





POLICY ON DISCRETIONS

FOR EARLY RETIREMENT AND REDUNDANCY PROVISIONS LOCAL GOVERNMENT EMPLOYEES AND CRAFT OPERATIVES

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 INVESTOR IN PEOPLE	<div>Agreed xxxxxxxx Committee – date</div> <div>Policy Distributed – date</div> <div>Management Bulletin– date</div> <div>Personnel Circular– date</div> <div>Posted to Intranet –date</div> <div>This policy replaces the policy agreed in June 2004</div>	

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POLICY ON DISCRETIONS

1. Introduction

- 1.1 Regulation 105 of the main Local Government Pension Scheme states that each employer must formulate and keep under review their Policy concerning the exercise of their discretions.
- 1.2 The Local Government Pension Scheme (Scotland) Amendment (No2) Regulations 2006 along with amendments to the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 define the discretions available to employers.
- 1.3 This Policy details the range of discretions available to the Council and the discretions which West Dunbartonshire Council will adopt in relation to the LGPS and in respect of other situations where the Council may wish to exercise its discretion with regard to early leavers.

2. Scope

- 2.1 This Policy applies to early leavers (redundancy/voluntary severance/early retirement); staff requesting flexible retirement; staff in situations where augmentation of benefit would apply; staff opting out and rejoining the pension scheme. This Policy excludes teachers who are covered by the Scottish Public Pensions Agency (Teachers Superannuation Scheme).

3. Key Principles

- 3.1 The Policy describes the range of discretions available to the Council. All decisions in relation to the use of these discretions will always take account of the short and long term financial implications to the Council.
- 3.2 In applying its discretions, the Council will always seek to ensure consistent and equitable application within any scheme of voluntary early retirement and voluntary severance.
- 3.3 The Council will ensure the Policy on Discretions is reviewed and updated to comply with the statutory redundancy provisions and amended Pension Regulations.

4. Discretions

4.1 Early Leavers under age 50

- 4.1.1 Employees will receive statutory redundancy pay in line with their statutory rights to redundancy entitlement under the Employment Rights Act 1996 i.e.;

Statutory Redundancy Entitlement:

- Up to age 21 - half a week's pay for each completed year of continuous service*
- 22-40 years of age – one week's pay for each completed year of service (up to a maximum of 20 years)
- 41+ years of age - 1½ weeks pay for each completed year of service (up to a maximum of 20 years)
- It should be noted that there is a statutory maximum weekly pay for statutory redundancy calculations

*Continuous service with local authorities and other specified bodies as defined in the Redundancy Modification Order

- 4.1.2 The Council may exercise its discretion to multiply the statutory redundancy amount by a specific multiplier as long as this is applied consistently to all employees within a particular scheme and at a particular time.
- 4.1.3 Where employment is terminated early, and dependent on financial circumstances, the Council may exercise its discretion to enhance statutory redundancy up to a maximum of 66 weeks pay. Where employment is terminated early for a group of employees, the number of weeks pay must be identical for each employee.

4.2 Early Leavers Age 50+ (Reg 30 (2) (5))

- 4.2.1 Where an employee requests early payment of pension benefits between the ages of 50 and 60, the Council may give consent to this request based on cost and the exigencies of the service.
- 4.2.2 On compassionate grounds, the Council may decide that the pension and lump sum should be paid without being actuarially reduced for early payment
- 4.2.3 In instances of redundancy (2 years continuous service as defined under the Redundancy Modification Order), and where the employee has 5+ years pensionable service, the Council will exercise its discretion to award added years up to a maximum of 6 years 243 days. In such cases the

Council meets the cost of added years both in terms of ongoing pension and one-off lump sum payment.

- 4.2.4 In instances of the 'efficient exercise of the employers function' an employee will receive pension benefits based on actual membership of the pension scheme if they have 2 years or more but less than 5 years pensionable service. In cases where an employee has 5+ years pensionable service the Council may exercise its discretion to enhance service by up to 10 years, dependent on the exigencies of the service and available years up to age 65. The Council will meet the cost of added years in efficiency situations both in terms of ongoing pension and one-off lump sum payment
- 4.2.5 Where appropriate, the Council may offer employees a one-off lump sum of up to 66 weeks' pay where employment is terminated early. Where employment is terminated early for a group of employees, the number of weeks pay will be identical for each employee.

4.3 Flexible Retirement (Reg 34 (1A,C,D) Reg 30 (7A))

- 4.3.1 The Council may exercise its discretion to allow an employee to take payment of their pension and lump sum and continue working as long as the employee reduces either the hours or the grade. This discretion will only be exercised in instances where there would be positive benefits to the Council in terms of efficiency savings and/or skills retention, and in such circumstances hours of work would require to be reduced by at least 25%.
- 4.3.2 In instances of flexible retirement, the Council may exercise its discretion to waive, in whole or in part, and dependent on financial constraints, any reduction in the employee's benefits. In such cases the Council meets the cost of additional pension fund "strain costs".
- 4.3.3 Where an employee has opted out of the LGPS, they are only entitled to payment of benefits without reduction from their Normal Retirement Date where the employer so consents. In such instances, and dependent on financial constraints, the Council may exercise its discretion to consent to benefits without reduction.

4.4 Augmentation of Benefits (Reg 51 (1))

- 4.4.1 The Council may use its discretion to augment the membership of an active member at any time, by up to 6 years 243 days or to the members 65th birthday, if shorter. The discretion would only be exercised in exceptional circumstances where it was deemed to be of specific and particular benefit to the Council.

- 4.4.2 In such circumstances the Council would meet the full cost of the additional membership by payment of a lump sum into the pension fund, payable within one month of a resolution being passed to award augmentation.

4.5 Shared Cost AVC's (Reg 66 (1))

- 4.5.1 The Council has discretion to establish a shared cost AVC arrangement of active members. The Council will not exercise this discretion, however this will be kept under review.

4.6 Election to Join the LGPS (Reg 6(9) (a))

- 4.6.1 In circumstances where a member who has opted out of the scheme on more than one occasion, to receive scheme refunds, the Council will not consent to the employee rejoining the Scheme if this is within a period of continuous employment.

5. Review

- 5.1 This Policy will be reviewed in line with any changes to the statutory redundancy provision and Pension Scheme Regulations.