("ESTW")**

**PENSIONS AND RETIREMENT POLICY
("the Policy Statement")**

**LOCAL GOVERNMENT PENSION SCHEME REGULATIONS, 2013 AND 2014
("the Regulations")**

**SHROPSHIRE COUNCIL PENSION SCHEME
("the Scheme")**

1.0 Statement of Purpose and Objectives

The purpose of this Policy Statement is to set out, on behalf of ESTW and its relevant employees (i.e. those employees who are from time to time members of the Scheme, hereinafter referred to as employee-members):-

- 1.0.1 Those areas of the Regulations which provide for an employer discretion and in respect of which a specific policy has to be documented (in this Policy Statement);
- 1.0.2 Relevant matters arising.

This Policy Statement has been drawn up pursuant to a number of over-arching documents and provisions, most notably of which are:-

- 1.0.3 The Deed of Admission in respect of ESTW's membership of the Scheme dated 25th March 2013
- 1.0.4 The Deed of Guarantee between Shropshire Council and ESTW dated 11th April 2013.
- 1.0.5 The Regulations

Nothing in this Policy Statement is intended to have the effect of contravening the relevant provisions of the above-mentioned documents and in the event of any conflict between this Policy Statement and these documents, then the documents as set out under 1.0.3 – 1.0.5 above shall take precedence.

2.0 Scope

This Policy Statement applies to all employees of ESTW who are also members of the Scheme – i.e. all employee-members.

At the time of the adoption of this Policy Statement by the ESTW Board (June, 2014), there were 2 such employee-members of ESTW.

Whilst it is not considered likely that additional and future employees of ESTW would be eligible to be (or eligible to become) members of the Scheme, it is not inconceivable that such a circumstance could come about.

Unless expressly provided otherwise, this Policy Statement does not relate to any other employees of ESTW from time to time save for those who are members of the Scheme.

[A separate Policy Statement – or equivalent document – may subsequently be drawn up and adopted by the ESTW Board dealing with wider Pension Benefits for all eligible employees (i.e. Defined Contribution, Auto-Enrolment, etc.) but this Policy Statement is only concerned with “the Scheme”.]

3.0 Roles and Responsibilities

3.1 The Responsibilities of Managers

All relevant Managers in ESTW, under the direct control and guidance of the CEO, have a statutory duty to ensure that all employee members approaching retirement age are informed of the appropriate provisions of this Policy Statement (and other matters arising as provided for by the Regulations from time to time) at a point 6 to 12 months prior to an employee-member reaching the age of 65. Managers should also be familiar with the “flexible retirement provisions” (see the Regulations) with a view to being able to explain these as appropriate to any employee-member who might be interested in these provisions. In so far as the CEO of ESTW is concerned (in Office at June, 2014), line responsibility in this area will be undertaken by the Chairman of ESTW.

3.2 The Responsibilities of Employee-Members

Employee-members are responsible for deciding whether or not they wish to remain a member of the Scheme and for taking the necessary actions to request the transfer in of any other scheme membership as permitted from time to time by the Regulations. They are also responsible for following the relevant processes [as outlined in the relevant documentation produced from time to time by the Pension Scheme and pursuant to the 2014 Regulations] in respect of pension transfers, early retirement or flexible retirement.

4.0 Pensions

4.1 Pension Auto-Enrolment

The Government has introduced new Regulations to encourage more people in the UK to save for their retirement and require employers (both Private and Public Sector) to automatically enrol employees into a “qualifying pension scheme” The Scheme is classified as a “qualifying scheme”.

However, unless and until such time as ESTW engages future employees who would fall within these relevant provisions as to auto-enrolment into the Scheme, this matter will not be addressed further in this Policy Statement.

For those current employee-members of the Scheme, it is understood that the Payroll Provider (on behalf of Energize) will when appropriate send the necessary informative correspondence regarding auto-enrolment to them direct.

4.2 Joining the Pension Scheme and Contribution Rates

The Regulations set out the relevant employee-member contribution rates (relative to the appropriate bandings of equivalent salary). These contribution rates range from 5.5% to 12.5% (although for the purposes of ESTW, they are most likely to sit within a tighter range of 5.5% to 8.5%).

For those employee-members who elect to pay reduced contributions, (the “50:50 option”), contribution rates will be half of the amount provided for in the Regulations.

For all other matters touching upon the more precise definition of “equivalent salary”, and the reassessment of bandings, etc. employee-members are directed to the detailed provisions of the Regulations via the contact address of the Payroll Provider (currently Shropshire Council June 2014) – see item 9.3

4.3 50:50 Option

Employee-members who wish to avail themselves of this facility should visit the Pensions website - details set out in section 9 of this Policy Statement. If they want to apply the application form is on the website – please follow further instructions as listed on there. Note - the application form will need to be submitted to Energize CEO (or Chair) for approval.

4.4 Transferring Pension into the Shropshire Pension Fund

Employee-members may choose to transfer other pension rights into the Shropshire Pension Scheme. Advice on this matter is available from the Pensions Team – see Section 9.1 below.

4.5 Awarding Extra Annual Pension

4.5.1 As a result of the changes to the Local Government Pension Scheme Regulations 2014, Augmentation (also known as “Added Years”) will no longer be permitted as part of the Scheme and will be replaced by the option of the employer to grant extra annual pension of up to £6,500 to an employee-member of the Scheme, or within 6 months of leaving to an employee-member whose employment was terminated on the grounds of redundancy or business efficiency.

4.5.2 See Appendix to this Policy Statement for ESTW’s position on this matter.

5.0 Retirement

5.1 Early Retirement on Compassionate or Exceptional Grounds

This facility is no longer available under the Regulations.

5.2 Early Retirement on the grounds of ill-health

With effect from 1st April 2008, a three tiered ill health retirement scheme will apply (amended under the Regulations). Extra membership on the grounds of ill health retirement will be awarded on the following basis:

- The first condition is that the member is, as a result of ill-health or infirmity of mind or body, permanently incapable (that the member will, more likely than not, be incapable until at the earliest, the member's normal pension age) of discharging efficiently the duties of the employment the member was engaged in.
- The second condition is that the member, as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment.

In this instance, "gainful" is defined as "paid employment for not less than 30 hours per week for a period of not less than 12 months"

It is understood that Shropshire Council have a policy concerning ill-health retirements – (see Section 9 of such policy "Caring about Sickness") and ESTW will seek to have regard to this policy should any equivalent circumstances apply within ESTW in the future. The Regulations also provide greater detail as to the manner in which ill-health retirement applications should be considered and the consequences (in terms of benefits for the employee-member) of such applications being approved.

5.3 Flexible Retirement

5.3.1 Under the flexible retirement arrangements, employee-members of the Scheme, may request a reduction in their hours or move to a lower graded post and also draw their pension whilst continuing to work, under Regulation 30(6) of the LGPS Regulations 2013. This will be subject to management consent within ESTW and appropriate consultation as between ESTW and Shropshire Council.

5.3.2 To be considered for this, employee-members must:

- be aged 55 or over
- obtain authorisation for early release of their pension.

5.3.3 Employee members who request a reduction in their hours or in the grade of their post should use the procedure outlined in the "Flexible Working Framework" as set out by Shropshire Council.

5.3.4 Early release of pension before age 65 may mean pension benefits are reduced (please refer to Section 5.3.5). Employee members should therefore obtain information on their pensionable benefits, which would apply in these circumstances before submitting a request. This is available from the Pensions team (see paragraph 11.1 below).

5.3.5 The decision to permit an employee-member to receive immediate payment of their pension under flexible retirement will be authorised by their Line Manager within ESTW under the direct control and authority of the ESTW CEO, in discussion with the Head of Human

Resources (or equivalent as advised) at Shropshire Council. Please also refer to the Appendix to this Policy Statement with regard to ESTW's position on this matter.

When making the decision to permit Flexible Retirement, all benefits pre 1st April 2008 will be paid out. Benefits accrued between the 1st April 2008 and 31st March 2014 will be paid out, along with benefits accrued after 1st April 2014.

6.0 Working beyond the age of 65

6.1 Job Applicants over the age of 65

At this stage (June, 2014) it is not considered that this Section is relevant to this Policy Statement in respect of ESTW and to that extent it will not be addressed further.

6.2 Existing Employees working beyond age 65

6.2.1 The Employment Equality (Age) Regulations 2006 state that employees have the right to request not to be retired. As ESTW does not apply a compulsory retirement age within its various contracts of employment, an employee can continue in his or her post beyond the age of 65 if he or she wishes to do so.

6.3 Implications for employee-members in the Local Government Pension Scheme (LGPS) who work beyond age 65

6.3.1 Employees in the LGPS who continue to work beyond 65

6.3.1.1 Employee members over the age of 65 can remain in the scheme to the eve of their 75th birthday and their LGPS benefits earned up to their Normal Pension Age will be increased to compensate for their late payment. Benefits must be paid from age 75, even if employment continues beyond that age.

6.3.2 Employees formerly in the LGPS who after a break in service are re-employed at 65 or above

6.4.2.1 Employees formerly in the LGPS cannot rejoin the scheme after a break in service.

7.0 Pensions Appeals

9.1 In accordance with Regulation 73 of the Local Government Pension Scheme (Administration) Regulations 2013, ESTW is required to draw all employee-members' attention to the fact that, if they are dissatisfied with any decision in relation to their rights or liabilities under the Scheme, they may make an application to ***the Energize Finance, Governance and Risk Committee*** which is appointed for resolving first stage disputes. An appeal must be made within six months of the event. Standard forms and guidelines are available from the Pension Team for this purpose.

If employee-members remain dissatisfied, they may apply for a reconsideration of the decision to the Head of Legal Services at Shropshire Council who is appointed to resolve second stage disputes. The final level of appeal would be to the Pensions Ombudsman.

In all instances, all initial concerns, or matters whereby an employee-member is not in agreement, should be referred to the individual who made the original decision. The Pensions Team will also be available to advise you of your rights under the Scheme.

8.0 Monitoring and Review

This Policy Statement and its application will be monitored from time to time by the F, G and C Committee. It will also be reviewed at regular intervals.

9.0 Further Advice on Pensions

- 9.1 Advice and information on the Local Government Pension Scheme (LGPS) is available from the Pensions Team who can be contacted on 01743 252130 or at pensions@shropshire.gov.uk. Further useful information can also be found at <http://shropshirecountypensionfund.co.uk>.
- 9.2 Please also refer to the “Shropshire Fund Pension Scheme Booklet – A Guide to your Pension” available from the Pensions Team.
- 9.3 Advice on Energize payroll related issues (as identified within the statement) can be sought from Shropshire Council Telephone: 01743 281130

10. Appendix

The attached Appendix forms an integral part of this Policy Statement. It contains those detailed areas of the Regulations in respect of which an employer discretion needs to be documented.

June, 2014

**LGPS EMPLOYER'S
DISCRETIONS POLICY FOR ENERGIZE, SHROPSHIRE, TELFORD
AND WREKIN CSP (ESTW)
LGPS 2014 Scheme**

**SHROPSHIRE LOCAL GOVERNMENT PENSION SCHEME
("THE SCHEME")**

This Appendix forms part of the ESTW Employer's Discretions Policy dated []. It needs to be read in conjunction with that Policy.

As at [June, 2014], there were only 2 employees of ESTW who were also active members of the Scheme. Also, given the Rules and Regulations of the Scheme, it is not envisaged (save only in the type of circumstances described later) that any other future employees of ESTW will be or will become members of the Scheme. This Appendix and the Policy itself therefore needs to be read in that context.

The only type of circumstances where it is envisaged that other employees of ESTW (in addition to the 2 members at present) could also be or become members of the Scheme is in the event of ESTW acquiring other employees through some form of TUPE transfer (or similar process), when such employees were already (or were entitled to become) members of the Scheme and these rights continued to apply in respect of their subsequent employment with ESTW.

DISCRETION & REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
<p>1). Reg 31: Whether to grant additional pension to a member (up to £6500pa)</p>	<p>A decision to grant additional pension to a member would have to be taken in the context of the circumstances applying at the time of any such decision.</p> <p>At this stage, it is not envisaged that either the circumstances or the financial resources of ESTW would combine to make it practicable, prudent or equitable to make a decision to grant additional pension to a member.</p> <p>See NB 1 below.</p>
<p>2). Reg 16(2)e & Reg 16(4)d: a) Whether to it make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this);</p> <p>b) Whether to operate a Shared Cost Additional Pension Contribution Scheme (SCAPCS) to enable an active employee-member to purchase additional pension up to a maximum of £6,500 per annum (such</p>	<p>A decision to make Additional Pension Contributions for the benefit of a specific member would have to be taken in the context of the circumstances applying at the time of any such decision.</p> <p>At this stage, it is not envisaged that either the circumstances or the financial resources of ESTW would combine to make it practicable, prudent or equitable to take a decision to make Additional Pension Contributions in respect of a specific member.</p> <p>For the avoidance of doubt, all that is set out above applies appropriately to any decision or discretion</p>

<p>maximum value being that fixed at 1st April, 2014 [Note: these discretions only relate to cases when the member is working as normal rather than absent from work with permission but no pensionable pay – in the latter scenario, employers must fund it if necessary.]</p>	<p>concerning a Shared Cost Additional Pension Contribution Scheme (SCAPCS) as provided for by the Scheme and the Regulations.</p> <p>See NB 1 below.</p>
<p>3). Reg 30(6) Whether all or some pension benefits can be paid if a member aged 55 or over reduces their hours/grade and continues to work (“flexible retirement”)</p>	<p>A decision to allow an employee-member of ESTW to take advantage of “flexible retirement” would have to satisfy a number of criteria applicable at the time of the consideration of any such decision.</p> <p>At this stage, it is not desirable to anticipate nor limit these potential criteria by alighting on them in this Appendix. However, it can be stated that ESTW’s consideration of this matter would include such aspects as:-</p> <ul style="list-style-type: none"> • Fairness and equity to the employee-member in question; • Fairness and equity to other employees of ESTW, whether members of the Scheme or not; • The financial resources of ESTW and its obligations to other stakeholders. • The options open to the employee-member to take his or her benefits in such a way as not to cause “pension strain” and/or otherwise at “nil cost” both to ESTW and the Scheme. <p>See NB 1 below.</p>
<p>4). Reg 30(8) Waiving actuarial reduction on flexible retirement.</p>	<p>All that is stated under 3 above applies equally in respect of this matter.</p> <p>See NB 1 below.</p>
<p>5). Reg 30(8) Waiving actuarial reduction on early retirement (age 55+) – for both active, deferred members & suspended tier 3 ill health pensions</p>	<p>Without in any way constraining the right of any employee of ESTW to retire before normal retirement age (NRA), it is considered, at this stage, that the financial resources of ESTW (either accrued as at the relevant time of the potential exercise of this discretion or likely, in the opinion of the ESTW Board, to accrue within a reasonable period from the aforementioned “relevant time”) would be unlikely ever to be such (in the ordinary course of its business, as currently projected and envisaged) to meet the cost of waiving actuarial reductions applicable upon early retirement.</p> <p>Nothing in this Appendix, nor the Policy Document of</p>

	<p>which it forms an integral part, is intended to have the effect of abrogating or otherwise diluting the entitlement of an employee-member of ESTW who may, in the future, satisfy the relevant conditions of the Scheme such as to qualify for a full and immediate ill-health pension (and thus to receive such full and immediate pension without the application of early retirement actuarial reduction factors).</p> <p>See NB 1 below.</p>
<p>6). TP Regs 1(1)(c) of Schedule 2: 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 the benefits age 55-59</p>	<p>All that is set out under 5 above applies here.</p> <p>See NB 1 below.</p>

NB 1 – in approving and adopting this Appendix and the Policy Document of which it forms a part, the ESTW Board agrees and undertakes that it will not exercise any discretion under the Scheme Rules and Regulations as provided for in this Appendix without first consulting with and, where appropriate, securing the approval of, Shropshire Council, in respect of the intended course of action.

NB 2 – Any decision taken in accordance with this Policy Statement and specifically with regard to this Appendix shall not be valid unless and until it has been approved or confirmed at the level of the ESTW Board.

Abbreviations

“Reg 16(2)e” means Regulation 16(2)e of the Local Government Pension Scheme Regulations 2013

[which apply from 1 April 2014]

“TP Regs” means LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].

June, 2014