

APPENDIX A

Shropshire Council Pension Discretions 1 April 2014 LGPS Career Average Revalued Earnings (CARE) Scheme Policy Statement

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Approved by;	Approval date
Policy Forum	2016
EJCC	2016
Revision. Updated; formatting and logos, reviewed against Pensions Team template. Added text to Discretion 5 and Added Discretion 11.	Policy Forum 14 March 2024. EJCC – 22 April 2024. Pensions Team – 22 April 2024.

Any amendments to this policy must be published and sent to Shropshire County Pension Fund within one month of the date of the revisions to the policy.

Introduction

- 1.1 Under the Local Government Pension Scheme Regulations and other related Regulations employers who participate in the Local Government Pension Scheme are required to draw up, publish and keep under review a Statement of Policy in relation to five statutory discretions they may exercise in relation to members of the LGPS Career Average Revalued Earnings (CARE) Scheme. This policy also contains five recommended discretions.
- 1.2 This statement applies to all Shropshire Council employees.
- 1.3 Discretions are exercised under the following regulations:
 - Under the LGPS Regulations 2013 from 1 April 2014 in respect of members of the Career Average Revalued Earnings (CARE) scheme. This policy statement applies to these discretions.
 - Under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014, refer to the Pension Discretion Pre - 1 April 2014 LGPS Policy Statement.
 - Under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and earlier compensation regulations, refer to the Pension Discretion Pre - 1 April 2014 LGPS Policy Statement.
 - Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011, refer to the Pension Discretion Pre - 1 April 2014 LGPS Policy Statement, and
 - Under the Local Government Pension Scheme Regulations 1997 in respect of local authority councilor members, refer to the Pension Discretion Pre- 1 April 2014 LGPS Policy Statement.

1.4 This document forms Shropshire Council's policies on pension and compensation benefits. It should be noted that:

- The policies will confer no contractual rights. Shropshire Council will retain the right to change the policies at any time without prior notice or consultation, but Shropshire Council will endeavour to discuss changes with recognised union(s), 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.

Please refer to section 4.0 for guidance on how to apply for any of the statutory and recommended pension discretions.

2.0 STATUTORY DISCRETIONS

Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations 2013 in relation to active scheme members who cease active membership after 31 March 2014.

2.1 Granting Extra Annual Pension. Discretion 1.

2.1.1 Whether, at full cost to Shropshire Council, to grant extra annual pension of up to £7,579 per annum (figure at 1 April 2023) 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.

Please follow the link to [employer awards of extra pension](#) for the current amount. The link also provides a calculator.

2.1.2 Shropshire Council will not make use of the discretion to grant extra annual pension of up to £7,579 per annum (figure at 1 April 2023) 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 Shropshire Council considers it is in its financial or operational interests to do so.

2.1.3 Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Assistant Director of Workforce and Improvement, in consultation with the Executive Director of Resources (Section 151 Officer).

2.2 Shared Cost Additional Pension Contribution (SCAPC). Discretion 2.

2.2.1 Whether, where an active scheme member wishes to purchase extra annual pension of up to £7,579 per annum (figure at 1 April 2023) by making Additional Pension Contributions (APCs), Shropshire Council will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

Please follow the link to [Additional Pension Contributions](#) for the current amount.

2.2.2 Shropshire Council will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in two situations. Firstly where;

An active scheme member returns from a period of authorised unpaid leave of absence, and the member does not, within 30 days of returning from the leave of absence, make an election to buy-back the amount of pension 'lost' during that period of leave of absence, and the member subsequently makes an election to do so whilst an active member and can demonstrate that the reason for the member missing the original 30 day deadline was because the member 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 Shropshire Council may deem reasonable in any individual case.

A decision on whether the member meets the above criteria (and on whether the 3 month period referred to should be extended in any individual case) will be taken by Assistant Director of Workforce and Improvement in consultation with the Executive Director of Resources (Section 151 Officer) and, where it is agreed that the conditions are met, Shropshire Council will be required to contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.

Secondly, where a member has a string of odd days of authorised unpaid leave of absence throughout the Scheme year (1 April to 31 March). In such a case Shropshire Council will, instead of requiring elections to buy-back the amount of pension 'lost' during the periods of leave of absence to be made within 30 days of returning from each day of absence, allow the member (whilst an active member) to make a single election during the Scheme year to cover each one of the absences that occur during the Scheme year.

2.3 Flexible Retirement. Discretion 3.

2.3.1 Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of Shropshire Council, reduce their working hours or grade and, if so, as part of the agreement:

- Whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw if flexible retirement is agreed), to permit the member to choose to draw:
- All, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and / or
- All, part or none of the pension benefits they accrued after 31 March 2014, and
- Whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA).

2.3.2 Shropshire Council will not agree to flexible retirement except in circumstances where the Council 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 either all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or all, some or none of their post 31 March 2014 benefits, and
- will require the approval of the Assistant Director of Workforce and Improvement in consultation with the Executive Director for the area. (Please refer to Pensions Lifecycle Policy How to Guide 4; Flexible Retirement).

2.3.3 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. Shropshire Council 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 the approval of their Executive Director in discussion with the Assistant Director of Workforce and Improvement, including, where the reduction is only to be waved in part, approval for the amount of reduction to be waived.

2.4 Switching on the 85 Year Rule. Discretion 4.

2.4.1 Whether, as the 85-year rule does not (other than on flexible retirement, see 2.3 above) automatically 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 apply the 85-year rule to such voluntary retirements.

2.4.2 Shropshire Council 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 the Council 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 the approval of the Assistant Director.

Workforce and Improvement in consultation with the Executive Director of Resources (Section 151 Officer).

2.5 Early Retirement and Actuarial Reduction. Discretion 5.

2.5.1 Whether to waive any actuarial reduction for:

- active members voluntarily retiring and drawing their LGPS pension on or after age 55 and before Normal Pension Age who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and
- deferred members and suspended Tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age (NPA)

who (these bullet points below apply to both bullet points above),

- were not members of the LGPS before 1 October 2006 (Group 4 Members), whether to waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April 2014, and
/ or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014.
- were members of the LGPS before 1 October 2006 and will be 60 or more on 31 March 2016 [Group 1 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2016, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2016.
- were members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 and will not attain age 60 between 1 April 2016 and 31 March 2020 [**Group 3 members**], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2014, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014.
- were members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 but will attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2020, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2020.

2.5.2 Each case will be considered on the merits of the financial and / or operational business case or will be considered on the merits of the compassionate case put forward, and will require the approval of the Assistant Director of Workforce and Improvement, in consultation with the Executive Director of Resources (Section 151 Officer) including where the reduction is only to be waved in part, approval for the amount of reduction to be waived.

3.0 RECOMMENDED DISCRETIONS

3.1 Shared Cost Additional Voluntary Contribution. Discretion 6

3.1.2 Whether, how much, and in what circumstances to contribute to a Shared-Cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any SCAVC arrangement entered into before 1 April 2014.

Shropshire Council provide SCAVC salary sacrifice arrangement. Please refer to the Benefits provider.

3.2 Transfer of Deferred LGPS Benefit. Discretion 7.

- 3.2.1 Whether to 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) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).
- 3.2.2 Shropshire Council will only extend the 12-month time limit (by an extension of up to a further 12 months) within which a scheme member who has deferred LGPS benefit in England or Wales following the cessation of an employment (or cessation of a concurrent LGPS employment) after 31 March 2014 may elect not to have their deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) where Shropshire Council agrees that the available evidence indicates the member had not been informed of the 12-month time limit due to maladministration.

Shropshire Council 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 where the member has pre 1 April 2014 membership and Shropshire Council 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 Shropshire Council is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).

Where the member did not become a member of the 2014 scheme by virtue of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] to elect that pre-1 April 2014 deferred benefits should be aggregated with a new employment.

The employee should write to the Assistant Director of Workforce and Improvement requesting an extension to the 12-month window, detailing any extenuating circumstances. The Assistant Director of Workforce and Improvement will discuss with the Executive Director for the area. The Assistant Director Workforce and Improvement is the first stage approval, the Pension Team must also agree to the transfer.

3.3 Transfer of Other Pension Rights. Discretion 8.

3.3.1 Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he / she has not made such an election within 12 months of joining the LGPS.

Shropshire Council will only extend the 12-month time limit (by an extension of up to a further 12 months) 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;
- 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 form was lost in the post);
- The available evidence indicates the member had not been informed of the 12-month time limit due to maladministration.

3.3.2 The employee should write to the Assistant Director of Workforce and Improvement requesting an extension to the 12-month window, detailing any extenuating circumstances. The Assistant Director of Workforce and Improvement will discuss with the Executive Director for the area. The Assistant Director of Workforce and Improvement is the first stage approval, the Pension Team must also agree to the transfer.

3.4 Review of Pension Contribution Rate. Discretion 9.

3.4.1 How the pension contribution band/rate to which an employee is to be allocated will be determined on joining the Scheme and at each subsequent April, and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band/rate to which an employee has been allocated consequent upon a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March).

Shropshire Council employees' pension contribution rate will be based on their actual pensionable pay as stated in the Council's Pension Lifecycle Policy

(How to Guide 1). For those employees who elect to pay reduced contributions, (the 50:50 option), the pension contribution rate will be half of the rate. The contribution band will be assessed using the actual pensionable salary plus any pensionable extra payments.

For term time staff, the actual pensionable salary will be based on the actual pensionable salary across the term time week's only, plus any pensionable extras. Any fee earning staff will be assessed on the previous year's earnings to 31st March or part year if the individual is not employed for the whole year.

3.4.2 Shropshire Council will re-assess bandings for all employees every April, except for the following:

- if an employee changes jobs, increases/ decreases hours, has a promotion or demotion,
- receives or ceases to receive a permanent / long term honoraria payment.
- if their job is regraded.

All of the above will prompt an immediate reassessment.

The Council will not re-assess pension contribution bandings after a back dated pay award.

3.5 Calculating Assumed Pensionable Pay, regular lump sum payment. Discretion 10.

3.5.1 Whether or not, when calculating Assumed Pensionable Pay (APP) when a member (other than a returning officer) is:

- on reduced contractual pay or no pay on due to sickness or injury, or
- absent during ordinary maternity, paternity or adoption leave or paid shared parental leave, or during paid additional maternity or adoption leave (other than any part of that leave where the pensionable pay received is greater than the assumed pensionable pay for that part of the leave period), or
- absent on reserve forces service leave, or
- retires with a Tier 1 or Tier 2 ill health pension, or
- dies in service.

to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred.

3.5.2 In assessing Assumed Pensionable Pay (APP) Shropshire Council will not, other than in exceptional circumstances, include in the calculation any 'regular lump sum payments' in which case the decision to include the 'regular lump sum payment' will be subject to the approval of the Assistant Director of Workforce and Improvement in consultation with the Executive Director of Resources (Section 151 Officer).

3.6 Calculating Assumed Pensionable Pay, higher level of pensionable pay. Discretion 11.

3.6.1 Whether in the Employers opinion, the pensionable pay received in relation to an employment (adjusted to reflect any lump sum payments) in the 3 months preceding the commencement of Assumed Pensionable Pay (APP), is materially lower than the level of pensionable pay the member would have normally received, decide whether to substitute a higher level of pensionable pay having had regard to the level of pensionable pay received by the member in the previous 12 months.

3.6.2 In assessing Assumed Pensionable Pay (APP) Shropshire Council will not, other than in exceptional circumstances, substitute a higher level of pensionable pay in which case the decision will be subject to the approval of Assistant Director of Workforce and Improvement, in consultation with the Executive Director of Resources (Section 151 Officer).

4.0 REQUEST TO APPLY DISCRETIONS

4.1 Requests to apply any of the statutory and recommended pension discretions will be considered only in exceptional circumstances and will not be an automatic entitlement. An employee who wishes to request a statutory and recommended pension discretion must complete a Pension Discretions Employee Request Form (Appendix A1) and provide a copy to their manager.

4.2 The manager must speak to their Strategic HR Business Partner who will request the pension strain from the Pensions Team. The manager will then arrange a meeting with the employee to discuss the request, taking account of any pension strain to the service. If the manager approves, they will create a report for their line manager (see Appendix A2 Pension Discretions Manager Report), who will pass to their Assistant Director, all three managers must detail their approval, effective date and the implications operationally and financially upon the business.

- 4.3 If the Assistant Director approves the request the report is passed to the Assistant Director of Workforce and Improvement who will consider each case in consultation with the Executive Director of Resources (Section 151 Officer). Each case will be considered on the merits of the financial and / or operational business case or, will be considered on the merits of the compassionate case put forward.

5.0 PENSION APPEALS

- 5.1 In accordance with Regulation 73 of the Local Government Pension Scheme (Administration) Regulations 2013, the Council is required to draw all employees' 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 Head of Pensions – LGPS Senior Officer, as the person 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.
- 5.2 If employees remain dissatisfied, they may apply for a reconsideration of the decision to the Assistant Director of Legal and Governance. The final level of appeal would be to the Pensions Ombudsman.
- 5.3 In all instances, all initial concerns, or matters whereby an employee is not in agreement, should be referred to the individual who made the original decision. The Pension Scheme will also be available to advise you of your rights under the Scheme.

6.0 MONITORING AND REVIEW

- 6.1 HR will work with managers to monitor the application of this policy. The policy will be reviewed at regular intervals, in conjunction with changes to legislation, and any changes to the regulations as informed by the LGPS that may impact upon it in consultation with the Trade Unions.

You may also wish to refer to:

Pension Discretions Pre-1 April 2014 LGPS Policy Statement

Pensions Lifecycle Policy

Shropshire County Pensions Fund:

www.shropshirecountypensionfund.co.uk

APPENDIX A1

Pension Discretions – Employee Request Form

Before completing this form, please ensure that you have read the Pension Discretions Policy in conjunction with the Pension Lifecycle Policy.

Employee's name

Employee Res ID.....

Name of Manager

Directorate

Please indicate pension discretion request:

Statutory

Table 1 List of Statutory Requests

Granting Annual Extra Pension. Discretion 1	
Shared Cost Additional Pension Contribution (SCAPC). Discretion 2	
Flexible Retirement – benefits and/or actuarial reduction. Discretion 3	
85 Year Rule. Discretion 4	
Early Retirement and Actuarial Reduction. Discretion 5	

Recommended

Table 2 List of Recommended Requests

Shared Cost Additional Voluntary Contribution (SCAVC). Discretion 6	
Transfer of Deferred LGPS Benefit. Discretion 7	
Transfer of Other Pension Rights. Discretion 8	
Review of Pension Contribution Rate. Discretion 9	
Calculating Assumed Pensionable Pay, regular lump sum payment. Discretion 10.	
Calculating Assumed Pensionable Pay, higher level of pensionable pay. Discretion 11.	

Please provide details of your request and when you wish this request to be effective from:

Name (signature)

Date

APPENDIX 2

Pension Discretions - Manager Report

Employee Name:

Employee Res ID:

Please indicate employee's request:

Statutory

Table 3 List of Statutory Requests

Granting Annual Extra Pension. Discretion 1.	
Shared Cost Additional Pension Contribution (SCAPC). Discretion 2.	
Flexible Retirement – benefits and/or actuarial reduction. Discretion 3.	
85 Year Rule. Discretion 4.	
Early Retirement and Actuarial Reduction. Discretion 5.	

Recommended

Table 4 List of Recommended Requests

Shared Cost Additional Voluntary Contribution (SCAVC). Discretion 6.	
Transfer of Deferred LGPS Benefit. Discretion 7.	
Transfer of Other Pension Rights. Discretion 8.	
Review of Pension Contribution Rate. Discretion 9.	
Calculating Assumed Pensionable Pay, regular lump sum payment. Discretion 10.	
Calculating Assumed Pensionable Pay, higher level of pensionable pay. Discretion 11.	

Background

Include the following in your business case:

- *Current employment details – include current post, hours worked and current SCP details.*
- *Provide details of the exceptional circumstances where Shropshire Council considers it is in its financial or operational interests to permit this discretion.*
- *Details regarding the strain (if any) on the pension fund, and the cost implications in relation to the team budget (if any).*

I agree to this request for [INPUT REQUEST] and that pension payments commence with effect from [DATE].

Direct Line Manager

..... Date.....

(Name and sign)

Post:

Next Level of Line Management

..... Date.....

(Name and sign)

Post:

Assistant Director of Group or Service Area

..... Date.....

(Name and sign)

Assistant Director of Workforce and Improvement

..... Date.....

(Name and sign)

Executive Director (if required)

..... Date.....

(Name and sign)

Executive Director of Resources (Section 151 Officer)

..... Date.....

(Name and sign)