



Ironbridge Gorge Museum Trust Ltd discretionary policies under the Local Government Pension Scheme Regulations and other related Regulations

Summary

1. This report makes recommendations for Ironbridge Gorge Museum Trust Ltd policies on discretions to be exercised:
 - i) under the LGPS Regulations 2013 from 1 April 2014 in respect of members of the Career Average Revalued Earnings (CARE) scheme,
 - ii) under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014,

Background

2. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. The report made clear that change was needed to “make public service pension schemes simpler and more transparent, [and] fairer to those on low and moderate earnings”.
3. As a result, it was decided that the Local Government Pension Scheme (LGPS) should be reformed so that, from 1 April 2014, benefits accrue on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
4. The provisions of the CARE scheme, together with the protections for members’ accrued pre 1 April 2014 final salary pension rights, are contained in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.
5. As a result of the changes, Ironbridge Gorge Museum Trust Ltd is legally required to formulate, publish and send to the LGPS pension fund administering authority a written Statement of Policy on certain discretions under the LGPS which Ironbridge Gorge Museum Trust Ltd has the power to exercise on and from 1 April 2014 in relation to members of the CARE scheme.
6. Ironbridge Gorge Museum Trust Ltd is also legally required to (or where there is no requirement, is recommended to) formulate, publish and keep under review a Statement of Policy on certain other discretions it may exercise:
 - i) under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014
7. Any amended policy under paragraph 6(i) above must be published and sent to the LGPS pension fund administering authority within one month of the date the revisions to the policy were made.

8. Any amended policy under the paragraph 6(i) above must be published and, in respect of any changes relating to awards under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000, the change must be published within one month of the decision to amend the policy.
9. Any amended policy under the paragraph 6(i) above must be published.

Decisions required

10. Anna Brennand - Chief Executive is asked:
 - i) to approve the policies on the discretions to be exercised under the LGPS Regulations in respect of those employees who are active scheme members after 31 March 2014 and members and who cease active membership after 31 March 2014, as set out in the table at Annex 1, and
 - ii) to approve the policies on the discretions to be exercised under the LGPS Regulations in respect of former employees who were scheme members and who left prior to 1 April 2014, as set out in the table at Annex 2, and
 - iii) to approve the policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 3.

Consultation

11. Ironbridge Gorge Museum Trust Ltd is not required to consult with any recognised body when Ironbridge Gorge Museum Trust Ltd intends to adopt new, or change existing, discretionary policies. However, it was considered appropriate to give advance notification to each individual employee within the LGPS.

Effective date of policies

12. The policies on discretions to be exercised under the LGPS Regulations 2013 take immediate effect from the date Ironbridge Gorge Museum Trust Ltd agrees the policies. Any change to the policies on existing discretions to be exercised under the LGPS Regulations in respect of former employees who were members of the scheme and who left pre 1 April 2014 take immediate effect from the date Ironbridge Gorge Museum Trust Ltd agrees the policies.
13. Any change to the discretions exercised under the Discretionary Compensation Regulations cannot take effect until one month after the date Ironbridge Gorge Museum Trust Ltd publishes a statement of its amended policy.
14. Any change to the discretions exercised under the Injury Allowances Regulations cannot take effect until one month after the date Ironbridge Gorge Museum Trust Ltd publishes a statement of its amended policy.

Non-fettering of discretions

15. The recommendations contained within this report, if approved, will form Ironbridge Gorge Museum Trust Ltd policies on pension and compensation discretions. It should be noted that:
- the policies will confer no contractual rights
 - Ironbridge Gorge Museum Trust Ltd will retain the right to change the policies at any time without prior notice or consultation, and
 - only the policy which is current at the time a relevant event occurs to an employee / scheme member will be the one applied to that employee / member.

Miscellaneous

This policy will be subject to periodic review. Any substantive amendments to it will be notified to each individual employee within the LGPS in writing by the Museum's Chief Executive or HR Officer and such written advice will inform employees as to when any amendment comes into effect.

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Date: 1 August 2017

Approved

Chief Executive

Dated

Annex 1

Table A: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations 2013 in relation to active scheme members (other than local authority councillor members) and members who cease active membership after 31 March 2014 (other than local authority councillor members): Ironbridge Gorge Museum Trust Ltd policy

Ironbridge Gorge Museum Trust Ltd will not make use of the discretion to grant extra annual pension of up to £6,675 (figure at 1 April 2015) to an active scheme member or, within 6 months of leaving, to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency except in exceptional circumstances where Ironbridge Gorge Museum Trust Ltd considers it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and / or operational business case put forward.

Ironbridge Gorge Museum Trust Ltd will not make use of the discretion to voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

Flexible retirement

Ironbridge Gorge Museum Trust Ltd will not agree to flexible retirement except in circumstances where Ironbridge Gorge Museum Trust Ltd considers it is in its financial or operational interests to do so. Each case

- will be considered on the merits of the financial and / or operational business case put forward,
- will set out whether, in addition to any pre 1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take
 - a) all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or
 - b) all, some or none of their post 31 March 2014 benefits, and will require a written request from the employee and the approval of The Chief Executive.

Waiver of any actuarial reduction on flexible retirement

Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the Local Government Pension Scheme Regulations and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. Ironbridge Gorge Museum Trust Ltd will only waive any such reduction, in whole or in part, where it considers it is in its financial or operational interests to do so. Each case will be

considered on the merits of the financial and / or operational business case put forward and will require a written request from the employee and the approval of The Chief Executive including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived.

Ironbridge Gorge Museum Trust Ltd will not agree to apply the 85 year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where Ironbridge Gorge Museum Trust Ltd considers it is in its financial or operational interests to do so. Each case

- will be considered on the merits of the financial and / or operational business case put forward, and
- will require a written request from the employee and the approval of The Chief Executive.

Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age Ironbridge Gorge Museum Trust Ltd will not agree to waive in whole or in part any actuarial reduction that would otherwise be applied to their benefits except in circumstances where Ironbridge Gorge Museum Trust Ltd considers it is in its financial or operational interests to do so or there are compelling compassionate¹ reasons for doing so.

Each case

- will be considered on the merits of the financial and / or operational business case put forward, or
- will be considered on the merits of the compassionate case put forward, and
- will require a written request from the employee and approval of The Chief Executive including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived

Ironbridge Gorge Museum Trust Ltd will not enter into a shared cost AVC arrangement other than:

- a) in exceptional circumstances in which case the decision to contribute, and the amount of the contribution, will be subject to a written request from the employee and the approval of The Chief Executive.

Ironbridge Gorge Museum Trust Ltd will only 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 an employment (or cessation of a concurrent employment) after 31 March 2014 may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment):

- a) where Ironbridge Gorge Museum Trust Ltd agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration;
- b) where Ironbridge Gorge Museum Trust Ltd agrees that the available evidence indicates the member had made an election within 12 months of joining the LGPS but the election was not received by the Pension Fund administering authority (e.g. the election form was lost in the post); or
- c) where the member has pre 1 April 2014 membership and Ironbridge Gorge Museum Trust Ltd agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having benefits aggregated and would, in consequence, suffer a detriment to their pension benefits (for example, where member's whole-time equivalent pensionable pay on commencing with Ironbridge Gorge Museum Trust Ltd is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).

Ironbridge Gorge Museum Trust Ltd will only extend the 12 month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS:

- where the member asked for transfer investigations to be commenced within 12 months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been provided to the member within 11 months of joining the LGPS. The time limit for such a member to make a formal election to transfer pension rights into the LGPS will be extended to one month beyond the date of the letter issued by the Pension Fund administering authority notifying the Scheme member of the benefits the transfer will buy in the LGPS;
- where the available evidence indicates the member made an election within 12 months of joining the LGPS, but the election was not received by the Pension Fund administering authority (e.g. the election form was lost in the post);
- where the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration.

- When allocating a member to a contribution rate on joining the Scheme (after 1 April 2014) will be by assessing the annual rate of contractual pay
- When reallocating a member to a new contribution rate during a Scheme year (1 April to 31 March) following a material change which affects the member's pensionable pay this will be by assessing the annual rate of contractual pay
- As from 1 April 2014, part-time members' contribution rates are assessed on actual pensionable pay rather than full-time equivalent rates of pay applicable to their contractual hours only
- Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when assessing / reviewing the appropriate band / contribution rate.



Annex 2

Table B: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014 (other than local authority councillor members): Ironbridge Gorge Museum Trust Ltd policy

Where a former scheme member who left the scheme between 1 April 2008 and 31 March 2014 requests early release of deferred benefits on or after age 55 and before age 60 (on grounds other than permanent ill health), approval will only be given on compassionate grounds². Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive. Subject to entry 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.

Ironbridge Gorge Museum Trust Ltd will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive.

Where a former scheme member who left the scheme between 1 April 2008 and 31 March 2014 requests early release of deferred benefits on or after age 55 and before age 60 (on grounds other than permanent ill health), approval will only be given on compassionate grounds³. Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive. Subject to entry 4 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.

Ironbridge Gorge Museum Trust Ltd will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to a suspended Tier 3 ill health pension which is brought back into payment before age 65. Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive.

Table C: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008 (and in relation to local authority councillor members who ceased or will cease active membership on or after 1 April 1998): Ironbridge Gorge Museum Trust Ltd policy

Where a former scheme member who left the scheme between 1 April 1998 and 31 March 2008 requests early release of deferred benefits on or after age 50 and before age 60 (on grounds other than permanent ill health), approval will only be given on compassionate grounds⁴. Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive. Subject to entry 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.

Ironbridge Gorge Museum Trust Ltd will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive.

Table D: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership before 1 April 1998: Ironbridge Gorge Museum Trust Ltd policy

Where a former scheme member who left the scheme before 1 April 1998 requests early release of deferred benefits on or after age 50 and before age 65 on compassionate grounds, the case will be considered on its merits and will be subject to a written request from the employee and the approval of The Chief Executive.

Annex 3

Table E: Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006: Ironbridge Gorge Museum Trust Ltd policy

Any redundancy payment will be calculated on an employee's weekly pay but, other than in exceptional circumstances, limited to the statutory weeks' pay limit where pay exceeds that limit.

Ironbridge Gorge Museum Trust Ltd will not make a termination payment (inclusive of any redundancy payment) of up to a maximum of 104 weeks' pay to employees whose employment is terminated on the grounds of redundancy or efficiency of the service.

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