

# 2022 Review of Local Government Pension Scheme - Employer Discretions Statement of Policy

## Report of the Chief Fire Officer

For further information about this report please contact Rod Hammerton, Chief Fire Officer, on 01743 260201, or Germaine Worker, Head of Human Resources and Administration, on 01743 260210.

## 1 Purpose of Report

This report informs the Fire Authority of the review of the employer discretions Statement of Policy for the Local Government Pensions Scheme (LGPS).

## 2 Recommendations

The Fire Authority is asked to:

- a) Note the 2022 review of the Statement of Policy for the Local Government Pension Scheme; and
- b) Agree the new Statement of Policy.

## 3 Background

Under Regulation 60 (1) of the LGPS 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations.

Shropshire Fire and Rescue Service maintains a Statement of Policy for the Local Government Pension Scheme, which is reviewed and amended, when further discretions are issued within the LGPS Regulations. This Statement is applicable to all employees of Shropshire Fire and Rescue Authority, who are eligible to be members of the LGPS Scheme. The policy was last reviewed in 2020 following the advent of the new scheme in 2014.

## **4 2022 review of current policy**

To meet the requirements of the 2013 Regulations, and to ensure good practice, the 2014 policy (including those provisions brought forward from the 2008 discretions policy) has been reviewed by the Head of Human Resources and Administration and the Pensions Officer from Shropshire Council.

The administration experience of the last two years was considered to inform the review and it was agreed that a number of changes were required in line with a discretions policy template produced by LGPS. In the previous document the discretions to be exercised in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014, as attached at Appendix A, there was a lot of older information covered within the document and some mandatory discretions were not mentioned.

The 2014 document, attached at Appendix B, covered most of the mandatory policies but the regulations / discretions descriptions needed changing as this was hard to follow; some were combined / not clear making it difficult to review. There were also some instances when the discretion seemed to be fettered which is not recommended particularly when referring to whether to apply a reduction in circumstances such as flexible retirement – as the policy indicated that we would look at this type of request through a business case.

It is therefore proposed that Members agree to the changes outlined in new format / Statement of Policy. Appendix C

## **5 Financial Implications**

There are no financial implications arising directly from this report but there may well be costs associated with exercising the discretions.

## **6 Legal Comment**

The introduction of the new Local Government Pension Scheme 2014 (LGPS) on 1 April 2014 requires all Scheme employers to review their existing discretionary pension policy statements and publish new policy statements.

This Statement of Policy will ensure the Fire Authority's compliance with the requirement to publish a statement of its policy in relation to various pension discretions.

The Fire Authority has an ongoing duty to comply with the Regulations and to ensure that the provisions of the Equality Act 2010 are complied with in relation to the exercise of its discretion.

## **7 Initial Impact Assessment**

An Initial Impact Assessment has been completed.

## **8 Equality Impact Assessment**

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

## **9 Appendices**

### **Appendix A**

Local Government Pension Scheme Statement of Policy for 2008

### **Appendix B**

Local Government Pension Scheme Statement of Policy for 2014

### **Appendix C**

Local Government Pension Scheme Statement of Policy 2022  
(reviewed and amended)

## **10 Background Papers**

There are no background papers associated with this report.

## Review of Statement of Policy 2008

### Shropshire Fire and Rescue Service Pension Scheme - Employer Discretions

#### Review of Statement of Policy

**Employer discretions requiring formal policy under Regulation 66 of the  
Local Government Pension Scheme (Administration) Regulations 2008**

Reg	Discretion	SFRS Policy	Outcome of review
12 (B Regs)	To grant extra membership to active members up to a maximum of 10 years (Augmentation)	Detailed in the Pension and Retirement Policy	Removed
13 (B)	To grant an active member an additional pension of up to £5,000 per annum	Detailed in the Pension and Retirement Policy	Revised and retained See new policy document Appendix B
18 (B)	To allow flexible retirement option to members aged 55 (50 + for members in the scheme as at 31/03/08 until 31/03/2010) and over, to receive all or part of their scheme benefits	Detailed in the Pension and Retirement Policy	Revised and retained  See new policy document Appendix B
30 (B)	To allow early payment of benefits between age 55 - 60 (50 – 60 for members in the scheme as at 31/03/08 until 31/03/2010) and to waive any early retirement reduction on compassionate grounds if appropriate	Detailed in the Pension and Retirement Policy	Removed

**Employer discretions which do not require formal policy, but which may be included and where it is desirable to have guidelines.**

<b>Reg</b>	<b>Discretion</b>	<b>SFR Policy</b>	<b>Outcome of review</b>
3 (B) & 55 (A)	Employee contribution rate Bandings. Still awaiting final version of Benefit Regs. But indications are that employers will be able to decide (after the initial banding needed for April 2008) how often they reassess an employee's contribution rate. Therefore, it is advisable to have a policy in place stating when and how a band is allocated.	Detailed in the Pension and Retirement Policy	Revised and retained  See new policy document Appendix B
16 (4) (A)	The 12 month time limit for transferring pension rights from a previous LGPS fund may be extended (but only where there has not been an option to transfer with a previous LGPS employer	Detailed in the Pension and Retirement Policy	Revised and retained  See new policy document Appendix B
22 (2) (A)	Extension of time limits to pay contributions to cover a period of absence	SFRS will consider whether or not to extend the time limits.  <b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.	Revised and retained  See new policy document Appendix B
25 (3) (A)	To operate a shared cost AVC	A formal policy is no longer required	Removed
(6(9)(b) – 997 Regulations	Election to convert AVCs into scheme membership can be extended from 30 days of ceasing to be an active member (only applicable to AVC contracts taken out before 13 November 2001) NB. DCLG have stated that even though this is not covered in the new regulations it was their intention that this provision be carried forward.	SFRS will extend the 30-day deadline where the Pension Fund Administrators have been unable to provide the necessary information to the employee within the 30-day time limit.  <b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.	Revised and retained  See new policy document Appendix B

Reg	Discretion	SFR Policy	Outcome of review
47 (2) (A)	A member who has ceased employment due to an offence of a fraudulent nature or grave misconduct may have a refund only if approved by the employer.	<p>SFRS will consider whether or not to make a refund based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>	<p>Revised and retained</p> <p>See new policy document Appendix B</p>
72 (A)	If a scheme member is convicted of, and ceases employment as a result of, an offence in connection with his/her employment which was gravely injurious to the state or liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the Office of the Deputy Prime Minister for the issue of a forfeiture certificate. If the Secretary of State issues a certificate the employer may direct that certain of the person's rights be forfeited.	<p>SFRS will consider whether or not to request a forfeiture certificate based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>	<p>Revised and retained</p> <p>See new policy document Appendix B</p>
73 (A)	Where the Secretary of State has issued a forfeiture certificate, but the employer has not applied the certificate, or notified the scheme member of an award of benefits under the LGPS, the employer may direct that, interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture certificate or to make an award of benefits.	<p>SFRS will not direct that interim payments be made from the Fund pending a decision.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>	<p>Revised and retained</p> <p>See new policy document Appendix B</p>

Reg	Discretion	SFR Policy	Outcome of review
74 (A)	Where a member (i) ceases employment in consequence of a criminal, negligent or fraudulent act or omission in connection with that employment and (ii) has incurred a monetary obligation arising there from to the employer and (iii) is entitled to pension benefits under the LGPS, the employer may recover the amount of the monetary obligation or the value of the member's pension rights, if less, other than transferred in pension rights, from the Pension Fund and reduce the member's benefits accordingly.	SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.  <b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.	Revised and retained  See new policy document Appendix B
76 (A)	Where (i) a member ceases employment in consequence of an offence involving fraud or due to grave misconduct in connection with that employment, and (ii) the employer has suffered a direct financial loss resulting there from, and (iii) the member is entitled to benefits under the LGPS and a forfeiture certificate has been applied, or the member is entitled to a refund of pension contributions the employer may direct that the amount of the direct financial loss, or the refund of contributions if less, be recovered from the Pension Fund.	SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.  <b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.	Revised and retained  See new policy document Appendix B
83 (8) (A)	The 12-month time limit for transferring pension rights from a non-local government scheme into the LGPS may be extended.	SFRS only allow transfer within the 12 month time limit as agreed by HR Committee on 7 June 2007 and the Fire Authority on 18 July 2007.  <b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.	Revised and retained  See new policy document Appendix B Revised and retained  See new policy document Appendix B

## Shropshire Fire and Rescue Service

### Statement of Policy 2020 (unchanged from 2014)

Under Regulation 60 (1) of the Local Government Pensions Scheme (LGPS) 2013 Regulations, each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. This Statement is applicable to all employees of Shropshire and Wrekin Fire Authority, who are eligible members of the LGPS.

#### 1. Regulation 16(2) (e) and 16 (4) (d) Funding Additional Pension

Explanation	Agreed Policy	Comment
Where an active member opts to make Additional Pension Contributions (APCs) under Rule 16(2)(e) these may be funded in whole or in part by the Employer. Under Rule 16(4)(d) the employee may opt to pay APCs as a lump sum and this may also be funded in full or part by the employer.	The Fire Authority will not fund in whole or in part any APC purchased either by periodical payments or lump sum.	This Regulation replaced Shared Cost AVC Regulation 67.

#### 2. Regulation 30 (6) Flexible Retirement

Explanation	Agreed Policy	Comment
A member who is aged 55 or over and with their employer's consent reduces their hours or grade can then, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from that employment.	<p>This will be subject to management consent and will only be considered where there is a justifiable business case and the cost, if any, of early release of pension is managed within the section's budget.</p> <p>Employees who request a reduction in their hours or in the grade of their post should use the procedure outlined in the "Flexible Working Framework".</p> <p>The authorisation for an employee to receive immediate payment of their pension under flexible retirement will be considered and determined by their Head of Department in discussion with the Assistant Chief Fire Officer.</p>	No change



### 3. Regulation 30 (8) Waving of Actuarial Reduction

Explanation	Agreed Policy	Comment
<p>From age 55, members who have left local government employment receive early payment of their retirement benefits and do not need their employer's consent. The pension benefits must be reduced in accordance with guidance provided by the Government actuary. Employers may determine on compassionate grounds that the benefits are not reduced.</p> <p>For a member who joined the scheme prior to 1 October 2006 where the member's age and membership (in whole years) satisfies the "rule of 85" then the benefits would be reduced, unless the employer chooses to exercise the discretion within the regulations. For a member who joined the Scheme on or after 1 October 2006, then reduced benefits would be payable if taken before age 65.</p>	<p>This discretion will not be exercised by Shropshire and Wrekin Fire Authority.</p>	<p>No change</p>

### 4. Regulation 31 Power of the Employing Authority to Award Additional Pension

Explanation	Agreed Policy	Comment
<p>An employer may resolve to award a member additional pension of not more than £6,500 a year, payable from the same date as their pension is payable under any other provision of these regulations. An additional pension may be paid in addition to any increase to total membership resolved under Regulation 16 so long as the overall total does not breach the limits laid down within these regulations.</p>	<p>The Fire Authority will not normally award additional pension under this regulation other than in exceptional circumstances, where the financial implications can be justified in the Authority's best interests.</p> <p>Exceptional cases would be considered by the Pensions Panel on a case by case basis, taking into account the recommendation from the Chief Fire Officer and with advice from the Treasurer.</p>	<p>No change</p>

### 5. Choice of early payment of Deferred Pension

Explanation	Agreed Policy	Comment
<p>Where a member became a deferred member between 31 March 2008 and 1 April 2014, they can apply for early release of benefits, and the Fire Authority can fund the costs of the release.</p>	<p>Shropshire and Wrekin Fire Authority will not grant the benefit contained within this Regulation.</p>	<p>No change</p>

**Existing discretions not needing a formal policy and carried forward from the 2008 Statement of policy**

Regulation	Explanation	Policy
3 (B) & 55 (A)	This discretion allows the Employer to determine which contribution band is allocated on joining the scheme and at each April. It also determines the circumstances when an employee's band may be reviewed.	<p>The contribution band will be assessed using the full time equivalent salary plus any permanent pensionable extra payments.</p> <p>The figures will increase on 1 April each year by the rise in the Retail Prices Index.</p> <p>Bandings will be reassessed for all employees every April, with the exception of the following:</p> <ul style="list-style-type: none"> <li>• Promotion or permanent/long term honoraria payments</li> <li>• Down-grading or demotion</li> <li>• A re-grading exercise</li> </ul> <p>All of the above will prompt an immediate reassessment.</p> <ul style="list-style-type: none"> <li>• Pension contribution bandings will not be reassessed after a back dated pay award.</li> <li>• All employees who are members of the scheme shall be informed of their current or new pension contribution banding after every annual reassessment.</li> </ul>
16 (4) (A)	The 12 month time limit for transferring pension rights from a previous LGPS fund may be extended (but only where there has not been an option to transfer with a previous LGPS employer)	<ul style="list-style-type: none"> <li>• The request to transfer pension rights should normally be made within 12 months of the employee starting employment with Shropshire and Wrekin Fire Authority.</li> <li>• In exceptional circumstances, where an employee can show good cause, they may seek an extension to the first twelve months by up to a further 12 months before making a decision on making an application to transfer their pension rights subject to confirmation that they are not likely to retire, or be subject to ill-health retirement in the near future. In all instances, the employee should write to the Head of Human Resources and Administration requesting an extension to the twelve months, detailing any extenuating circumstances.</li> </ul>

Regulation	Explanation	Policy
22 (2) (A)	Extension of time limits to pay contributions to cover a period of absence.	<p>SFRS will consider whether or not to extend the time limits.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
(6(9)(b) – 997 Regulations	<p>Election to convert AVCs into scheme membership can be extended from 30 days of ceasing to be an active member (only applicable to AVC contracts taken out before 13 November 2001).</p> <p>NB. DCLG have stated that even though this is not covered in the new regulations it was their intention that this provision be carried forward.</p>	<p>SFRS will extend the 30-day deadline where the Pension Fund Administrators have been unable to provide the necessary information to the employee within the 30-day time limit.</p> <p><b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.</p>
47 (2) (A)	A member who has ceased employment due to an offence of a fraudulent nature or grave misconduct may have a refund only if approved by the employer.	<p>SFRS will consider whether or not to make a refund based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
72 (A)	<p>If a scheme member is convicted of, and ceases employment as a result of, an offence in connection with his/her employment which was gravely injurious to the state or liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the Office of the Deputy Prime Minister for the issue of a forfeiture certificate. If the Secretary of State issues a certificate the employer may direct that certain of the person's rights be forfeited.</p>	<p>SFRS will consider whether or not to request a forfeiture certificate based on the merits of each individual case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
73 (A)	Where the Secretary of State has issued a forfeiture certificate but the employer has not applied the certificate, or notified the scheme member of an award of benefits under the LGPS, the employer may direct that, interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture certificate or to make an award of benefits.	<p>SFRS will not direct that interim payments be made from the Fund pending a decision.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>

Regulation	Explanation	Policy
74 (A)	Where a member (i) ceases employment in consequence of a criminal, negligent or fraudulent act or omission in connection with that employment and (ii) has incurred a monetary obligation arising there from to the employer and (iii) is entitled to pension benefits under the LGPS, the employer may recover the amount of the monetary obligation or the value of the member's pension rights, if less, other than transferred in pension rights, from the Pension Fund and reduce the member's benefits accordingly.	<p>SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
76 (A)	Where (i) a member ceases employment in consequence of an offence involving fraud or due to grave misconduct in connection with that employment, and (ii) the employer has suffered a direct financial loss resulting there from, and (iii) the member is entitled to benefits under the LGPS and a forfeiture certificate has been applied, or the member is entitled to a refund of pension contributions the employer may direct that the amount of the direct financial loss, or the refund of contributions if less, be recovered from the Pension Fund.	<p>SFRS will consider whether or not to recover and reduce benefits accordingly based on the merits of each case.</p> <p><b>Approval –</b> The use of this provision will be approved by the Monitoring Officer and the s 151 Officer.</p>
83 (8) (A)	The 12-month time limit for transferring pension rights from a non-local government scheme into the LGPS may be extended.	<p>SFRS only allow transfer within 12 month time limit as agreed by HR Committee on 07 June 2007 and the Fire Authority on 18 July 2007.</p> <p><b>Approval –</b> These applications will be approved by the Monitoring Officer and the s 151 Officer.</p>

## **Shropshire Fire and Rescue Service discretionary policies under the Local Government Pension Scheme Regulations and other related Regulations**

1. Discretions to be exercised:

- i) under the LGPS Regulations 2013 from 1 April 2014 in respect of members of the Career Average Revalued Earnings (CARE) scheme,
- ii) under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014,

This document will form **Shropshire Fire and Rescue Service** policies on pension and compensation discretions. It should be noted that:

- the policies will confer no contractual rights
- **Shropshire Fire and Rescue Service** will retain the right to change the policies at any time without prior notice or consultation **but Shropshire Fire and Rescue Service will endeavour to discuss changes with Unison and any other recognised union(s)**
- 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.



## Annex 1

Table A: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations 2013 in relation to active scheme members and members who cease active membership after 31 March 2014.	Shropshire Fire and Rescue Service policy
<p>1. Whether, at full cost to <b>Shropshire Fire and Rescue Service</b>, to grant extra annual pension of up to £7,352 (figure at 1 April 2022<sup>1</sup>) 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.</p>	<p><b>Shropshire Fire and Rescue Service</b> will not make use of the discretion to grant extra annual pension of up to £7,352 (figure at 1 April 2022) 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 Fire and Rescue Service 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.</p>
<p>2. Whether, where an active scheme member wishes to purchase extra annual pension of up to £7,352 (figure at 1 April 2022<sup>2</sup>) by making Additional Pension Contributions (APCs), <b>Shropshire Fire and Rescue Service</b> will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p>	<p><b>Shropshire Fire and Rescue Service</b> will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in three situations. Firstly, where:</p> <ul style="list-style-type: none"> <li>- an active scheme member returns from a period of authorised leave of absence, and</li> <li>- 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</li> <li>- the member subsequently makes an election to do so whilst an active member and it can be demonstrated that the reason for the member missing the original 30 day deadline</li> </ul>

<sup>1</sup> The figure of £6,500 that 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).

<sup>2</sup> The figure of £6,500 that 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).

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 Fire and Rescue Service** 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 the Chief Fire Officer and, where it is agreed that the conditions are met, Shropshire Fire and Rescue Service 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 Fire and Rescue Service 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.

Thirdly, in exceptional circumstances where Shropshire Fire and Rescue Service 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.



<p>3. Whether to permit flexible retirement for staff aged 55<sup>3</sup> or over who, with the agreement of <b>Shropshire Fire and Rescue Service</b>, reduce their working hours or grade and, if so, as part of the agreement:</p> <ul style="list-style-type: none"> <li>- 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 <ul style="list-style-type: none"> <li>• all, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and / or</li> <li>• all, part or none of the pension benefits they accrued after 31 March 2014, and</li> </ul> </li> <li>- 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)<sup>4</sup>.</li> </ul>	<p>This will be subject to management consent and will only be considered where there is a justifiable business case and the cost, if any, of early release of pension is managed within the section's budget.</p> <p>Employees who request a reduction in their hours or in the grade of their post should use the procedure outlined in the "Flexible Working Framework".</p> <p>The authorisation for an employee to receive immediate payment of their pension under flexible retirement will be considered and determined by their Head of Department in discussion with the Assistant Chief Fire Officer.</p> <p>This discretion will not be exercised by Shropshire and Wrekin Fire Authority</p> <p><u>Waiver of any actuarial reduction on flexible retirement</u> 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 Fire and Rescue Service will only waive any such reduction, in whole or in part,</p>
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<sup>3</sup> Age 50 for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies. Such members only need the employer's permission to reduce their working hours or grade but, if that permission is given, do not require their employer's permission to draw their benefits (as such members have the automatic right to take the benefits by virtue of regulation 18A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).

<sup>4</sup> NPA means the employee's individual State Pension Age at the time the employment is terminated, but with a minimum of age 65 (although, the NPA for membership accrued prior to 1 April 2014 is still linked to age 65, apart from those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies for whom the NPA for membership accrued prior to 1 April 2014 is, by virtue of that regulation and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, still linked to age 60, and those LGPS members who are employees of the Meat Hygiene Service in the London Pension Fund Authority fund who are covered by regulation 144B of the LGPS Regulations 1997 for whom the NPA for membership accrued prior to 1 April 2014 is, by virtue of that regulation and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, still linked to age 60). State Pension Age is currently age 65 for men. State Pension Age for women is currently being increased to be equalised with that for men and will reach 65 by November 2018. The State Pension Age will then increase to 66 for both men and women from December 2018 to October 2020. Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the State Pension Age above age 67 to increases in life expectancy.

	<p>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 Chief Fire Officer including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived.</p>
<p>4. Whether, as the 85 year rule does not (other than on flexible retirement – see 3 above) <u>automatically</u> 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<sup>5</sup> to such voluntary retirements.</p>	<p>Shropshire Fire and Rescue Service 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 Shropshire Fire and Rescue Service considers it is in its financial or operational interests to do so. Each case</p> <ul style="list-style-type: none"> <li>- will be considered on the merits of the financial and / or operational business case put forward, and</li> <li>- will require the approval of Chief Fire Officer.</li> </ul>
<p>5. For:</p> <ul style="list-style-type: none"> <li>i) active members voluntarily retiring on or after age 55<sup>6</sup> and before Normal Pension Age who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and</li> <li>ii) deferred members and suspended Tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations</li> </ul>	<p>Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age <b>Shropshire Fire and Rescue Service</b> will not agree to waive in whole or in part any actuarial reduction that would otherwise be applied to their benefits except in circumstances where <b>Shropshire Fire and Rescue Service</b> considers it is in its financial or operational interests to do so or there are compelling compassionate<sup>8</sup> reasons for doing so.</p>

<sup>5</sup> The 85 year rule does not apply to former members of the Metropolitan Civil Staffs Superannuation Scheme, or Meat Hygiene Service members, or civil servants transferred to the Environment Agency who by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 are subject to, respectively, regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, regulation 144B of the LGPS Regulations 1997 and regulation 15 of the LGPS (Transitional Provisions) Regulations 2008.

<sup>6</sup> Age 50, by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies and those civil servants transferred to the Environment Agency to whom regulation 15 of the LGPS (Transitional Provisions) Regulations 2008 applies.

<sup>8</sup> There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, releasing benefits because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<p>2013 to draw benefits (other than on ill health grounds) on or after age 55<sup>7</sup> and before Normal Pension Age</p> <p>who:</p> <ul style="list-style-type: none"> <li>- were <u>not</u> members of the LGPS before 1 October 2006 [Group 4 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April <u>2014</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u></li> </ul> </li>   <li>- <u>were</u> members of the LGPS before 1 October 2006 and <u>will</u> be 60 or more on 31 March 2016 [Group 1 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2016</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2016</u></li> </ul> </li>   <li>- <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 and will <u>not</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2014</u>, and / or</li> </ul> </li> </ul>	<p>Each case</p> <ul style="list-style-type: none"> <li>- will be considered on the merits of the financial and / or operational business case put forward, or</li> <li>- will be considered on the merits of the compassionate case put forward, and</li> <li>- will require the approval of Chief Fire Officer including, where the reduction is only to be waved in part, approval for the amount of reduction to be waived</li> </ul>
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<sup>7</sup> Age 50, by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies and who are electing for early payment of a deferred benefit (but not if they are electing for early payment of a suspended Tier 3 ill health pension) and those civil servants transferred to the Environment Agency to whom regulation 15 of the LGPS (Transitional Provisions) Regulations 2008 applies and who are electing for early payment of a deferred benefit or early payment of a suspended Tier 3 ill health pension.

<ul style="list-style-type: none"> <li>○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u></li> <li>- <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 but <u>will</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to: <ul style="list-style-type: none"> <li>○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2020</u>, and / or</li> <li>○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2020</u></li> </ul> </li> </ul>	
<p>6. 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).</p>	<p>Shropshire Fire and Rescue Service will only 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):</p> <ul style="list-style-type: none"> <li>a) where Shropshire Fire and Rescue Service agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration;</li> <li>b) where Shropshire Fire and Rescue Service 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</li> <li>c) where the member has pre 1 April 2014 membership and <b>Shropshire Fire and Rescue Service</b> agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having</li> </ul>

	<p>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 <b>Shropshire Fire and Rescue Service</b> is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).</p> <p>d) 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.</p>
<p>7. 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.</p>	<p><b>Shropshire Fire and Rescue Service</b> will only extend the 12 month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS:</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- where 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 election form was lost in the post);</li> </ul>

	<ul style="list-style-type: none"> <li>- where the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration.</li> </ul> <p>In any of the above exceptional circumstances, where an employee can show good cause, they may seek an extension to the first twelve months by up to a further 12 months before making a decision on making an application to transfer their pension rights subject to confirmation that they are not likely to retire, or be subject to ill- health retirement in the near future. In all instances, the employee should write to the Head of Human Resources and Administration requesting an extension to the twelve months, detailing any extenuating circumstances.</p>
<p>8. 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).</p> <p>:</p>	<p>The Council is required to reassess the appropriate band and rate each April. In addition, it has the discretion to review the frequency of reassessment when pensionable pay changes and re-band at that point. The re-banding process is carried out on an annual basis</p> <p>In addition, re-banding will take place following any contractual changes such as an increase or decrease in hours, a move to another job or the award of a temporary change in pay such as through an honorarium. There may be other occasions when it is appropriate to review the banding and as such any changes will be authorised by the Human Resources Manager. Elements included in the calculations:</p> <ul style="list-style-type: none"> <li>• Annual salary and Non-variable pensionable pay elements (e.g. allowances) for the year commencing on 1st April, plus</li> <li>• Variable pensionable pay elements paid during the previous year ending on 31st March (e.g. honoraria payments, non-contractual overtime and additional hours paid to part-timers)</li> </ul> <p>Employees who work under a Variable Hours Contract and Casual Employees are allocated to a band based on the payments they have received during the previous 12 month period. Where employees have less than 12 months service in</p>

	<p>post their earnings should continue to be factored up to give an equivalent annual pay figure which then determines a banding rate.</p> <p>Where salary sacrifice reduces the pensionable pay, bands will be applied on the reduced salary.</p>
<p>9. Whether or not, when calculating assumed pensionable pay when a member (other than a returning officer<sup>9</sup>) is:</p> <ul style="list-style-type: none"> <li>- on reduced contractual pay or no pay on due to sickness or injury, or</li> <li>- 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</li> <li>- absent on reserve forces service leave, or</li> <li>- retires with a Tier 1 or Tier 2 ill health pension, or</li> <li>- dies in service</li> </ul> <p>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.</p>	<p>In assessing Assumed Pensionable Pay (APP) <b>Shropshire Fire and Rescue Service</b> 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 <b>Chief Fire Officer</b>.</p>
<p>10. Whether in the Employer's opinion, the pensionable pay received in relation to an employment (adjusted to reflect any lump sum payments) in the 3 months (or 12 weeks if not paid monthly) 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.</p>	<p>In assessing Assumed Pensionable Pay (APP) <b>Shropshire Fire and Rescue Service</b> will not, other than in exceptional circumstances, substitute a higher level of pensionable pay in which case the decision to will be subject to the approval of <b>Chief Fire Officer</b>.</p>

<sup>9</sup> i.e. a returning officer or acting returning officer at local government elections, or elections for the National Assembly of Wales, or Parliamentary elections or European Parliamentary elections.





## Annex 2

Table B: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014	Shropshire Fire and Rescue Service policy
1. Whether, on compassionate grounds <sup>10</sup> , to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65 <sup>11</sup> .	<b>Shropshire Fire and Rescue Service</b> will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to the approval of <b>Chief Fire Officer</b> .
2. Whether, on compassionate grounds <sup>12</sup> , to waive any actuarial reduction that would normally be applied to any suspended Tier 3 ill health pension benefits which are brought back into payment before age 65 <sup>13</sup> .	<b>Shropshire Fire and Rescue Service</b> will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to a suspended Tier 3 ill health pension which is brought back into payment before age 65. Each case will be considered on its merits and will be subject to the approval of <b>Chief Fire Officer</b> .

<sup>10</sup> There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, waiving a reduction because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<sup>11</sup> Age 60 in the case of members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies, and for employees of the Meat Hygiene Service in the London Pension Fund Authority fund who are covered by regulation 144B of the LGPS Regulations 1997, and for former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, and for former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997.

<sup>12</sup> There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, waiving a reduction because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<sup>13</sup> Age 60 in the case of members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies, and for employees of the Meat Hygiene Service in the London Pension Fund Authority fund who are covered by regulation 144B of the LGPS Regulations 1997, and for former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, and for former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997.

Table C: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008 (and in relation to local authority councillor members who ceased or will cease active membership on or after 1 April 1998)	Shropshire Fire and Rescue Service policy
1. Whether <sup>14</sup> to grant applications for the early payment of pension benefits on or after age 50 <sup>15</sup> and before age 55 (on grounds other than permanent ill health).	Where a former scheme member who left the scheme between 1 April 1998 and 31 March 2008 requests early release of deferred benefits on or after age 50 and before age 55 (on grounds other than permanent ill health), approval will only be given on compassionate grounds <sup>16</sup> . Each case will be considered on its merits and will be subject to the approval of <b>Chief Fire Officer</b> . Subject to entry 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.
2. Whether, on compassionate grounds <sup>17</sup> , to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65 <sup>18</sup> .	<b>Shropshire Fire and Rescue Service</b> will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to the approval of <b>Chief Fire Officer</b> .

<sup>14</sup> This discretion does not apply to those LGPS members who are former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997 or to former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997 (as such members have the automatic right to take benefits on or after age 50 and before age 60).

<sup>15</sup> It should be noted that, except in the case of LGPS members who are former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, or former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997, benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

<sup>16</sup> There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, waiving a reduction because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<sup>17</sup> There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, releasing benefits because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<sup>18</sup> Age 60 in the case of employees of the Meat Hygiene Service in the London Pension Fund Authority fund who are covered by regulation 144B of the LGPS Regulations 1997 and members who are former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997 and for former members of the Metropolitan Civil Staffs Superannuation Scheme and who are covered by regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, and for former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997 .

Table D: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership before 1 April 1998	Shropshire Fire and Rescue Service policy
-	Where a former scheme member who left the scheme before 1 April 1998 requests early release of deferred benefits on or after age 50 and before age 65 on compassionate grounds, the case will be considered on its merits and will be subject to the approval of <b>Chief Fire Officer</b> .