

ELLESMERE TOWN COUNCIL

Mrs. M Evans
Town Clerk
Tel: (01691) 622689
Email:
clerk.ellesmeretc@btinternet.com



ELLESMERE TOWN COUNCIL
1-3 WILLOW STREET
ELLESMERE
SHROPSHIRE
SY12 0AL

LGPS EMPLOYER'S DISCRETIONS POLICY FOR ELLESMERE TOWN COUNCIL LOCAL GOVERNMENT PENSION SCHEME – 2014 Scheme

SHROPSHIRE COUNTY PENSION FUND

1. Ellesmere Town Council adopts the policy of taking all decisions on a case by case basis in relation to pension discretions as detailed in the Local Government Pension Scheme Regulations 2008 (except Regulation 3) and the Local Government Pension Scheme Regulations 2013 (except Regulation 9) and LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.
2. On each occasion such a decision is required by Ellesmere Town Council will take into account all possible known risks and implications for the Town Council.
3. With regard to Regulations 3 of LGPS Regulation 2008 and Regulation 9 of the LGPS 2013 “determining employee contribution rate” that the contribution rate band will be changed as appropriate whenever a pay change occurs.
4. Peninsula Pensions who administer the LGPS have issued a briefing note of points for employers to consider when considering an Employer Discretions Policy. (Attached).
5. This policy will supersede the Employer’s Discretion Policy adopted by Full Council on: Tuesday, 3rd January, 2012 (minute ref. 226/11).

INTRODUCTION

All employees who participate in the LGPS are required to formulate a Discretions Policy in accordance with Regulation 66 of the LGPS (Administration) Regulations 2008 and Regulation 60 of the LGPS Regulations 2013.

The policy must be published and kept under review and a copy provided to all employees who are members of the Pension Scheme.

BACKGROUND

At the Town Council Meeting on: Monday , 5th October,2015 Minute Ref: 133/15 (b) it was RESOLVED: that for the purposes of the LGPS Regulations 2008 (with exception of Regulation 3) that this policy be adopted on pension discretions and decisions taken case by case and regarding Regulation 3 “determining employee contribution rate” that the rate band will be changed as appropriate whenever a pay change is made.

New LGPS Regulations came into force from 1st April, 2014 and a decision is required on Ellesmere Town Council’s Policy regarding the following discretions.

DISCRETION & REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
<p>1). Reg 31. Whether to grant additional pension to a member (up to £6,675pa) (figure at 1st April, 2015)¹</p>	<p><i>Ellesmere Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the express permission of the Policy & Resources Committee in association with the Staffing & Governance Committee after consideration of the costs that would apply.</i></p>
<p>2). Reg 16(2)e & Reg 16(4)d. Whether to make either a regular or lump sum Additional Pension Contribution (APC) to a member’s account (part or whole funding this) –</p> <p>[Note. this discretion only relates to cases when the member is working as normal rather than absent from work with permission but no pensionable pay – in the latter scenario, employers must fund it if necessary.]</p>	<p><i>Ellesmere Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the express permission of the Policy & Resources Committee in association with the Staffing & Governance Committee after consideration of the costs that would apply.</i></p>
<p>3). Reg 30(6) Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to</p>	<p><i>Ellesmere Town Council will consider employee requests to take flexible retirement on a case by case basis after taking into account factors such as service delivery and all costs, following approval from the Policy & Resources Committee in association</i></p>

¹ The figure of £6,500.00 applied at April, 2014 is increased each April (starting April 2015) under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April, 2013).

<p>work ("flexible retirement")</p>	<p><i>with the Staffing & Governance Committee.</i></p>
<p>4). Reg 30(6) Waiving actuarial reduction on flexible retirement.</p>	<p><i>Ellesmere Town Council will only waive the actuarial reduction on flexible retirement in exceptional circumstances following approval from the Policy & Resources Committee in association with the Staffing & Governance Committee after considering the costs that would apply.</i></p>
<p>5). Reg 30(8) Waiving actuarial reduction on early retirement (age 55+) – for both active and deferred members</p>	<p><i>Ellesmere Town Council will only waive the actuarial reduction on early retirement in exceptional circumstances and as the result of the express permission of the Policy & Resources Committee in association with the Staffing & Governance Committee after considering the costs that would apply.</i></p>
<p>6). T P Regs 1 (1) (c) of Schedule 2. Whether to allow the rule of 85 to be "switched on" for members who would normally meet the rule but who will not if they draw the benefits age 55-59</p>	<p><i>Ellesmere Town Council will only agree to "switch on" the rule of 85 in exceptional circumstances by the Policy & Resources Committee in association with the Staffing & Governance Committee after considering the costs that would apply.</i></p>
<p>7). Regs 22(8 & 9) Whether to extend 12-month period to separate previous LG service.</p>	<p><i>Ellesmere Town Council will not exercise this discretion.</i></p>
<p>8). Reg 9(3) Determine rate of employees' contributions.</p>	<p><i>Ellesmere Town Council will only review all employees contribution bands as at 1 April each year based on prior years cumulative earnings unless there is a material change. Hence, when a member salary or hours change (temporary or permanently) during the year the member will remain on the same employee contribution rate until the following April.</i></p>
<p>9). Reg 100(6) Whether to extend 12-month period to allow a transfer-in of non-LG pension rights.</p>	<p><i>Ellesmere Town Council will not exercise this discretion unless it can be shown that the member was not provided with the required information within six months of starting.</i></p>

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Abbreviations

"Reg 16(2)e" means Regulation 16(2)e of the Local Government Pension Scheme Regulations 2013
[which apply from 1 April 2014]

"TP Regs" means LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

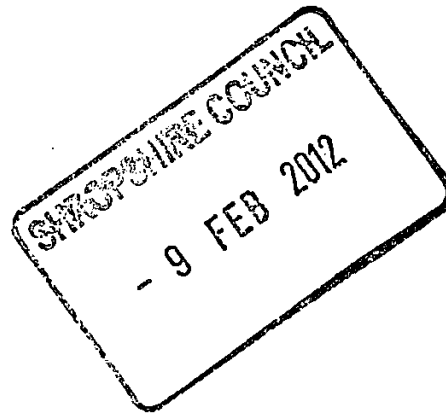
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ELLESMERE TOWN COUNCIL OFFICES
1/3 WILLOW STREET
ELLESMERE
SHROPSHIRE
SY12 0AL

Cheryl Morrell,
Projects Manager
Pensions
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND



7th February, 2012

Dear Cheryl,

Re: Employers' Discretions - Statement of Policy

Please find enclosed the minute of approval from Ellesmere Town Council meeting held on Tuesday, 3rd January, 2012 for the above as requested.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Mandy Evans', written over a horizontal line.

Mandy Evans
Town Clerk

Enc



226/11 Local Government Pension Scheme. Employers' Discretions "Statements of Policy" as required under Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008. The Clerk had previously circulated copies to members during the December, 2011 meeting; copies were tabled to each member. It is a statutory requirement for each employer within the LGPS to provide discretionary policies to LGPS. To agree to adopt the Local Government Pension Scheme for Ellesmere Town Council for submission to Local Government Pension Scheme, Shropshire Council. RESOLVED: that a recommendation was made by full council to adopt the Shropshire Council template for Ellesmere Town Council's Employer Discretion Policy for submission to Shropshire Council.

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Pension Banding Policy

PURPOSE

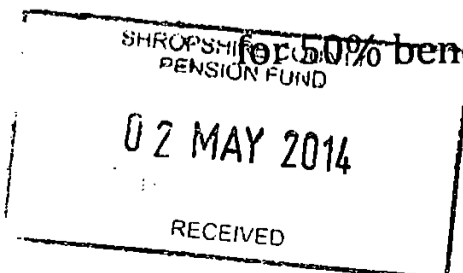
This report details Ellesmere Town Council's proposed Pension Banding Policy required under the new Local Government Pension Scheme (LGPS) 2014 regulations coming into force on 1st April 2014.

EXECUTIVE SUMMARY

With effect from 1ST April 2014 the New LGPS 2014 pension scheme comes into force. Changes within the new scheme will have implications for the banding and re banding of employee's pension % rates.

The key points of the policy are:

- 2014 – Career Average Revalued Earnings (CARE). (LGPS 2008 – Final Salary).
- Employers to take a reasonable and consistent approach to banding and re-banding employee pension rates.
- Overtime and other temporary payments will now be pensionable.
- Employees will pay contribution rates depending upon their actual level of pensionable pay for the year which will include overtime and other temporary payments.
- A new 50/50 scheme where an employee can opt to pay 50% contributions for 50% benefits (conditions apply).



- Re banding to occur annually in April each year. Reviewed in October for budget deliberations and when any additional payments or pay reviews occur in salaries/wages.
- Employees have the right to appeal within 6 months against the decision of their pension band. The appeal would be heard by the internal adjudicator and the pension administrators, Shropshire Council.
- Ellesmere Town Council has to appoint an internal adjudicator.
- Communication from Ellesmere Town Council has already been sent out to employees with regard to the main changes of the scheme.
- Employees will be notified monthly or as they occur of any change to their pension band.

This statement has been communicated to all employees concerned and will need to be formally approved by the Council.

RECOMMENDATIONS

That Ellesmere Town Council:

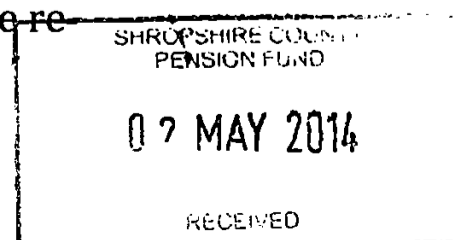
- Approve the proposed Pension Banding Policy.

These changes and the new policy will include the setup of:

- 9 Banding Rates instead of 7.
- New elements for pensionable pay.
- New scheme elements for April 2014 pay.
- A new 50/50 scheme.
- Management of single employment relationships.
- Returns to Shropshire Council.

LEGAL/RISK IMPLICATIONS BACKGROUND

Any loss to the pension fund would be a cost to the employer via valuation of employer rates. However, as employees with material changes will be re-



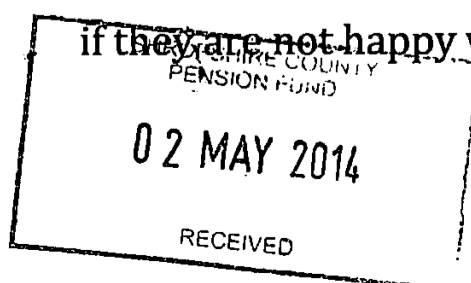
banded on an ad-hoc basis, it will only be employees with overtime that may be affected as changes will be assessed on the last 12 months overtime earnings.

BACKGROUND INFORMATION

The purpose of the statement is to provide information, and confirm processes with regard to our employer duties for New LGPS 2014 regulation changes. Once approved by full Council, this policy will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

- Re banding - It is proposed to only re band in April of each year unless a change of circumstance has occurred. This will take into account all permanent pensionable pay plus the previous 12 months overtime and other temporary pensionable payments. Ellesmere Town Council has confirmed it would be reasonable to re band employees whenever any changes occur that deem this necessary.
- Risk : Any loss to the pension fund would be a cost to the employer via valuation of employers rates.
- Additional hours paid in April 2014 - Any hours worked in March but paid in April 2014 will be under the old rules and will not be pensionable. Any hours worked in April and paid in May 2014 will be the new rules and pensionable. Due to dual running both scheme rules in April 2014, new elements will need to be set up on the payroll system to accommodate both sets of rules.
- Single employment relationships - Payroll will need to be advised if a single employment relationship exists so that they can assess, record correct pension records on the payroll system and return correct pension records to Ellesmere Town Council on a monthly basis. System changes will be required to ensure we are compliant with the LGPS regulations.
- Adjudicator - An employee has the right to appeal against the decision of their rate. In the first instance they should contact the Clerk however

if they are not happy with the decision, they have the right to



appeal via an internal adjudicator. The Clerk has been appointed as internal adjudicator to carry out these reviews if required.

- Local Government Pension Scheme 2014 "At a Glance" attached.

Approved by Full Town Council _____

Signed: _____ Chairman

