

CLEANTEC SERVICES LTD – POLICY ON EXERCISE OF EMPLOYER DISCRETIONS

The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits for service after 31 March 2014, build up on a defined benefit career average revalued earnings (CARE) basis, rather than on a defined benefit final salary basis.

The provisions of the CARE scheme, together with the protections for members' pre 1 April 2014 final salary rights, are contained in the Local Government Pension Scheme Regulations 2013 [SI 2013/2356] and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI2014/525].

Scheme employers participating in the LGPS in England and Wales must formulate, publish and keep under review a statement of policy on all mandatory discretions which they have the power to exercise in relation to members of the CARE scheme and earlier schemes.

This document is intended to comply with these duties.

Summary of Key discretions to be exercised on and after 1 April 2014 in relation to active members and members who cease active membership after 31 March 2014

No	Area	Regulation	Discretion	Policy Summary
1	Whether to Grant Extra Annual Pension?	Regulation 31	<p>To award additional pension to:</p> <p>(1) an active member ; or</p> <p>(2) a former active member who was dismissed by reason of redundancy or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency</p> <p>Note: Any additional pension awarded (including any additional pension purchased by the employer under Regulation 16 of the Pensions Regulations may not exceed the additional pension limit of £7,352 (2022 figure, uplifted annually).</p> <p>Additionally, in the case of a former active member falling within (2) above, the resolution to award additional pension must be made within 6 months from the date on which the employment ended.</p> <p>The cost of awarding additional pension will be invoiced to the employer</p>	Cleantec Services Ltd Will only agree to award additional pension in exceptional circumstances
2	Whether to share the cost of purchasing additional pension (SCAPC)?	Regulations 16(2)(e) and 16(4)(d)	<p>To fund, in whole or in part, additional pension contributions on behalf of an employee where these are to be paid by regular contributions (Regulation 16(2)(e)) or by lump sum (Regulation 16(4)(d))</p> <p>Note: The amount of additional pension that may be credited to an active member's pension accounts may not exceed the additional pension limit of £7,352 (2022 figure, uplifted annually).</p>	Cleantec Services Ltd will not normally fund additional contributions but may do so in exceptional circumstances.

3	Whether to Permit Flexible Retirement?	Regulation 30(6)	<p>To agree to an employee aged 55 or over reducing their hours of work or grade so that they may receive all or some of their retirement pension while still employed</p> <p>Note: In certain circumstances the agreement to Flexible Retirement may generate a Pension Strain cost that would be recharged in full to the employer. It is therefore important to obtain an estimate from our pension administrators before approving.</p>	Cleantec Services Ltd will permit flexible retirement where there is a clear operational or financial advantage to Cleantec Services Ltd, or in exceptional circumstances.
4	Whether to 'Switch on' the 85 year Rule (always excludes flexible retirement) upon the voluntary early payment of deferred benefits?	Schedule 2 Transitional Regulations	<p>Whether, as the 85 year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.</p> <p>Note: Where a member meets the 85 year rule before age 60 and the employer has 'Switched on' this discretion, there will be a strain cost that will be recharged in full to the employer. It is important to obtain an estimate from our pension administrators ahead of time if this is the case.</p>	Cleantec Services Ltd will not agree to switch on the 85 year rule before age 60.
5	Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise (excluding flexible retirement)?	Regulation 30(8)	<p>To agree to waive, in whole or in part, any reduction that would otherwise apply under Regulation 30(5) early retirement from age 55 or regulation 30(6) flexible retirement.</p> <p>Note: The waiving of any reduction will generate a strain cost that will be recharged in full to the employer. It is important to obtain an estimate from our pension administrators ahead of time if this is the case.</p>	Cleantec Services Ltd will only agree to waive actuarial reductions in exceptional circumstances.

Signed _____
Peter Rochford (Director)

Date _____