

Decision No 2014/18



REPORT TO: POLICE AND CRIME COMMISSIONER FOR LANCASHIRE

REPORT BY: Lisa Kitto, Chief Finance Officer

DATE: 27 June 2014

**TITLE: Local Government Pension Scheme
Employer Discretions – Statement of Policy**

Appendix A refers

EXECUTIVE SUMMARY

The Local Government Pension Scheme (LGPS) is a statutory pension scheme for police staff employees within the Constabulary and the Office of the Police & Crime Commissioner (OPCC). The introduction of the Local Government Pension Scheme 2014 on 1 April 2014 requires all scheme employers to review their existing discretionary pension statements, setting out the pension discretions they wish to exercise, and publish new policy statements with effect from 1 July 2014.

A review of the Office of the Police and Crime Commissioner and Chief Constable's pension policy statement has been undertaken and a revised Statement of Policy has been produced.

Recommendation

The Commissioner is asked to approve the revised Statement of Policy as set out at Appendix A.

Decision taken by the Police and Crime Commissioner for Lancashire:

Original decision, as set out in the attached report, approved without amendment (please delete as appropriate)	YES	NO
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Original decision required to be amended and decision as detailed below:

The reasons for the amended decision are as detailed below:

Police and Crime Commissioner: Comments

DECLARATIONS OF INTEREST

The PCC is asked to consider any personal / prejudicial interests he may have to disclose in relation to the matter under consideration in accordance with the law, the Nolan Principles and the Code of Conduct.

STATEMENT OF COMPLIANCE

The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation.

Signed: Police and Crime Commissioner Date: 30 June 2014	Signed: Chief Officer: Date:
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Signed: Chief Constable Date:	Signed: Chief Finance Officer: Date:
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Background

Each scheme employer must formulate and keep under review a policy concerning the exercise of its functions in awarding additional pension to members and in operating early retirement and flexible payment provisions, including those related to redundancy and compensatory payments.

In addition to these mandatory policy decisions there are a number of other areas where discretionary policy decisions can be made by employers where required.

As a Local Government Pension Scheme employer the Commissioner and the Chief Constable are required to review and revise their policies in respect of mandatory requirements as a result of the new LGPS regulations. Other non-mandatory areas of discretions relating to the LGPS regulations have also been reviewed alongside this.

Appendix A sets out a proposed written statement of the discretionary policies that the Office of the Police and Crime Commissioner and the Chief Constable for Lancashire will apply in their exercise of the LGPS as scheme employers. In terms of the discretions, they are either not being applied or the discretion is broadly in line with the current arrangements. The only exception relates to the following:

Power of scheme employer to contribute towards the cost of a member purchasing additional pension

This is a new policy statement proposing that active members who take authorised unpaid leave are written to once a year to ask them if they wish to enter into a Shared Cost Additional Pension Contribution (SCAPC) to buy back the additional pension they will have lost during the period of their unpaid leave. If an election is made within 30 days of receiving the notification it is proposed that a contribution of 2/3 of the cost will be made.

Consultations

The proposed Statement of Policy has been shared with the union representatives for LGPS staff within the Office of the Police and Crime Commissioner and Lancashire Constabulary.

Risk Management

Without a Statement of Policy the Commissioner and the Chief Constable would not be complying with the requirements of the LGPS. Neither would they be able to choose how they would be able to apply the specified elements of the LGPS regulations.

Financial Implications

There are no direct financial implications as a result of these proposals.



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Local Government Pension Scheme Employer Discretions – Statement of Policy

1. Introduction

Under the rules of the Local Government Pension Scheme (LGPS) the employer has the right to authorise discretion on a number of matters regarding the administration of the pension scheme. The approach adopted in exercising discretion in this policy, is to allow the employer to make a reasonable decision in individual cases and also be clear as to the factors it will take into account in making that decision.

In formulating and reviewing this policy statement, Lancashire Constabulary and the Office of the Police & Crime Commissioner (OPCC):

- has given due regard to the extent to which the exercise of its discretionary powers (unless properly limited) could lead to a serious loss of public confidence,
- is satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs,
- confers no contractual rights to the employee,
- will apply only the version of the policy which is current at the time the relevant event occurs to the employee/scheme member and
- retains the right to change the policy at any time.

2. Aims

The employer has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the above regulations. The principles set out within this policy statement apply to all members of the LGPS.

3. Details

PART A – Mandatory policy statements – Formulation of policy in accordance with:

- Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013
- Paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014
- Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008
- Regulation 106 of the Local Government Pension Scheme Regulations 1997

PART A1 – Discretions from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of Scheme employer to award additional pension

(Regulation 31 of the LGPS Regulations 2013)

An employer can grant extra annual pension of up to a maximum £6,500 (figure at 1 April 2014) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. This maximum figure that can be initially awarded will be index linked and the level increased on the 1st April each year.

Employer's policy:

Lancashire Constabulary and the OPCC have determined that it will not apply this provision in any circumstances.

Power of Scheme employer to contribute towards the cost of a member purchasing additional pension

(Regulation 16 (2) (e) and 16 (4) (e) of the LGPS Regulations 2013)

Where an active Scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2014) by making Additional Pension Contributions (APCs), the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution. This maximum figure that can be initially purchased will be index linked and the level increased on the 1st April each year.

Employer's policy:

Lancashire Constabulary & the OPCC will voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) only in circumstances where an active member wishes to purchase extra annual pension relating to a period of authorised unpaid leave of absence under this Regulation. The employer will write to all employees who have taken authorised leave of absence at the end of each financial year, asking them if they wish to buy back the pension lost in respect of the period of unpaid leave. If a scheme member elects to do this within 30 days of receiving the election notice, the employer will agree to enter into a SCAPC and will contribute 2/3rd of the cost. In exceptional and justifiable circumstances consideration may be given to extending the 30 day time limit.

Flexible retirement

(Regulation 30 (6) and (8) of the LGPS Regulations 2013, Regulations 3 (5), 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

The Local Government Pension Scheme allows scheme members who have attained the age of 55 to draw all or part of their retirement benefits under flexible retirement arrangements even though they have not retired providing that:

- the employer consents, and
- there has been a reduction in hours, or
- a reduction in grade.

Specifically where the employer consents to flexible retirement then, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), the employer can also

allow the member to choose to draw all, part or none of the pension benefits they accrued after 31 March 2008.

However, benefits taken on flexible retirement will be subject to a potential actuarial reduction if they are being drawn earlier than the member's normal retiring age (flexible retirement provisions may be operated for members potentially up to a member's 75th birthday). The reductions applied will be in accordance with guidance issued by the government actuary. Employers can if they choose waive, in whole or in part, any reductions that might apply.

Employer's policy

Lancashire Constabulary and the OPCC Policy sets out the flexible retirement provisions and process by which requests from employees who have attained the age of 55, to draw all part of their retirement benefits, will be considered in accordance with the Regulations. The policy provisions are summarised below:

Flexible retirement policy

All applications must be submitted in writing to the relevant Human Resources & Payroll Department, indicating whether the request is on the basis of:

- a permanent reduction in hours (by a minimum of 40%);
- a reduction in grade; or
- a combination of both

Each request will be considered on its merits, with due consideration being given to the needs of, and benefits to, (a) the community, (b) the organisation and (c) the individual.

In exceptional circumstances the organisation may consider Flexible Early Retirement, where the early payment of a pension generates a cost. However, this is unlikely to be the norm and will only apply where the organisational benefits and justification are clear. In these circumstances, any costs will need to be borne by the individual.

The decision to approve the request for Flexible Early Retirement option will ultimately rest with the decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

Early retirement and waiving actuarial reductions

(Schedule 2 paragraphs 1(2), 2(1), 2(2) and Regulation 3 (1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 30(8) of the LGPS Regulations 2013 and regulation 30(5) and 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

If a member leaves a local government employment before he is entitled to the immediate payment of retirement benefits, then if he is age 55 or more (or having attained age 55 and have previously been awarded deferred benefits after 01 April 2014) he may choose to receive payment of them immediately.

Any benefits payable may be reduced as appropriate in accordance with guidance issued by the Government Actuary. Employers can if they choose waive, in whole or in part, any reductions that might apply and the employer must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Due to the complexity in the level of protected benefits that now apply to different members, establishing what level of benefits can be waived can be difficult. Appendix 1 lists the options available to employers in terms of the level of reductions that can be waived and the grounds under which they may be waived.

Employer's policy:

The Constabulary or the OPCC will not operate the discretion to waive actuarial reductions on compassionate grounds automatically and will only consent to such requests, where there are exceptional reasons for doing so.

Each case will be considered by the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

PART A2 – Discretions in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (excluding councillor members)

Power of Scheme employer to award additional membership

(Regulation 3 (10) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 12 of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An employer can within 6 months of the date of termination grant extra membership in the pension scheme to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency. Note that this is a time limited discretion which expires on 30 September 2014 for those whose employment is terminated on 31 March 2014.

Employer's policy

Lancashire Constabulary and the OPCC have determined that it will not apply this provision in any circumstances.

Early release of deferred benefits with employer consent

(Regulations 30(2), (5), 30A(3) and (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

A policy decision concerning early release of benefits needs to be made in relation to members who have left the scheme between 1 April 2008 and 31 March 2014 with deferred benefits (or suspended tier 3 benefits) who make an application to release benefits on or after age 55 and before age 60.

In addition a further policy decision is required to determine whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

Employer policy

The Constabulary and the OPCC will not automatically consent to requests for early release of benefits under these regulations.

Requests for early release of benefits will only be agreed where there is no associated cost to the Pension Fund unless there are exceptional reasons for doing so.

The Constabulary or the OPCC will not operate the discretion to waive actuarial reductions on compassionate grounds automatically and will only consent to such requests, where there are exceptional reasons for doing so.

Each case will be considered by the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner*	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

*Including former Lancashire Police Authority staff where applicable

PART A3 – Discretions in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008

Early release of deferred benefits with employer consent (Regulations 31(2) and (5) of the LGPS Regulations 1997)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits and councillor members who left after 1 April 1998 who make an application to release benefits on or after age 50* and before age 60.

In addition a further policy decision is required to determine whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

*It should be noted that benefits paid on or after age 50 and before age 55 would 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.

Employer policy

The Constabulary and the OPCC will not automatically consent to requests for early release of benefits under these regulations.

Requests for early release of benefits will only be agreed where there is no associated cost to the Pension Fund unless there are exceptional reasons for doing so.

The Constabulary or the OPCC will not operate the discretion to waive actuarial reductions on compassionate grounds automatically and will only consent to such requests, where there are exceptional reasons for doing so.

Each case will be considered by the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner*	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

*Including former Lancashire Police Authority staff where applicable

PART A4 – Discretions in relation to scheme members who ceased active membership before 1 April 1998

(Regulation D11(2) (c) of the LGPS Regulations 1995)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme before 1 April 1998 who make an application on compassionate grounds to release benefits on or after age 50* and before age 60. Under these rules the sole discretion for an employing authority is that they may determine on compassionate grounds that benefits are to become payable on an unreduced basis.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, a Scheme sanction charge will not be payable.

Employer policy

The Constabulary and the OPCC will not automatically consent to requests for early release of benefits under these regulations.

Requests for early release of benefits will only be agreed where there is no associated cost to the Pension Fund unless there are exceptional reasons for doing so.

The Constabulary or the OPCC will not operate the discretion to waive actuarial reductions on compassionate grounds automatically and will only consent to such requests, where there are exceptional reasons for doing so.

Each case will be considered by the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner*	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

*Including former Lancashire Police Authority staff where applicable

PART B – Formulation of policy in accordance with further discretions under the Local Government Pension Scheme Regulations 2013

As highlighted in the employer bulletin, there are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013. There is, however, no requirement to have a written policy in respect of these. However the following areas of discretion would be useful for scheme members, in order for them to establish the clear policy intention that the employers hold in these particular areas.

Shared Cost Additional Voluntary Contributions (SCAVCs)

(Regulation 17 of the LGPS Regulations 2013, Regulations 15(1)(d) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 25(3) of the LGPS (Administration) Regulations 2008 and Regulation 15(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004. An employer can, at its discretion, contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions arrangement (SCAVC). An employer should establish whether, how much and in what circumstances to either continue with an existing SCAVC or enter into a new SCAVC.

Employer's policy

Lancashire Constabulary and the OPCC have decided not to adopt a shared cost AVC scheme.

Late transfer requests

(Regulation 100(6) and 22(7) and (8) of the LGPS Regulations 2013)

The Local Government Pension Scheme Regulations allow for the acceptance of transfer value payments into the fund (subject to the Pension Fund administering authorities approval) to enable members to transfer pension rights accrued prior to joining the scheme into the LGPS, and thereby count additional pension. This election should be made within 12 months of first joining the LGPS in the employment.

The discretion allowed under regulation 100(6) relates to the acceptance of transfers relating to non LGPS membership, where the member makes a request after the expiry of the first 12 months of joining the LGPS.

Previous LGPS rights are automatically aggregated unless an election to keep those accrued benefits separate is received. Regulations 22 (7) and (8) allow an employer 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 employment (or cessation of a concurrent employment) to elect not to have the deferred benefits aggregated with their new LGPS employment (or on-going 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).

Employers policy

Lancashire Constabulary & the OPCC will only allow a late transfer under these Regulations where the available evidence indicates that:

- no previous option was given to the member due to an administration error (e.g. service was declared but the transfer quotation was never provided); or
- there has been an administrative delay in processing the initial request that was received within the initial 12 months of active membership; or
- there are exceptional circumstances surrounding the case.

Decisions in relation to late transfers are delegated to the Head of Your Pension Service (i.e. the Head of the Lancashire Pension Service) with the exception of 'exceptional circumstances' cases, which are delegated to the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

Lancashire Constabulary & the OPCC will only allow a late election to retain separate benefits under these Regulations where the available evidence indicates that:

- 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); or
- the member had not been informed of the 12 month time limit due to an administration error; or
- the member has pre 1 April 2014 membership and the final pay in the former job is higher

- (in real terms, after adding on inflation) than in the new job; or
- there are exceptional circumstances surrounding the case.

Decisions in respect of late elections to retain separate benefits are delegated to the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

Contributions payable by active members (Regulation 9 and 10 of the LGPS Regulations 2013)

An active member shall make contributions to the Scheme at the relevant contribution rate, from his pensionable pay, in each employment in which he is an active member. The contribution rate to be applied to his pensionable pay in any financial year is the rate determined by the employer with reference to the tiered contribution pay bands stated in the regulations.

Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.

Employers policy

Lancashire Constabulary & the OPCC will determine contribution rate bandings on a monthly basis for all employees who are members of the LGPS, including casual workers.

Lancashire Constabulary & the OPCC will exclude non-contractual overtime in the calculation to determine employee contribution bandings.

Assumed Pensionable Pay (Regulation 21(4) and (5) of the LGPS Regulations 2013)

Whether or not, when calculating assumed pensionable pay when a member:

- is on reduced contractual pay or no pay due to sickness or injury, or
- is absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or
- is 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. A 'regular lump sum payment' is a payment for which the member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.

Employer's policy

Lancashire Constabulary & the OPCC will not include in the calculation of assumed pensionable pay any 'regular lump sum payment' received by the member in the 12 months preceding the date of absence where they are:

- on reduced contractual pay or no pay due to sickness or injury; or
- absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave; or
- absent on reserve forces service leave.

A 'regular lump sum payment' will be included in the calculation of assumed pensionable pay where received by the member in the 12 months preceding their:

- retirement with a Tier 1 or Tier 2 ill health pension; or
- death in service.

PART C – Mandatory policy statement* – Formulation of policy in accordance with:

Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

*The mandatory requirements for a written policy under these regulations do not extend to employers whose employees are members of the LGPS by virtue of an admission agreement however as the provisions still apply it would be deemed appropriate for a policy statement to be in place

PART C1 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Redundancy and Compensation Payments

(Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

These regulations provide a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks), inclusive of any redundancy payment made. This applies to any member who terminates their employment on the grounds of redundancy, efficiency or in the case of a joint appointment (not job shares) where termination arises because the other holder of the joint appointment has left it.

The provisions apply to all employees who are eligible for participation in the Local Government Pension Scheme, whether or not they are current members of the scheme.

There is also a discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

Employer's policy

The Redundancy Toolkit of the Management of Change policy outlines the arrangements for redundancy. The provisions are summarised below:

Statutory Compensation

Any employee whose service is terminated because of redundancy after at least 104 weeks reckonable service is entitled to a lump sum redundancy payment. This payment will be calculated in accordance with the terms of the Employment Rights Act 1996, and the Redundancy Payments (Local Government) (Modification) Order 1983, and subsequent Modification Orders,

except that the statutory maximum pay limit as prescribed from time to time will not apply.

Reckonable service will be the aggregation of all continuous service with the organisation and other related service defined within the Modification Orders. The payment will be related to reckonable service (up to a maximum of 20 years). The statutory entitlements, correct at the time of approval of this tool kit, are based on the following scales:

Completed year of reckonable service	Statutory entitlement
From age 41 onwards	1.5 weeks pay
From age 22- 40	1 weeks pay
Up to age 21	0.5 weeks pay

Local/ organisation compensation

Redundancy pay will be calculated using the employees 'actual salary' for the purposes of the redundancy calculation and will include all contractual payments/allowances)

The statutory compensation (based on the statutory entitlements, correct at the time of the approval of this toolkit – see above) will be enhanced by a multiplying factor of 2.2 for example:

- **Statutory Compensation**

Employee age 39 with 5 years service = 5 yrs x 1 = 5 weeks pay

- **Local/ Organisational Compensation**

Employee age 39 with 5 years service = statutory (5) x 2.2 = 11 weeks pay

- **Exceptional Circumstances**

(change linked to significant budget cuts)

In the exceptional circumstances where the organisation considers it appropriate, the organisation may seek to increase the 'multiplying factor'. This is most likely when the organisation is seeking volunteers for redundancy. The decision to increase the multiplying factor will be taken by the Management Board. The maximum multiplier that is permitted is 3.46.

In addition to the above redundancy provisions, the employer will not apply its discretion to make an additional severance payment where employment is terminated early on the grounds of business efficiency. The Release in the Interest of Efficiency Policy provisions are summarised below:

Release in the Interest of Efficiency

Release in the Interest of the Efficiency of Service provides the opportunity for the organisation to permit an employee to be retired from the organisation and take early payment of their pension with no reduction in pension benefits. Individuals must be aged at least 55.

Where an individual is retired before they have attained the Local Government Pension Scheme retirement age there will be a cost to the organisation.

However, where there are organisational reasons to approve the early retirement, it is for managers to make the case, and articulate the benefits to the organisation.

In exceptional circumstances, the organisation may also pay an additional compensation payment. However, this is unlikely to be the norm and will only apply where the organisational benefits and justification are clear.

The benefits to the organisation (some of which may not be direct financial savings) must be

sufficient to justify the cost of the early retirement, and should be recoverable within 5 years, or by the individual's normal retirement age, whichever is the earlier.

In the first instance an HRP professional will seek advice from HQ HRP regarding the suitability of the request. Where appropriate, HQ HRP will obtain the relevant pensions quotations. Requests for Release in the Interest of Efficiency of Service should be submitted via an HRP professional. The Head of Human Resources and Payroll will make a recommendation to the Chief Financial Officer. Ultimately the decision to approve the Early Release of an individual from the organisation rests with the relevant decision maker outlined below:

Staff	Decision Maker
Employed by the Police & Crime Commissioner	The Chief Executive
Employed by the Chief Constable	Chief Financial Officer

PART C2 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Redundancy and Compensatory Added Years payments

(Regulation 17,19,21 and 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000)

Prior to the 2006 discretionary regulations employers could award employees additional service following a redundancy or efficiency retirement where that employee was over age 50. Although this facility is no longer available to current active employees, there are still discretionary decisions to be made in respect of employees who are already in receipt of additional service. These include:

- How to apportion any surviving spouses' or civil partners' annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.
- How the annual added years will be apportioned amongst any eligible children.
- Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be ignored i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid or if the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation.
- Whether and to what extent to reduce or suspend the member's annual compensatory added years payment during any period of re-employment in local government and how to reduce the member's annual compensatory added years payment following the cessation of a period of re-employment in local government.

Employer's policy

Lancashire Constabulary and the OPCC will:

- Divide equally any surviving spouse's annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.
- Divide equally the annual added years amongst any eligible children.
- Reinstate the spouse's or civil partner's annual compensatory added years payment after the end of the remarriage, new civil partnership or cohabitation (in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998).
- Look at the benefits and suspend or reduce the member's annual compensatory added years payment during any period of re-employment in local government dependent upon how much the member is earning. A reduction or suspension of pension would take place where the amount of new earnings together with the pension in payment exceeded the annual rate of pay on leaving the first employment, with appropriate adjustments made for the effects of index linking to salary and pension benefits.

The member's annual compensatory added years payment following cessation of a period of re-employment in local government will be adjusted to ensure that the member has not exceeded the membership that would have been accrued in their first employment had they continued in employment until age 65.

PART C3 – Discretions in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Injury Allowance payments

(Regulations 3 to 7 of the Local Government (Discretionary Compensation) (Injury Allowances) Regulations 2011)

Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Scheme employers must formulate, publish and keep under review a policy on:

a) whether or not to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:

- suffer a reduction remuneration, or
- cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or
- die leaving a surviving spouse, civil partner or dependant, and

b) if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid

Employer's policy

Lancashire Constabulary and the OPCC has determined that it will not grant any awards under this regulation.

Declaration

It is understood that the above discretions are applicable to all eligible members of the Scheme. In respect of the mandatory policy requirements, a written statement should be published indicating the policy which is being applied by that employer in the exercise of its functions. A copy of the scheme employer's policy decisions should be sent to Your Pension Service within one month of the date the policy is revised.

Any change to the discretions exercised under the LGPS Regulations can take immediate effect from the date the Scheme employer agrees the change.

Any change to the discretions exercised under the Discretionary Compensation Regulations 2000, the Discretionary Compensation Regulations 2006 or the Injury Allowances Regulations 2011 cannot take effect until one month after the date the Scheme employer publishes a statement of its amended policy.

The policies made above:

- i. Must have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- ii. Will not be used for any ulterior motive;
- iii. Will be exercised reasonably;
- iv. Will only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise;
- v. Will be duly recorded when applied.

Signed on behalf of the Employing Authority:

Name in Block Capitals:

Position:

Employing Authority:

Date:

Signed on behalf of the Employing Authority:

Name in Block Capitals:

Position:

Employing Authority:

Date:

Appendix 1 – if voluntarily retiring

If there is an actuarial reduction regarding the particular tranche of membership, the employer has the right to –

	Group 1	Group 2	Group 3	Group 4
Part A	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.
Part B1	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on this on compassionate grounds.
Part B2	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part C	Waive all, some or none on any grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part D1	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.

Part A = membership to 31 March 2008

Part B1= membership 1 April 2008 to 31 March 2014

Part B2 = membership 1 April 2014 to 31 March 2016

Part C = membership 1 April 2016 to 31 March 2020

Part D1 = membership 1 April 2020 onwards

Group 1 member = a member who was an active member prior to 1 October 2006 and who was born on 31 March 1956 or earlier

Group 2 member = a member who was an active member prior to 1 October 2006, was born between 1 April 1956 and 31 March 1960 inclusive, and who would reach their CRA by 31 March 2020

Group 3 member = a member who was an active member prior to 1 October 2006 and who is not a Group 1 or Group 2 member

Group 4 member = a member who was not a member prior to 1 October 2006.

If member retires on flexible retirement, the employer may waive all, some or none of any reduction on any grounds.

