

**Mid Ulster District Council Policy Statement  
Employer Discretions under the Local  
Government Pension Scheme (Northern Ireland)  
2014 Regulations and other related Regulations**

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**APPENDIX 1**

**POLICY ON BANDING CONTRIBUTION**

**21-23**

## 1. Background

Mid Ulster District Council (the Council) is required to (or where there is no requirement, is recommended to) formulate, publish and keep under review a Statement of Policy on certain other discretions it may exercise in accordance with:

- The Local Government Pension Scheme Regulations (NI) 2014
- The Local Government Pension Scheme (Amendment & Transactional Provisions) Regulations (NI) 2014
- Local Government Pension Scheme Regulations (NI) 2002 – in respect of leavers between 1 February 2003 and 31 March 2009
- Earlier LGPS Regulations (Northern Ireland) in respect of members of the LGPS who left prior to 1 April 2015, and
- The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 and earlier compensation regulations.

In formulating and reviewing its policies under the LGPS Regulations referred to above the Council has considered:

- whether and to what extent the exercise of its discretionary powers could lead to a serious loss of confidence in the public service, and
- that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

Decisions under this policy will be taken by the Council and will be supported by a business case outlining how it is in the financial and/or managerial interests of the Council to exercise its discretions.

Any amendments to this policy will be published and sent to the Northern Ireland Local Government Officers' Superannuation Committee within one month of the date the revisions to the policy were made.

This policy statement applies to the exercise of discretions under the above regulations in relation to:

- Active scheme members and members who cease active membership after 31 March 2015, and
- Scheme members who ceased active membership prior to 31 March 2015 (deferred members).

## **2. Consultation**

The Council is not required to consult with the recognised trade unions when it intends to adopt new, or change existing, discretionary policies. However, it was considered appropriate to give advance notification to the recognised trade unions that this policy would be considered by the Council following discussion at the H.R. Policy Working group meeting and a draft was shared with the Mid Ulster Local Joint Forum.

## **3. Scope**

This policy applies to all employees who are active members of the Local Government Pension Scheme or who will be so eligible. It excludes former Northern Ireland Civil Service (NICS) staff who transferred to Mid Ulster District Council following Review of Public Administration on 1<sup>st</sup> April 2015.

## **4. Effective date of policies**

The policies on discretions to be exercised under the LGPS Regulations (Northern Ireland) 2014 take immediate effect from the date the Council agrees the relevant policies, or from 1 April 2015. Any change to the policies on existing discretions to be exercised under the LGPS Regulations in respect of pre 1 April 2015 leavers take immediate effect from the date Mid Ulster District Council agrees the policies.

Any change to the discretions exercised under the Discretionary Compensation Regulations 2003 and 2007 cannot take effect until one month after the date the Council publishes a statement of its amended policy.

## **5. Non-fettering of discretions**

**In applying its policy discretions the Council will:-**

- Act reasonably and will not fetter the employer's discretion;
- Exercise discretion where it is deemed essential to assist in attracting and retaining employees or to compensate employees who leave through no fault of their own.
- Ensure that its discretionary powers will be used with regard to all relevant factors
- Will be duly recorded when used.

The policies will confer no contractual rights and whilst the Council will endeavour to discuss changes with the recognised trade unions the Council retains the right to change the policies at any time without prior notice or consultation.

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.

If any staff member has a query in relation to this policy, he/she may contact:-

Name:- Marissa Canavan E mail:- [Marissa.canavan@midulstercouncil.org](mailto:Marissa.canavan@midulstercouncil.org)

Tel No:- 03000 132 132 Ext 23316

It should be noted that the view given by the Pensions Ombudsman is that:-

- Where regulations allow an employer to exercise discretion a policy should be put in place to set out how to exercise that discretion
- A policy is there to guide the decision maker on how to exercise discretion
- An employer cannot generally bind itself as to how it will exercise discretion – fettering discretion is unlawful
- Every case could be considered on its merits; a decision is to be made on whether to follow the policy or make an exception
- Policies do not override the law; they should not apply a stricter test

## 6. Employer Discretions

**Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations (Northern Ireland) 2014 in relation to active scheme members and members who cease active membership after 31 March 2015.**

Discretion and explanation	Mid Ulster District Council policy
<p>1. <b>Discretion</b> – Power to grant extra annual pension (LGPS 2014, Regulation 32)</p> <p><b>Explanation.</b> Whether, at full cost to the Council, to grant extra annual pension of up to £7,385; (figure at 1 April 2022 &amp; subject to revision on an annual basis) 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>The Council will not make use of the discretion to grant extra annual pension of up to £7,385 (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 the Council 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 thus leaving Council the option to grant extra annual pension in exceptional circumstances e.g. where it is felt necessary in order to attract an employee who has the specialist skills and experience or where it is felt necessary in order to induce an employee with specialist skills and experience not to leave.</p>
	<p>The Council will only voluntarily contribute towards the cost of purchasing</p>

<p>2. <b>Discretion</b> – to contribute towards the costs of purchasing extra pension (LGPS 2014, Regulation 18)</p> <p><b>Explanation.</b> Whether, where an active scheme member wishes to purchase extra annual pension of up to £7,385; (figure at 1 April 2022) by making Additional Pension Contributions (APCs), the Council will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC). The employee must make an election to pay an APC within 30 calendar days of returning to work or any such longer period that the employer may permit if there has been an administrative error.</p>	<p>extra pension via a Shared Cost Additional Pension Contribution (SCAPC) 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 and it can be demonstrated that the reason for the member missing the original 30 day deadline was because the member had not been made aware of that deadline, and</li> <li>- the election is made no more than 6 months after the member returns from the period of leave of absence or such longer period as the Council may deem reasonable in any individual case.</li> <li>- A decision on whether the member meets the above criteria (and on whether the 6 month period referred to should be extended in any individual case) will be taken by the council and, where it is agreed that the conditions are met, the Council will contribute 2/3rds of the cost of buying back the ‘lost’ pension via a SCAPC.</li> </ul>
<p>3. <b>Discretion</b> – Flexible Retirement (LGPS 2014, Regulation 31 &amp; LGPS 2014 Transitional Regs, Regulation 10)</p> <p><b>Explanation.</b> Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the Council, 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</li> </ul>	<p>The Council will not agree to flexible retirement except in circumstances where the Council 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,</li> <li>- will set out whether, in addition to any pre 1 April 2009 benefits, the member</li> </ul>

<p>April 2009 (which the member must draw if flexible retirement is agreed), to permit the member to choose to draw</p> <ul style="list-style-type: none"> <li>• all, part or none of the pension benefits they accrued after 31 March 2009 and before 1 April 2015, and / or</li> <li>• all, part or none of the pension benefits they accrued after 31 March 2015, and</li> </ul> <p>- 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)</p>	<p>will be permitted, as part of the flexible retirement agreement, to take</p> <ul style="list-style-type: none"> <li>a) all, some or none of their 1 April 2009 to 31 March 2015 benefits, and /or</li> <li>b) all, some or none of their post 31 March 2015 benefits, and</li> </ul> <p>- will require the approval of Council</p> <p>The Council will only consider requests for flexible retirement as a means to ease employees into full retirement for a period of no more than 2 years subject to business case review in consultation with employee and TU representative as applicable.</p> <p>There must be a reduction of at least one grade or a reduction at least 20% of the contractual hours of work. Any reduction will be a permanent change and employees will not be permitted to subsequently apply for a position that would result in an increase in hours or salary.</p> <p>Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014. The Council will only waive any such reduction, in whole or in part, 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 the Council.</p> <p>Any strain on fund costs or any cost to waive the reduction in benefits will have to be met by, and paid to the Pension fund by Council.</p>

<p>4. <b>Discretion</b> – 85 year rule for members voluntarily drawing benefits (LGPS 2014 Transitional Regulations, Schedule 3)</p> <p><b>Explanation.</b> Whether to switch the 85 year rule back on in full for active scheme 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.</p>	<p>The Council will not agree to switch the 85 year rule on in full where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where the Council 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 Council</li> </ul>
<p>5. <b>Discretion</b> – Waiving reduction on benefits which a member voluntarily draws before Normal Pension Age (LGPS 2014, Regulation 31 and LGPS 2014 Transitional Regulations, Schedule 3)</p> <p><b>Explanation.</b></p> <p>Under Regulation 31 (5) of the LGPS Regulations (NI) 2014, employees voluntarily retiring on or after age 55 and before Normal Pension Age (NPA) may elect to immediately draw benefits and deferred members to draw benefits (other than on ill health grounds) on or after age 55 and before NPA, in each case reduced by the amount shown in actuarial guidance issued by the Department.</p> <p>The amount of the reduction will vary in accordance with the age of the member, membership in the Scheme and the extent to which the transitional provisions with regard to the 85 Year Rule Schedule 3 to the Transitional Regulations) apply to the individual member (if at all).</p> <p>Council:</p>	<p>The Council will not agree under Regulation 31 (8) to waive in whole or part any reduction in benefits as described except in circumstances where Council considers it is in its financial or operational interests to do so or there are compelling compassionate reasons for doing so.</p> <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 will require the approval of the Council including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived.</li> </ul> <p>As the employer, Council will have to meet the cost of the strain on the fund resulting from any waiver in actuarial reduction.</p>



<ul style="list-style-type: none"><li>• Under Regulation 31(8), may agree to waive any relevant reduction under Regulation 31 (5) in whole or in part in respect of membership from 1 April 2015. No ground is stipulated by the Regulations.</li><li>• Under Paragraph 2 (1) of Schedule 3 to the Transitional Regulations, may determine on compassionate grounds to waive in full any relevant reduction calculated in accordance with Schedule 3.</li></ul>	
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6. **Discretion** – Shared Cost AVC (LGPS 2014, Regulation 19)

**Explanation.** Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2015 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2015.

~~The Council will not enter into a shared cost AVC arrangement other than in exceptional circumstances in which case the decision to contribute, and the amount of the contribution, will be subject to the approval of the Council.~~

The Council allows its employees to make Additional Voluntary Contributions (AVC) in accordance with relevant legislation.

Where an employee satisfies the conditions for admission into an HMRC approved Salary Sacrifice Shared Cost AVC Scheme (SCAVC), has elected to pay AVC by salary sacrifice, and relevant legislation permits, the Council will, having due regard to NILGOSC administrative requirements, pay Shared Cost AVC contributions.

The Council will only pay Shared Cost AVC contributions in circumstances where legislative provisions allow it to maintain the current nil cost to it in terms of both direct contribution of funds (i.e., it will only pay employer superannuation contributions on the amount of salary sacrificed under the SCAVC) and net cost for the management of the proposed SCAVC (i.e., management fees and costs do not exceed employer national insurance cost savings accruing to the Council as a result of the employee(s) participating in the SCAVC).

The Council's exercise of the discretion is subject to the contract(s) of employment of employee(s) wishing to participate in the approved SCAVC being amended to reflect the fact that the employer contribution to the SCAVC is a pensionable emolument<sup>1</sup>, and the

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<sup>1</sup> Wording to be confirmed following consultation with NILGOSC

	<p>relevant employee(s) formally confirming their acceptance of the contractual amendment.</p> <p>As with all discretions, the Council reserves the right to amend or withdraw the discretion in the future.</p>
<p><b>7 Discretion – Aggregating Benefits</b> (Concurrent Employments &amp; Deferred Members) (LGPS 2014, Regulation 24)</p> <p><b>7 (a) Aggregating Benefits – Concurrent Employments</b></p> <p><b>Explanation.</b></p> <p>Whether to extend the 12 month time limit which an employee with concurrent employments ceases an employment with an entitlement to a deferred pension may elect <b>not</b> to have the deferred benefits aggregated with those in their ongoing employment’s active member pension account.</p>	<p>The Council will only extend the 12 month time limit within which;</p> <p>A scheme member with concurrent employments ceases an employment with entitlement to a deferred pension may elect <b>not</b> to have their deferred benefits aggregated with those in their ongoing employment’s active member pension account.</p> <p>a) where the Council agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration;</p> <p>b) where the Council agrees that the available evidence indicates the member had made an election within 12 months of ceasing the concurrent employment but the election was not received by the Northern Ireland Local Government Officers' Superannuation Committee (e.g. the election form was lost in the post); or</p> <p>c) where the member has pre 1 April 2015 membership and the Council agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having separate benefits</p>
<p><b>7 (b) Aggregating Deferred Benefits –</b></p> <p><b>Explanation</b></p>	<p>The Council will only extend the 12 month time limit within which;</p>

<p>Whether to extend the 12 month time limit within which;</p> <p>A deferred member becomes an active member again may elect to aggregate the benefits in the deferred pensions account with those in the new active member's pension account.</p>	<p>A deferred member who becomes an active member again may elect to aggregate the benefits in the deferred pensions account with those in the new active member's pension account</p> <ul style="list-style-type: none"> <li>a) where the Council 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 the Council 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 Northern Ireland Local Government Officers' Superannuation Committee (e.g. the election form was lost in the post); or</li> <li>c) where the member has pre 1 April 2015 membership and the Council agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having benefits aggregated and would in consequence, suffer a detriment to their pension benefits (e.g. where member's whole time equivalent pensionable pay on commencing with Council is, in real terms after allowing for inflation, significantly more than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).</li> </ul>
<p><b>8 Determining Contribution Rates for Employees (LGPS 2014, Regulation 11)</b></p> <p><b>Explanation</b></p> <p>How the pension contribution band/rate to which an employee is to be allocated on joining the scheme, and at each subsequent April, will be determined and the circumstances in which (following a material change which affects</p>	<p>The Council will determine the contribution band applicable for employees in accordance with its Contribution Banding Policy (See Appendix 1) &amp; Council's intranet:- Human Resources Tab/Retirement Related/Pensions Discretionary &amp; Contribution Banding Policy Council does not currently make any 'regular lump sum payments' to its employees. Therefore, if any lump sum payment were made to an</p>

<p>pensionable pay in the course of a Scheme year (1 April to 31 March) the pension contribution band/rate to which an employee has been allocated will be reviewed.</p> <p><b>9a Discretion</b> – Assumed Pensionable Pay and determination of whether a lump sum that was received by the member was a regular lump sum (LGPS 2014, Regulation 23 (5))</p> <p><b>Explanation.</b> Council must provide NILGOSC with a member's Assumed Pensionable Pay (APP) when a member:-</p> <ul style="list-style-type: none"> <li>• is absent due to illness or injury and on reduced contractual pay or no pay</li> <li>• is absent on child-related leave (as defined) and the actual pay received is not greater than APP would be for that period</li> <li>• is absent on reserve forces leave</li> <li>• where an ill health retirement or death has occurred</li> </ul> <p>APP is calculated in accordance with Regulation 23. The annual rate of APP must include any regular lump sum payment received by the member in the 12 months prior to the <u>relevant event, as set out above (Reg 23(4)(a)(iv) and 23(5)(a)(iv)). Regulation 23(5)</u> defines a regular lump sum payment as <i>“a payment for which the member's employer determines there is an expectation that such a payment would be paid on a regular basis.”</i></p> <p>The employer must therefore determine in relation to any lump sum the member received in that 12-month period whether or not there was an expectation that that payment would be paid on a regular basis. Where it determines that there is such an expectation, the lump sum must be</p>	<p>employee, generally there would be no expectation that such a payment would be regular. However, Council will consider each case on its merits and any final decision will be subject to the approval of Council.</p> <p>In calculating APP, Council will usually substitute a revised pensionable pay for the actual pensionable pay received in the reference period where it is materially different to the pay normally received by the employee. The revised pensionable pay used will reflect the employee's normal pensionable pay.</p> <p>In determining the employee's normal pensionable pay, Council will take into account the pensionable pay received by the employee in the previous 12 months.</p> <p>Each case will be determined on its merits and exceptional circumstances will be taken into account.</p>
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<p>included in the calculation of the annual APP figure.</p> <p><b>9b – Whether to substitute a revised pensionable pay in calculating APP</b></p> <p>Where the pensionable pay received by a member in the relevant reference period for the calculation of APP under Regulation 23 is materially different from the level of pensionable pay that member normally received (“normal pensionable pay”), the employer may substitute in the calculation of APP a revised level of pensionable pay that reflects the member’s normal pensionable pay.</p> <p>The employer must have regard to the level of pensionable pay received by the member in the previous 12 months.</p>	
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<p><b>NEW</b></p> <p><b>10. Discretion:- Time limit for elections to cover lost pension due to a permitted absence. (LGPS 2014, Regulation 18)</b></p> <p>Whether to allow a member longer than 30 days following return to work after a period of absence with permission (not due to illness, child-related leave or reserve forces service leave) to decide to apply to cover the lost pension through an Additional Pension Contract</p> <p>Note: if a longer period is allowed, then Council will be responsible for meeting two-thirds of the cost of the arrangement up to a maximum period of 36 months.</p>	<p>Council will only extend the 30-day deadline following a member’s return to work after a period of authorised absence where he/she can decide to apply to cover the lost pension through an APC where:</p> <ul style="list-style-type: none"> <li>• an active scheme member returns from a period of authorised leave of absence (other than illness, child related leave or reserve forces service leave), and</li> <li>• the member does not, within 30 days of returning decide to apply to cover ‘lost’ pension through an APC, and</li> <li>• the member subsequently makes an application and it can be demonstrated the reason for missing the original 30 day deadline was because they had not</li> </ul>
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	been made aware of that deadline.
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**Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2009 and 31 March 2015**

<p>11. <b>Discretion</b> – Waiving reduction to deferred benefits (LGPS 2009, Regulation 30)</p> <p><b>Explanation.</b> Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p>	<p>The Council 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 the Council.</p> <p>Council will have to meet the cost of the strain on the fund resulting from a decision to waive any actuarial reduction.</p>
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<p><b>NEW</b></p> <p>12. <b>Discretion</b> – Application of 85 year rule for deferred members (LGPS 2014, Transitional Regs, Schedule 3)</p> <p><b>Explanation.</b> Whether, as the 85 year rule* does not (other than on flexible retirement) automatically apply to former employees who would otherwise be subject to it, and who choose to voluntarily draw their deferred benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.</p> <p><i>*The 85 year rule is satisfied if the person was an LGPS member on 30 September 2006 and if the member's age at the date they draw their benefits and their scheme membership (each in whole years) add up to 85 or more. If they are part-time, their membership counts</i></p>	<p>Council will not agree to switch the 85 year rule on in full where a deferred member chooses to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where Council 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 the Council.</p> <p>Council will have to meet the cost of the strain on the fund resulting from a decision to pay benefits before age 60 i.e. where the member has met the 85 year rule or would <u>meet it before age 60.</u></p>
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<i>towards the 85 year rule at its full calendar length.</i>	
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**Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 February 2003 and 31 March 2009**

Discretion and Explanation	Mid Ulster District Council Policy
<p><b>13. Discretion</b> – Waiving reduction to deferred benefits (LGPS Regulations (NI) 2002, Regulation 5)</p> <p><b>Explanation.</b> Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p>	<p>The Council 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 the Council.</p> <p>Council will have to meet the cost of the strain on the fund resulting from a decision to agree to waive any actuarial reduction.</p>
Discretion and Explanation	Mid Ulster District Council Policy
<p><b>NEW</b></p> <p><b>14. Discretion</b> – Application of 85 year rule for deferred members (LGPS Regs 2014, Transitional Regs, Schedule 3)</p> <p><b>Explanation</b> Whether as the 85 rule does not (other than on flexible retirement) automatically apply to former employees who would otherwise be subject to it, and who choose to voluntarily draw their deferred benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.</p>	<p>The Council will not agree to switch the 85 year rule on in full where a deferred member chooses to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where Council considers it is in its financial or operational interests to do so. Each case will be considered on its merits and will require the approval of Council.</p> <p>Council will have to meet the cost of the strain on the fund resulting from a decision to pay benefits before age 60 i.e. where the member has met the 85 year rule or would meet it before age 60.</p>



**Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007**

Discretion and Explanation	Mid Ulster District Council policy
<p>15. <b>Discretion</b> – Redundancy Payment (LGPS 2007 Regulation 4)</p> <p><b>Explanation.</b> Whether to base a redundancy payment on an employee’s actual weeks’ pay where this exceeds the statutory week’s pay limit of, currently £594 per week (as at 6 April 2022) subject to annual review.</p>	<p>Staff whose employment is terminated on the grounds of redundancy or business efficiency will receive a termination payment (to incorporate any redundancy pay) calculated using the statutory redundancy payment formula but based on actual week’s pay (where this exceeds the statutory maximum) enhanced by a multiplier of 3.46</p> <p>**To be further updated re: Voluntary &amp; Compulsory Redundancy</p>
<p>16. <b>Discretion</b> – Enhanced compensation (LGPS 2007 Regulation 5)</p> <p><b>Explanation.</b> Whether to make a termination payment (inclusive of any redundancy payment) of up to a maximum of 104 weeks’ pay to employees whose employment is terminated on the grounds of redundancy or efficiency of the service.</p>	<p>An employee whose employment is terminated early due to redundancy or business efficiency will receive a termination payment (inclusive of any redundancy pay) calculated using the statutory redundancy payment formula:- Age x Length of Service x Actual Week’s Pay, enhanced by a multiplier of 3.46</p>

**Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2003**

Discretion and Explanation	Mid Ulster District Council policy
<p>17. <b>Discretion</b> – Abatement of annual compensatory added years pension (LG (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2003, regulations 16 and 18)</p> <p><b>Explanation.</b> How a person's annual compensatory added years pension is to be abated during, and following the cessation of, any period of re-employment by an employer who offers membership of the LGPS to its employees, regardless of whether or not the employee chooses to join the LGPS</p>	<p>Mid Ulster District Council will, during any period of re-employment in local government (see note below), abate a person's annual compensatory added years’ payment by the 'excess' if the aggregate of:</p> <ul style="list-style-type: none"> <li>- the annual compensation, and</li> <li>- the annual pension from the LGPS, and</li> <li>- the annual rate of pay from the new employment</li> </ul> <p>exceeds the pay the person would have received from the employment in respect of which the compensatory added years were granted, based on the annual rate of pay at the date of ceasing</p>

the former employment as increased by the relevant cost of living increases (i.e. as increased by the rate at which an 'official pension' is increased under the Pensions (Increase) Act 1971). Index.

Where compensatory added years were awarded on or after 24 March 2003, Mid Ulster District Council will reduce a person's annual compensatory added years' payment following the cessation of a period of re-employment in local government (see note below) to the extent necessary to secure that if:

- the period of compensatory added years granted in respect of the former employment,

**plus**

- the period of membership the person has accrued in the LGPS (or would have accrued had he / she joined the scheme when first eligible to do so) during the period of re-employment in local government, counted at its part-time length, if the person was part-time, exceeds
- the period of membership the person would have accrued during the period from the cessation of the former employment until age 65 on the assumption that he / she had continued in that former employment to age 65 (again counted at its part-time length if the person was part-time at the date of cessation of the former employment),

**then**

- the annual pension and lump sum from the first job combined with the annual pension and lump sum from the second job (based on the assumption that the employee joined the LGPS when first eligible to do so), plus the annual compensation and lump sum compensation, shall not in aggregate exceed the pension and lump sum the person would have achieved if he / she had

remained in the first job through to age 65.

Where there is an excess, the annual compensation will be reduced by the excess pension and, if the annual compensation is not reduced to nil, the amount of the remaining (reduced) basic annual compensation will then be suspended until the excess lump sum (if any) is recovered.

In calculating whether or not, in aggregate, the annual pension and lump sum from the first job, plus the annual pension and lump sum (if any) from the second job (based on the assumption that the employee joined the LGPS at the first opportunity), plus the annual compensation and lump sum compensation, exceeds the pension and lump sum the person would have achieved if he/she had remained in the first job through to age 65 it will be necessary to compare:

a) the actual LGPS pre 1 April 2009 1/80th pension and 3/80ths lump sum, plus the actual LGPS post 31 March 2009 1/60th pension (ignoring any commutation for a lump sum), plus the actual 1/80th annual compensation and 3/80ths lump sum compensation, with  
b) the 1/80th LGPS pension and 3/80ths lump sum the member would have achieved in their first job to 31 March 2009, plus the 1/60th LGPS pension the member would have achieved in their first job (ignoring any potential commutation for a lump sum), if the member had stayed in the first job through to age 65.

In determining the benefits the employee could have achieved had he / she remained in the first employment through to age 65 it will be necessary to determine the pensionable pay to be used in the calculation. For this purpose, the pensionable pay figure used in the

	<p>calculation of the pension benefits in the first job will be used as brought up to date by increasing it in line with the Pensions Increase (Review) Orders.</p> <p>If a person has been awarded more than one previous period of compensatory added years, e.g. as a result of being made redundant more than once, the abatement / claw back provisions are modified. In such a case, the rules under the former Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001 will be applied where a person ceases a period of re-employment in local government and has previously been granted more than one period of compensatory added years, but using the pay in the first job as increased in line with inflation (i.e. ignoring regulations 17(5)(a)(ii), 17(6) and 17(7) of the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.</p> <p>Where compensatory added years were awarded before 24 March 2003, Mid Ulster District Council will reduce a person's annual compensatory added years' payment following the cessation of a period of re-employment in local government (see note below) in accordance with the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.</p>
<p>18. <b>Discretion</b> – Survivor compensatory added years apportionment (LG (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2003, Regulation 20(4))</p> <p><b>Explanation.</b> How any surviving spouse's or civil partner's annual compensatory added year pension is to be apportioned where the</p>	<p>The Council will apportion any surviving spouse's or civil partner's annual compensatory added years pension where the deceased person is survived by more than one spouse or civil partner in such proportions as, at its sole discretion, it sees fit (based on the merits of the individual cases).</p>

<p>deceased person is survived by more than one spouse or civil partner.</p>	
<p>19. <b>Discretion</b> – Annual compensation suspension rules (LG (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2003, Regulation 20(5))</p> <p><b>Explanation.</b> Whether, if the spouse or civil partner of a person who ceased employment before 1 February 2003 remarries, enters into a civil partnership or cohabits after 1 February 2003, the normal annual compensation suspension rules will be disapplied i.e. the spouse’s or civil partner’s annual compensatory added years pension will continue to be paid.</p>	<p>If the spouse or civil partner of a person who ceased employment before 1 February 2003 remarries, enters into a new civil partnership or cohabits after 1 February 2003, the normal annual compensation suspension rules will be disapplied i.e. the spouse’s or civil partner’s annual compensatory added years pension will continue to be paid.</p>
<p>20. <b>Discretion</b> – Annual compensation suspension rules (reinstatement) (LG (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2003, Regulation 20(7))</p> <p><b>Explanation.</b> Whether, where a spouse’s or civil partner’s annual compensatory added years pension is suspended as a result of remarriage, entering into a new civil partnership or cohabitation, the spouse’s or civil partner’s annual compensatory added years pension should be reinstated after the end of the period of remarriage, new civil partnership or cohabitation.</p>	<p>This discretion is not applicable.</p>

## Appendix 1 - Policy on Contribution Banding – this policy is reviewed annually.

### Introduction

- 1.1 The purpose of this policy is to set out how Mid Ulster District Council intends to allocate LGPS (NI) members to a contribution band.
- 1.2 The policy also sets out how Mid Ulster District Council intends to reassess and reallocate contribution bandings as well as provide details on how a member can appeal a decision regarding their banding.

### 2 Contribution Bands

- 2.1 The Regulations governing the Local Government Pension Scheme introduced contribution bands from 1 April 2009 for each active Scheme member. The contribution bands for members from 1 April 2022 are detailed in the table below.

Band	Pensionable pay range for an employment at April 2022	Contribution Rate	50/50 Section
1	£0 - £15,400	5.5%	2.75%
2	£15,401 - £23,700	5.8%	2.90%
3	£23,701 - £39,500	6.5%	3.25%
4	£39,501 - £48,000	6.8%	3.40%
5	£48,001 - £95,100	8.5%	4.25%
6	More than £95,100	10.5%	5.25%

The pensionable pay ranges will be reviewed on 1 April each year in line with Pensions Increase Orders from 1 April.

### 3 Allocation to Contribution Band

- 3.1 Staff will pay contributions at the appropriate band rate on all pensionable pay received for each job (or half that rate if in the 50/50 section of the Scheme).
- 3.2 Staff, including part-time staff, will have their banding determined on their actual pensionable pay as at 1 April each year, or on their date of joining (if later), or at the date of any material change (see below) Any reduction in pay due to sickness, child related leave, reserve forces leave or other absence from work will be disregarded when assessing or reviewing contribution bands and rates.

### 4 Reallocation to Contribution Bands

- 4.1 Ad hoc payments - pensionable pay includes non-contractual overtime and additional hours. As overtime and additional hours are not regular features in Mid Ulster District Council, an employee's contribution band will be based on their contractual pay. Should it be determined at the end of the year that an employee has worked a significant amount of non-contractual overtime, that would have placed their contribution rate in a different band, then Mid Ulster District Council will apply the revised rate in the following year if it is considered likely that a similar level of overtime will be worked in the next year. This

arrangement will be reviewed if and when overtime/additional hours become a regular feature of a job.

- 4.2 **Change in contractual hours** – an employee's contribution rate will be based on their actual pensionable pay. Contribution rates will therefore be revised at the point when the new contractual hours (whether a permanent or temporary change) take effect.
- 4.3 **Cost of living increases** – these are normally payable in April but are often not agreed until mid-way through the year. Contribution bands will be reassessed at 31 March each year and are subject to the pay remit approval process. Contribution bands will be reassessed at 1 April each year, therefore if, for example, a cost of living increase is paid in October 2022 and backdated to April 2022 it is intended that the member will remain on the contribution rate determined at April 2022 for that year.
- 4.4 **Spine point increases** - Staff due to receive a spine point increase on 1 April (or six months after joining, whichever the later) will have their contribution banding determined on their actual pensionable pay at 31 March each year or at their date of joining (if later).
- 4.5 **Acting up allowance** – This is normally payable when a member of staff fills a more senior position on a temporary basis, if in post for 4 weeks or more. Contribution rates will be revised, at the point when an acting up allowance becomes payable, and adjusted to reflect the new actual pensionable pay.
- 4.6 **Maternity leave, paternity leave, adoption leave, sick leave** – The member will pay contributions on the actual pensionable pay received during the period of absence and will accrue benefits at 1/49<sup>th</sup> of their assumed pensionable pay. As the employer, Mid Ulster District Council will pay contributions on the assumed pensionable pay.
- 4.7 **Backdated pay increase due to Job Evaluation** – this is a permanent material change which affects pensionable pay however, while the pay increase may be backdated, the revised contribution rate will not be backdated but will be changed at the next payroll date. In instances where a pay increase is backdated over previous years the contributions due on arrears will be deducted at the rate already set for the year (i.e. the rate the member was paying in that year).
- 4.8 **Change in pay due to new appointment** – this is a permanent material change which affects pensionable pay therefore the contribution banding will be revised at the next payroll date when the change is effective. This will also apply to those accepting a temporary appointment (for example to cover a period of maternity leave) and in such circumstances the contribution percentage will revert to reflect the original banding on the next payroll date, after the member returns to their substantive post.
- 4.9 Members will be notified of changes to their contribution band as soon as is reasonably practicable when the change has been determined.

## 5 Appeal Procedure

- 5.1 Staff who believe their contribution rate has been determined incorrectly can raise an enquiry by following the procedure set out below:-
- **Informally** – by contacting the Head of Human Resources who will seek to resolve or explain any misunderstanding as quickly as possible.
  - **Formally** – by invoking the Grievance Procedure, a copy of which can be found on the staff intranet:- [http://intranet.midulstercouncil.org/HR/Tab/Disciplinary & Grievance/MUDC Grievance Procedure](http://intranet.midulstercouncil.org/HR/Tab/Disciplinary%20&%20Grievance/MUDC%20Grievance%20Procedure).
- 5.2 This procedure does not detract from a member's right to appeal to the county court, please refer to [www.courtsni.gov.uk](http://www.courtsni.gov.uk) for further information.