

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 15 JUNE 2015

**REPORT ON: LOCAL GOVERNMENT PENSION SCHEME 2015
EMPLOYING AUTHORITY DISCRETIONS**

REPORT BY: TREASURER AND ASSESSOR

REPORT NO: TVJB16-2015

1. PURPOSE OF REPORT

This report outlines the discretions available to Tayside Valuation Joint Board, as a local government employing authority, following changes in Pension Scheme Regulations and how these will be applied.

2. RECOMMENDATION

The Committee are asked to approve the recommendations in Appendix A in respect of discretions to be applied for Tayside Valuation Joint Board as employing authority.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. BACKGROUND

The Local Government Pension Scheme in Scotland is being amended from 1st April 2015. As part of these amendments, employing authorities have been given certain discretions. Appendix A shows the discretions available and how they are proposed to be exercised by Tayside Valuation Joint Board.

5. POLICY IMPLICATIONS

None.

6. CONSULTATION

The Clerk to the Joint Board has been consulted on this report.

7. BACKGROUND PAPERS

None.

APPENDIX A

DISCRETION	RECOMMENDATION
<p>By virtue of Regulation 58 of the LGPS (Scotland) Regulations 2014 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014, employers are required to prepare and publish a written policy in relation to five specific discretions.</p> <p>These are as follows:-</p>	
<p>1. To Grant Extra Annual Pension of up to £5000</p> <p>Whether to grant, at full cost to the employer, extra annual pension of up to £5,000</p> <ul style="list-style-type: none"> • To an active scheme member, or; • Within 6 months of their leaving date, to a scheme member whose employment was terminated on the grounds of redundancy or business-efficiency. <p>[Regulation 30 of the LGPS (Scotland) Regulations 2014 refers]</p> <p>*values as at 01 April 2015.</p>	<p>Not to be implemented</p>
<p>2. To Voluntarily Contribute to a Shared Cost Additional Pension Contribution.</p> <p>Where a scheme member wishes to purchase 'extra' annual pension of up to £6,500* by making Additional Pension Contributions, to voluntarily contribute towards the cost of purchasing that 'extra'</p>	<p>Not to be implemented.</p>

<p>pension via Shared Cost Additional Pension Contribution (SCAPC).</p> <p>[Regulation 16(2)(e) and 16(4)(d) of the LGPS (Scotland) Regulations 2014 refer]</p> <p>* value as at 01 April 2015</p>	
<p>3. To Permit Flexible Retirement to Scheme Members Aged 55 or Over Who Reduce Their Working Hours or Pay Grade</p> <p>Whether to permit flexible retirement for a scheme member aged 55 or over who, with the agreement of the employer, reduces their working hours to pay grade.</p> <p>[Regulation 29(6) of the LGPS (Scotland) Regulations 2014 refers]</p> <p>If the employer agrees to permit flexible retirement, whether, in addition to the pension benefits that the scheme member has accrued prior to 01 April 2009 (which the scheme member must draw), to permit the scheme member to choose to draw:-</p> <ul style="list-style-type: none"> • all, part or none of the pension benefits that they accrued after 31 March 2009 and before 01 April 2015, and/or; • all, part or non of the pension benefits that they accrued after 31 March 2015*, and; • whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the pension benefits taken on flexible retirement before Normal Pension Age. <p>*[Regulation 11(2) and 11(3) of the LGPS (Transitional Provisions and Savings)(Scotland) Regulations 2014 refer]</p>	<p>No change to policy agreed by the Board on 16th November 2009 (Report No TVJB 15-2009).</p>

<p>4. Applying the ‘Rule of 85’</p> <p>Whether, as the ‘Rule of 85’ does not (other than on flexible retirement) apply automatically and, in full, to scheme members who would otherwise be subject to it and who (with their employer’s consent) choose to voluntarily draw their pension benefits on or after their 55th birthday (and before age 60), to apply the ‘Rule of 85’ to such members.</p> <p>[paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014 refers].</p> <p>Where the employer does not do so, then;</p> <p>(a) if the scheme member has already met the ‘Rule of 85’, the scheme member’s pension benefits are to be reduced in accordance with actuarial guidance issued by the Scottish Ministers, or;</p> <p>(b) if the member has not already met the ‘Rule of 85’, the scheme member’s pension benefits are to be reduced in accordance with actuarial guidance issued by the Scottish Ministers, and;</p> <p>(c) the employer can exercise discretion to waive the actuarial reduction (at full cost to the employer) – Discretion 5 below refers.</p>	<p>Not to be implemented</p>
<p>5. To Permit Scheme Members Aged 55 or Over who Voluntarily Retire to Draw Their Pension Benefits Immediately</p> <p>For active scheme members voluntarily retiring on or after their 55th birthday (and before Normal Pension Age) who make an election</p>	<p>Implement subject to the Treasurer being satisfied with the financial implications.</p>

under Regulations 29(5) of the LGPS (Scotland) Regulations 2014 (with the employer's consent, if under age 60) to immediately draw their pension benefits, and;

For deferred scheme members who make an election under Regulation 29(5) of the LGPS (Scotland) Regulations 2014 (with their employer's consent, if under age 60) to immediately draw their pension benefits (other than on ill-health grounds) on or after age 55 and before Normal Pension Age, and;

Who **were not** members of the LGPS prior to 01 December 2006, whether to:-

- (a) waive on compassionate grounds, any actuarial reduction that would otherwise be applied to the member's pension benefits, if any, that they had accrued before 01 April 2015, and/or;
- (b) to waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to the pension benefits that they had accrued after 31 March 2015.

Who **were** members of the LGPS prior to 01 December 2006, whether to:-

- (a) to waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to their pension benefits (accrued during the period pre and post 01 April 2015)