

APPENDIX A TO AGENDA ITEM B9

Pension Policy Statement

Statement of Kent & Essex IFCA employer policy decisions

The Local Government Pension Scheme Regulations 2013

This policy statement clarifies the Authority's position on the discretions it can exercise in accordance with the LGPS 2014 regulations and guidance on how they apply to different retirement options.

The policy statement applies to all members of staff who are eligible to be members of the LGPS, as defined in the regulations i.e. employees with a contract of employment of over 3 month's duration and who are under 75 years of age and are contractually enrolled at the start of employment.

Those with contracts of less than 3 months, including casuals, can join but need to elect to do so.

Employees who are members of the pension scheme are only entitled to receive pension benefits if they have 2 years or more service. Under LGPS 2014 Regulation 18, if an employee leaves within 2 years of the start of their employment their contributions can be repaid or transferred to another scheme, unless there is some fraudulent offence or misconduct in connection with the employment.

Principles

The Authority will treat any individual retirement case and decisions on its merits.

Decisions relating to retirement will be made taking into account the business case and business implications, the financial implications, employment law consideration, the regulations and the legality of each case. It may also take into account long term savings, affordability, skills and skills retention and impact on service delivery.

The definition of business efficiency shall include, but not be limited to financial savings and/or quality improvements judged on a case by case basis.

Each decision will be made free from discrimination on the grounds of any protected characterising – age, disability, gender reassignment, marriage or civil partnership, pregnancy & maternity, race, religion and belief, sex, sexual orientation or any other personal criteria.

The Authority's decisions relating to retirement and the release of pension benefits will be in line with the current pension regulations. These regulations may be updated from time to time and the Authority will default to the regulations if the policy is not explicit on any current or future regulation.

Decisions relating to the release of deferred benefits to former employees will refer to the relevant pension policies applicable at the time of their employment. In such cases, the decision as to the release of deferred benefits will be on a case by case basis and will take into account the criteria detailed in these principles. Guidance may be sought from the pension administrators as required.

Compassionate grounds are defined as: circumstances must be exceptional and would not reasonably be expected to prevail i.e. the occurrence of a disaster or accident etc. Financial hardship alone would not normally be deemed sufficient.

Discretions

Within the regulations there are a number of discretionary statements that require the Authority to explicitly state their position. The discretions detailed below relate to the current LGPS 2014 regulations and guidance. They also reflect discretions approved by the Authority for the previous pension scheme policies.

Regulation 9 (1) & (3) – Contributions

KEIFCA will apply the nationally determined employee contribution rates and bands. These are subject to change and may be varied.

KEIFCA will pay the rate of contributions determined in the regulations for employees whose pay is reduced through ill health or during authorised unpaid leave, including child related leave.

KEIFCA will determine the appropriate contribution band for an employee by using the pensionable pay received on 1 April each year and every 3 months thereafter.

Variable time employees will have their initial contribution rate at 1 April 2014 set at 5.5% with a reassessment every 3 months thereafter.

KEIFCA will notify employees of their individual contribution rates in their April payslips each year and thereafter when any changes are made.

Regulation 16 (2)e and 16 (4)d – Shared Cost Additional Pension Contributions (SCAPC)

It is not Kent & Essex IFCA general policy to operate a SCAPC where a scheme member wishes to purchase extra annual pension (up to the limit defined in the regulations).

This does not apply where an scheme member has a period of child related leave or authorised unpaid leave and elects, within 30 days of return to work, to pay a SCAPC to cover the amount of pension 'lost' during the period of absence, Kent & Essex IFCA are required to contribute 2/3rds of the cost. If an election is made after the 30 day time limit the full costs will be met by the scheme member.

Where it is not possible to provide the scheme member with the information that is needed for them to make their election within the 30 day deadline, Kent & Essex IFCA will extend the time limit. The scheme member must request this information within 30 days of returning to work and then they must return the election form within 30 days of the information being provided.

Regulation 30(6) & 30(8) – Flexible Retirement

It is Kent & Essex IFCA policy to provide consent to consider flexible retirement requests only where there are clear financial or operational advantages to Kent & Essex IFCA.

If consent has been given under Regulation 30 (6) it is not Kent & Essex IFCA general policy to waive any actuarial reduction unless there are exceptional circumstances.

Each case will be considered on its merits by the Chief Fishery Officer in consultation with the Members of the Kent & Essex IFCA

Regulation 30(8) Waiving of Actuarial Reductions

It is not Kent & Essex IFCA general policy to waive any actuarial reductions applied to benefits paid early or where a scheme member has previously been awarded a deferred benefit.

Each case will be considered on its merits by the Chief Fishery Officer

Regulation 31 – Award of Additional Pension

Kent & Essex IFCA has the discretion to award additional pension (up to the additional pension limit defined in the regulations, £6,500 at 1 April 2014) to an active member or within 6 months of leaving the scheme to a scheme member who was dismissed on grounds of redundancy or business efficiency.

Kent & Essex IFCA will only exercise this discretion in exceptional circumstances and only at the discretion of the Chief Fishery Officer

TP Regulations 1 (1)(c) of Schedule 2 – Whether to allow the rule of 85 to be 'switched on' for members from age 55 and before age 60.

It is not Kent & Essex IFCA general policy to make use of the discretion to 'switch back on' the 85 year rule protections unless there are clear financial or operational advantages to Kent & Essex IFCA.

Each case will be considered on its merits by the Chief Fishery Officer

Regulation 9 (1) & (3) - Contributions

Kent & Essex IFCA will determine the appropriate contribution band for an employee by using the pensionable pay received on 1 April each year and every 3 months thereafter.

Variable time employees will have their initial contribution rate at 1 April 2014 set at 5.5% with a reassessment every 3 months thereafter.

Kent & Essex IFCA will notify employees of their individual contribution rates in April by letter each year and thereafter when any changes are made.

Regulation 17 (1) – Shared Cost Additional Voluntary Contributions (SCAVC)

Kent & Essex IFCA will not operate a SCAVC for employees.

Regulation 21 (5) – In determining Assumed Pensionable Pay whether a lump sum payment made in the previous 12 months is a ‘regular lump sum’.

Kent & Essex IFCA will maintain a list which details what Kent & Essex IFCA considers being a regular lump sum payment made to our employees to be used in the calculation of the Assumed Pensionable Pay

Regulation 22 (7)(b) & 22 (8)(b) - Aggregation of Benefits

Employees who have previous LGPS pension benefits in England and Wales will automatically have these aggregated with their new LGPS employment unless they elect within 12 months of commencing membership of the LGPS in the new employment to retain separate benefits. Kent & Essex IFCA has the discretion to extend this period beyond 12 months and each case will be considered on its own merits.

Regulation 100 (6) – Aggregation of Benefits

If an employee wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, the election to do so must be made within 12 months of starting a new period of membership. This time limit may be extended if the employee can demonstrate exceptional circumstances so as to justify this.