



KIER HIGHWAYS LIMITED

POLICY STATEMENT

SHROPSHIRE COUNTY PENSION FUND - DISCRETIONS

This policy statement sets out the discretionary policy decisions of Kier Highways Limited in respect of the Shropshire County local government pension scheme which it is an admitted body to.

The policy decisions are made in relation to:

LGPS (Administration) Regulations 2013;
LGPS (Administration) Regulations 2007;
LGPS (Benefits, Membership and Contributions) Regulations 2007.

All policy decisions are kept under review.

Jonathan Sturman
Governance Manager – Public Sector Pensions & Share Schemes

Effective 1 April 2018

Discretions from 1.4.14 in relation to post 31.3.14 active members (excluding councillor members) and post 31.3.14 leavers (excluding councillor members), 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]

Regulation	Discretion	Employer Policy
R3(1)(c) & R4(2)(b)	Which employees to designate for membership (admission bodies).	Where the admission agreement gives Kier any discretion to designate employees for membership employees will usually only be designated where there is a compelling business reason to provide an employee with LGPS membership.
R9(1) & R9(3)	Determine rate of employees' contributions.	New members will be attributed a salary band based on their rate of annual pensionable pay at the date of joining or in the event of a TUPE transfer to Kier, the rate of pay notified to Kier by the previous employer. New members will be notified of the rates and the date from which they are applied. Kier Admission Agreements: Member's contributions will be assessed on 1 April each year.
R16(2)(e) & R16(4)(d)	Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.	Kier will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in two situations, where; <ul style="list-style-type: none"> • A member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. Kier will contribute 2/3rds of this cost to a SCAPC. • Secondly, in exceptional circumstances where Kier considers it is in its financial or operational interests to do so. Each case to contribute to a SCAPC (and a decision on the amount to be contributed) will be considered on the merits of the financial and / or operational business case put forward.
R16(6)	Whether to extend the 30 day deadline for members to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve force service leave).	A decision on whether to extend the 30 day deadline will only be made in cases where the member can demonstrate that they had not been made aware of that deadline, and the election is made no more than 3 months after the member returns from the period of leave of absence or such longer period as Kier may deem reasonable in any individual case. A decision on whether a member meets the

		above criteria will be taken by the Head of HR, in consultation with the Group Reward & Pensions Director.
R17(1) & definition of SCAVC in RSch 1	Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into on or after 1.4.14.	Kier will not establish a Shared Cost AVC scheme after 01/04/2014.
TP15(1)(d) & A25(3)	Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into before 1.4.14.	Kier did not establish a Shared Cost Additional Pension Contribution scheme prior to 01/04/14.
TP15(1)(b) & L66(8) & former L66(9)(b)	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13.11.01).	Kier will not extend the period beyond 30 days other than in exceptional circumstances beyond the member's control.
R19(2)	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.	Where a member ceases employment in consequence of a fraudulent act or grave misconduct Kier will consider each case separately and a partial or full refund may be granted in exceptional circumstances.
R20(1)(b)	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.	Any such other benefits that are subject to pensionable emoluments will be specified in the employee's service contract.
R21(5)	In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum".	Kier will determine whether there is a reasonable expectation that the lump sum will be paid on a regular basis.
R22(8)(b)	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.	Kier will not extend the period beyond 12 months other than in exceptional circumstances beyond the member's control which prevented the member from making the election within the 12 month period.
R22(7)(b)	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.	Kier will not extend the period beyond 12 months other than in exceptional circumstances beyond the member's control which prevented the member from making the election within the 12 month period.
R30(6) & TP11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).	Kier will only approve Flexible retirement for benefits to be taken only if it considers it to be in its financial or operational interests to do so. If approved all benefits pre 1 April 2008 must be released. A cost analysis of benefits accrued between 1 April 2008 and 31 March 2014, and 1 April 2014 onwards will determine whether all, part or none of the benefits are released and whether any actuarial reduction, in whole or in part, will be waived to benefits taken before Normal Pension Age.
R30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	A cost analysis of benefits accrued between 1 April 2008 and 31 March 2014, and 1 April 2014 onwards will determine whether all, part or none of the benefits are released and whether any actuarial reduction, in whole or in part, will be waived to benefits taken before Normal Pension Age.

R30(8)	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.	Kier will not waive any actuarial reduction other than in exceptional circumstances where there are compelling business reasons in doing so.
TPSch 2, Para 1(2)	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 grounds of flexible retirement).	Kier will not “switch on” and apply the rule of 85 to members who voluntarily wish to retire unless in exceptional circumstances where there it is in its financial or operational interests to do so.
TP3(1), TPSch 2, paras 2(1) and 2(2), B30(5) and B30A(5)	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on grounds of flexible retirement (where the member has both pre 1/4/14 and post 31/3/14 membership). a) on compassionate grounds (pre 1/4/14 membership) and in whole or in part	Where an actuarial reduction can be waived on compassionate grounds Kier may waive the actuarial reduction where a member wishes to retire to care for a dependent who is suffering from physical or mental illness or incapacity or who is in need of care. In other cases (where there are no
	on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06; b) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20; c) on compassionate grounds (pre 1/4/16 membership) and in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/03/16; d) on compassionate grounds (pre 1/4/20 membership) and in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20.	compassionate grounds or there are compassionate grounds other than the care of a dependant) Kier will not waive any actuarial reduction other than in exceptional circumstances where it is in its financial and/or operational interests to do so.
R31	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).	Kier will not award additional pension other than in exceptional circumstances where there are compelling business reasons in doing so.
TP12(6)	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.	Kier will use a certificate produced by an IRMP in cases where it considers that it would be appropriate to do so in the prevailing circumstances
R36	Determine whether a member is entitled to an ill health retirement pension, and what tier of benefit is to be awarded.	Kier will consider entitlement and tier of benefit on the basis of the available evidence as to the illness, infirmity and immediate and prospective capability of the member.
R37(3)	Whether to recover any overpaid Tier 3 pension following commencement of gainful employment.	Kier will recover overpaid Tier 3 pension other than in exceptional circumstances where there are compelling reasons in doing so.

R38(3)	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.	Before deciding whether the criteria is met and whether to agree the early payment of the retirement pension Kier will consider an IRMP certificate and any other available relevant information. Kier will not agree to early payment other than in exceptional circumstances where there are compelling reasons in doing so.
R38(6)	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.	Before deciding whether the member is unlikely to be so capable and whether to agree to the early payment of the retirement pension Kier will consider an IRMP certificate and any other available relevant information. Kier will not agree to early payment other than in exceptional circumstances where there are compelling reasons in doing so.
R74(4)	Whether to extend six month period to lodge a stage one IDRPA appeal.	This is in the discretion of the Adjudicator at stage 1.
R91(1) & (8)	Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence).	Kier will consider whether to apply for a forfeiture certificate after taking into account all relevant factors such as the nature of the offence, the likelihood of a certificate being issued and the amount of the loss that could be recovered.
R91(4)	Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP – but see R95 below).	Where a forfeiture certificate is issued Kier will direct that benefits will be forfeited (except GMPs) other than in exceptional circumstances where there are compelling reasons in doing so.
R92(1) & (2)	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.	Where a forfeiture certificate is issued Kier will not direct that interim payments will be made except where there are circumstances as a result of which it may not apply the forfeiture certificate and it decides it would be appropriate to pay interim payments.
R93 (2)	Whether to recover from the 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.	Kier will recover the monetary obligation in these circumstances other than in exceptional circumstances where there are compelling reasons in doing so.
R95	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.	Kier will recover the monetary obligation in these circumstances other than in exceptional circumstances where there are compelling reasons in doing so.
R98(1)(b)	Agree to bulk transfer payment.	Kier will not agree to bulk transfer payments other than where there are legal obligations to do so.

R100(6)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.	Kier will not agree to extend the period other than in exceptional circumstances beyond the member's control which prevented the member from transferring funds within the 12 month period
TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B11(2)	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending 31st March in the 10 years prior to leaving.	Kier will not allow the member to select the final pay period for fees other than in exceptional circumstances where there are compelling business reasons in doing so.
TP3(1)(a), TSch 1, L23(4)	Issue a certificate of protection of pension benefits where eligible non-councillor member fails to apply for one (pay cuts / restrictions occurring pre 1.4.08.).	Kier will not issue a certificate of protection of pension benefits without an application from a member other than in exceptional circumstances where there are compelling reasons in doing so.

Discretions in relation to scheme members (excluding councillor 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]**

Regulation	Discretion	Employer Policy
Tsch1 & L66(8) & former L66(9)(b)	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership.	Kier will not extend the application period other than in exceptional circumstances where there are compelling reasons in doing so.
A47(2)	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.	Kier will not direct for there to be a return of contributions other than in exceptional circumstances where there are compelling reasons in doing so.
A72(1) & (6)	Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence).	Kier will consider whether to apply for a forfeiture certificate after taking into account all relevant factors such as that nature of the offence, the likelihood of a certificate being issued and the amount of the loss that could be recovered.
A72(3)	Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited.	Where a forfeiture certificate is issued Kier will direct that benefits will be forfeited (except GMPs) other than in exceptional circumstances where there are compelling reasons in doing so.
A73(1) & (2)	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.	Where a forfeiture certificate is issued Kier will not direct that interim payments will be made except where there are circumstances as a result of which it may not apply the forfeiture certificate and it decides it would be appropriate to pay interim payments.
A74(2)	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.	Kier will recover the monetary obligation in these circumstances other than in exceptional circumstances where there are compelling reasons in doing so.
A76(2) & (3)	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.	Kier will recover the monetary obligation in these circumstances other than in exceptional circumstances where there are compelling reasons in doing so.
B11(2)	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending 31st March in the 10 years prior to leaving.	Kier will not allow the member to select the final pay period for fees other than in exceptional circumstances where there are compelling business reasons in doing so.
B30(2)	Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.	Requests from deferred members to bring their benefits into payment before age 60 will only be granted with the consent of the Reward and Pensions Director. Requests will only be granted where the benefits are paid on a reduced basis

Regulation	Discretion	Employer Policy
B30(5)	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30.	Kier will consider the early unreduced payment of benefits the merits of the financial and/or operational business case, or will be considered on the merits of the compassionate grounds on a case by case basis. Approval will only be granted with the consent of the Reward and Pensions Director.
B30A(3)	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.	Kier will consider bringing benefits into payment the merits of the financial and/or operational business case, or will be considered on the merits of the compassionate grounds on a case by case basis. Approval will only be granted with the consent of the Reward and Pensions Director.
B30A(5)	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A.	Kier will consider the early unreduced payment of benefits on compassionate grounds on a case by case basis, and only where the former member is prevented from full-time working due to the need to provide long-term care for a dependant. Approval will only be granted with the consent of the Reward and Pensions Director.
B31(4)	Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria.	<p>Before deciding whether the criteria is met and whether to agree the early payment of the retirement pension, Kier will consider an IRMP certificate and any other available relevant information.</p> <p>Kier will not agree to early payment other than in exceptional circumstances where there are compelling reasons in doing so.</p>
B31(7)	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment.	<p>Before deciding whether the member is permanently incapable and whether to agree the early payment of the retirement pension Kier will consider an IRMP certificate and any other available relevant information.</p> <p>Kier will not agree to early payment other than in exceptional circumstances where there are compelling reasons in doing so.</p>