

Causeway Coast and Glens Borough Council discretionary policies under the Local Government Pension Scheme (Northern Ireland) Regulations and other related Regulations

Summary

1. This report makes recommendations for Causeway Coast and Glens Borough Council policies on discretions to be exercised:
 - i) under the LGPS Regulations (Northern Ireland) 2014 from 1 April 2015 in respect of members of the Career Average Revalued Earnings (CARE) scheme,
 - ii) under earlier LGPS Regulations (Northern Ireland) in respect of members of the LGPS who left prior to 1 April 2015, and
 - iii) under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 and earlier compensation regulations.

Background

2. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. The report made clear that change was needed to “make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings”.
3. As a result, it was decided that the Local Government Pension Scheme (LGPS) in Northern Ireland should be reformed so that, from 1 April 2015, benefits accrue on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
4. The provisions of the CARE scheme, together with the protections for members’ accrued pre 1 April 2015 final salary pension rights, are contained in the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.
5. As a result of the changes, Causeway Coast and Glens Borough Council is required to formulate, publish and send to the Northern Ireland Local Government Officers’ Superannuation Committee by no later than 31 July 2015 a written Statement of Policy on certain discretions under the LGPS which Causeway Coast and Glens Borough Council has the power to exercise on and from 1 April 2015 in relation to members of the CARE scheme.
6. Causeway Coast and Glens Borough Council is also 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:
 - i) under earlier LGPS Regulations in relation to members of the LGPS who left prior to 1 April 2015, and
 - ii) under the Discretionary Compensation Regulations 2003 and 2007 in relation to employees who are, or are eligible to be, members of the LGPS.

7. Any amended policy under paragraph 9(i) above must 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.
8. Any amended policy under the paragraph 9(ii) above must be published and, in the case of a change to the policy under the Discretionary Compensation Regulations 2003, it must be published within one month of the decision to amend the policy.
9. Overall, Causeway Coast and Glens Borough Council is:
 - i) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with:
 - regulation 66 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014,
 - paragraph 2(2) of Schedule 3 to the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014; and
 - ii) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007, effective from 1 October 2006.
10. In formulating and reviewing its policies under the LGPS Regulations referred to in paragraph 9(i) above Causeway Coast and Glens Borough Council is required to consider whether and to what extent the policy might lead to a serious loss of confidence in the public service.

Decisions required

11. Causeway Coast and Glens Borough Council is asked:
 - i) to approve the policies on the discretions to be exercised under the LGPS Regulations in relation to those employees who are active scheme members after 31 March 2015 and members who cease active membership after 31 March 2015, as set out in the table at Annex 1;
 - ii) to endorse the continuation of Ballymoney Borough Council policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 2;
 - iii) to endorse the continuation of Coleraine Borough Council policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 2;
 - iv) to endorse the continuation of Limavady Borough Council policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 2, and
 - v) to endorse the continuation of Moyle District Council policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 2.

Consultation

12. Causeway Coast and Glens Borough Council is not required to consult with NIPSA, GMB and UNITE when Causeway Coast and Glens Borough Council intends to adopt new, or change existing, discretionary policies. However, it was considered appropriate to give advance notification to NIPSA, GMB and UNITE that this report would be considered by Council.

Effective date of policies

13. The policies on discretions to be exercised under the LGPS Regulations (Northern Ireland) 2014 take immediate effect from the date Causeway Coast and Glens Borough Council agrees the policies, or from 1 April 2015 (if later). 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 Causeway Coast and Glens Borough Council agrees the policies.
14. Any change to the discretions exercised under the Discretionary Compensation Regulations 2007 cannot take effect until one month after the date Causeway Coast and Glens Borough Council publishes a statement of its amended policy.

Non-fettering of discretions

15. The recommendations contained within this report, if approved, will form Causeway Coast and Glens Borough Council policies on pension and compensation discretions. It should be noted that:
 - the policies will confer no contractual rights
 - subject to paragraphs 13 and 14, Causeway Coast and Glens Borough Council will retain the right to change the policies at any time without prior notice or consultation but Causeway Coast and Glens Borough Council will endeavour to discuss changes with NIPSA, GMB and UNITE, and
 - 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.

Contact Officer: Name:

Tel:

E-mail:

Date:

Annex 1

Table A: 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.	Causeway Coast and Glens Borough Council policy
<p>1. Whether, at full cost to Causeway Coast and Glens Borough Council, to grant extra annual pension of up to £6,500 (figure at 1 April 2015) 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>Notes:</p> <ul style="list-style-type: none">- Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on granting extra annual pension of up to £5,000 under the 2009 Scheme (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Employers may, therefore, wish to simply carry forward their existing policy (assuming they have one), but suitably amended to refer to the LGPS Regulations (Northern Ireland) 2014 and the increased limit of £6,500.- The cost of any extra annual pension awarded would have to be paid to the Pension Fund by the employer as a lump sum payment unless the employer agrees with the Northern Ireland Local Government Officers' Superannuation Committee to pay increased contributions to meet the cost.- The extra annual pension would form part of the Scheme member's main LGPS pension and so the member could, upon	<p>Causeway Coast and Glens Borough Council will not make use of the discretion to grant extra annual pension of up to £6,500 (figure at 1 April 2015) 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 Causeway Coast and Glens Borough 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.</p>

drawing pension benefits, commute up to 25% of the capital value of their LGPS pension benefits for a lump sum at the rate of £12 lump sum for each £1 of pension given up.

- Any extra annual pension granted by the employer would be subject to an actuarial reduction where, other than in a case of ill health retirement or retirement on redundancy or business efficiency grounds, that extra annual pension is drawn before the member's Normal Pension Age.
- The limit of £6,500 includes the amount of extra annual pension purchased (or being purchased) by the employer under a Shared Cost Additional Pension Contributions (SCAPC) arrangement (see 2 below).
- The extra annual pension provides a benefit for the scheme member only i.e. a share does not flow through to any survivor's pension payable upon the death of the scheme member.
- Employers cannot grant extra annual pension if the employer makes an award of lump sum compensation (of up to 104 weeks' pay) under regulation 5 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 (see entry 2 in Table E below).
- Employers can, however, grant extra annual pension if the employer makes an award under regulation 4 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 i.e. bases a redundancy payment on an employee's actual weeks' pay where this exceeds the statutory weeks' pay limit (see entry 1 in Table E below). The difference between the statutory redundancy payment and the redundancy payment based on the employee's actual

week's pay is, in this paper, termed the discretionary redundancy payment

- Employers considering granting extra annual pension to members of the LGPS will need to take a view on whether doing so could leave them open to challenge on age or gender discrimination grounds (e.g. if those not in the Pension Scheme tend to be younger employees and part-time female workers). Compare this to an award of lump sum compensation (see entry 2 in Table E below) which can be awarded to not only those who are members of the LGPS but also to those who are eligible for membership of the LGPS (and so can be less open to challenge on age or gender discrimination grounds).
- If an employer wishes to award extra annual pension, the employer will need to consider the criteria for deciding to whom to grant such pension and for determining the amount of extra annual pension to grant in each case. The criteria should be included in the employer's policy statement. The policy should not use criteria that are directly or indirectly discriminatory (unless objectively justified e.g. the employer could demonstrate that the policy pursues a legitimate aim and that it is proportionate and is an appropriate and necessary means of achieving that aim).
- An alternative approach that employers who wish to award extra annual pension could consider (for members whose employment is being terminated on the grounds of redundancy or business efficiency) is what might be termed 'extra annual pension by conversion'. In effect, the employer would have a policy that would permit the employer to:
 - award a lump sum compensation payment (of up to 104 weeks' pay) under regulation 5 of the of the Local Government (Early Termination of Employment) (Discretionary

Compensation) Regulations (Northern Ireland) 2007, inclusive (in redundancy cases) of any statutory redundancy payment and any increase in the redundancy payment made under regulation 4 of those Regulations (where an employee's actual weeks' pay exceeds the statutory weeks' pay limit) - (see entries 1 and 2 in Table E below)

Or

- having considered the view of the employee, to make an award of extra annual pension that is actuarially equivalent to the lump sum compensation payment that the employer would otherwise have made.

The employer would need to reflect this in their policy in relation to a discretionary lump sum compensation payment (see entries 1 and 2 in Table E below). It is important to stress that the employee would not be sacrificing a lump sum compensation payment in return for extra annual pension in the LGPS and would not be using lump sum compensation payment that is paid or due to him/her in return for extra annual pension. Instead, the employer would, having considered the view of the employee, simply be making a determination to award extra annual pension and not to award a lump sum compensation payment. Where the employer decides to make an award of extra annual pension, the employer would award extra annual pension that was actuarially equivalent in value to the lump sum compensation payment (in excess of any redundancy payment) that would otherwise have been payable to the employee following cessation of employment. The policy could allow only the excess above any statutory and discretionary redundancy payment to be converted in this way, in which case any statutory and discretionary redundancy payments would still be payable, or allow all of the excess above any statutory redundancy payment to

be converted, in which case any statutory redundancy payment would still be payable. It should be noted, however, that the amount of extra annual pension cannot exceed £6,500. Extra annual pension that would exceed this limit is not permitted and so conversion would not be possible if it would produce extra annual pension above that limit. It is not permissible to split the award and award part as extra annual pension (up to the aforementioned limit) and the balance as a lump sum compensation payment.

- The facility for employers to grant extra 'augmented' membership of the Pension Scheme ceases after 31 March 2015. Employers who have, prior to 1 April 2015, had a policy to allow 'extra membership by conversion' to members being made redundant or being retired on business efficiency grounds i.e. granting the member extra membership equivalent to any lump sum termination payment (in excess of the statutory redundancy payment or in excess of the redundancy payment based on an actual week's pay where this exceeds the statutory weeks' pay limit) the employer would otherwise have awarded under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 will no longer be able to do so for retirements on or after 1 April 2015. Instead, the employer could grant the member extra annual pension actuarially equivalent to the value of any lump sum termination payment (in excess of the redundancy payment) the employer would otherwise have awarded under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 i.e. 'extra annual pension by conversion'.
- Employers wishing to award extra annual pension upon termination of employment on the grounds of redundancy or business efficiency might wish to consider including in their policy

a clause that they will not grant extra annual pension in cases where an employee declines to accept:

- an offer of what the employer considers to be suitable alternative employment, or
- (for those employers who are subject to the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order (Northern Ireland) 1999 or who, whilst not subject to the Modification Order, choose to recognise service with employers on the Modification Order for redundancy payment purposes) an offer from another employer covered by the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order (Northern Ireland) 1999 which the current employer would consider to be suitable alternative employment and which would have started within four weeks* of the termination date.

(* If the contract ends on a Friday, Saturday, or Sunday the four weeks is counted from the following Monday.)

- An issue that potentially arises in granting extra annual pension is that, in some cases, it can result in the value of the scheme member's benefits being increased by more than the permitted standard Annual Allowance of, currently, £40,000 (2015/16). Any increase in value above that figure could result in a tax charge for the individual. Any additional pension granted will also count towards the capitalised value of a person's pension benefits which have to be assessed against the member's Lifetime Allowance (LTA) under the tax regime governing pension schemes. Each time a person retires and draws benefits from a pension scheme they use up a part of their LTA. If, on retirement under the LGPS, the capitalised value of their total LGPS benefits is more than the person's remaining LTA, they will have to pay tax on the excess (at

<p>the rate of 25% if the excess is paid in the form of pension and 55% if paid in the form of a lump sum).For more information see http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM06105000.htm and http://www.hmrc.gov.uk/manuals/rpsmmanual/RPSM11100000.htm</p>	
<p>2. Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2015) by making Additional Pension Contributions (APCs), Causeway Coast and Glens Borough Council will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p> <p>Notes:</p> <ul style="list-style-type: none"> - This discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. That is because, in those cases, the employer must contribute 2/3rds of the cost to a SCAPC. There may be some cases, even if it is not the employer's general policy to voluntarily contribute to a SCAPC, where an employer might wish to do so (see Options 2 and 3 opposite). - Any extra annual pension granted by the employer under a SCAPC arrangement would be subject to an actuarial reduction where, other than in a case of ill health retirement, that extra pension is drawn before the member's Normal Pension Age. - The amount of extra annual pension purchased (or being purchased) by the employer under a Shared Cost Additional Pension Contributions (SCAPC) arrangement (including a SCAPC arrangement where an employer is contributing 2/3rds of the cost of purchasing pension 'lost' during a period of absence) reduces 	<p>Causeway Coast and Glens Borough Council will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in two situations. Firstly, where:</p> <ul style="list-style-type: none"> - an active scheme member returns from a period of authorised leave of absence, and - 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 - 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 - 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 Causeway Coast and Glens Borough Council may deem reasonable in any individual case. <p>A decision on whether the member meets the above criteria (and on whether the 6 month period referred to should be extended in any</p>

<p>the amount of extra annual pension the employer could award under 1 above.</p>	<p>individual case) will be taken by Council and, where it is agreed that the conditions are met, Causeway Coast and Glens Borough Council will contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.</p> <p>Secondly, in exceptional circumstances where Causeway Coast and Glens Borough Council considers it is in its financial or operational interests to do so. Each case to contribute to a SCAPC (and a decision on the amount to be contributed) will be considered on the merits of the financial and / or operational business case put forward.</p>
<p>3. Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of Causeway Coast and Glens Borough Council, reduce their working hours or grade and, if so, as part of the agreement:</p> <ul style="list-style-type: none"> - whether, in addition to the benefits the member has accrued prior to 1 April 2009 (which the member must draw if flexible retirement is agreed), to permit the member to choose to draw <ul style="list-style-type: none"> • all, part or none of the pension benefits they accrued after 31 March 2009 and before 1 April 2015, and / or • all, part or none of the pension benefits they accrued after 31 March 2015, and 	<p><u>Flexible retirement</u></p> <p>Causeway Coast and Glens Borough Council will not agree to flexible retirement except in circumstances where Causeway Coast and Glens Borough Council considers it is in its financial or operational interests to do so. Each case</p> <ul style="list-style-type: none"> - will be considered on the merits of the financial and / or operational business case put forward, - will set out whether, in addition to any pre 1 April 2009 benefits, the member will be permitted, as part of the flexible retirement agreement, to take <ul style="list-style-type: none"> a) all, some or none of their 1 April 2009 to 31 March 2015 benefits, and /or b) all, some or none of their post 31 March 2015 benefits, and - will require the approval of Council <p>[Note: employers might wish to include in their policy that where flexible retirement is being considered, there must be a reduction of at least one grade or, in</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) ¹.

Notes:

- Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on flexible retirement for flexible retirements under the 2009 Scheme and for waiving any actuarial reduction in whole or in part (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Employers may, therefore, wish to simply carry forward their existing policy (assuming they have one), but suitably amended for post 31 March 2015 flexible retirements to reflect the above provisions.
- If flexible retirement is agreed for a scheme member aged 55 or over but under 60 who is subject to the 85 year rule and who, at the date of flexible retirement, has either met the 85 year rule or would have met the rule before age 60, there would be a strain on fund cost to be met by, and paid to the Pension Fund by, the employer in respect of the pension benefits paid following flexible retirement. The 85 year rule is satisfied if the person was a member of the LGPS on 30 September 2006 and 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 towards the 85 year rule at its full calendar length.

the case of a flexible retirement due to a reduction in working hours, be a minimum reduction in hours of, say, 20% e.g. the equivalent of the hours for one working day].

Waiver of any actuarial reduction on flexible retirement

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. Causeway Coast and Glens Borough 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 Council.

¹ Normal pension age (NPA) means the member's normal pension age under the 2015 Scheme which is linked to the member's State Pension Age (SPA) but with a minimum of age 65. State Pension Age is currently age 65 for men. State Pension Age for women is currently being increased to be equalised with that for men and will reach 65 by November 2018. The State Pension Age will then increase to 66 for both men and women from December 2018 to October 2020. Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the State Pension Age above age 67 to increases in life expectancy.

<ul style="list-style-type: none"> - Where flexible retirement is agreed for an employee aged 55 or over but under Normal Pension Age the cost of waiving any actuarial reduction, in whole or in part, would have to be met by, and paid to the Pension Fund by, the employer. - Overall, the benefits of flexible retirement include: <ul style="list-style-type: none"> • it assists in reducing capacity if required, and helps avoid redundancies (and associated costs) • it can be a useful tool to support change management • it helps achieve and retain a balanced age profile within the workforce • it aids retention of required skills / knowledge / experience and enables transfer of skills / knowledge in the period leading up to an employee's full retirement • it offers a potentially acceptable solution to staff who may currently be a 'blockage' to promotion or re-organisation • it helps to alleviate 'burn out' and 'stress', improves morale, and assists in achieving Work-Life balance • it may assist a return to work after a medical related absence where ill health retirement is not appropriate • it assists employees to ease into retirement, making a gradual adjustment to full retirement. 	
<p>4. Whether, as the 85 year rule does not (other than on flexible retirement – see 3 above) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.</p> <p>Notes:</p> <ul style="list-style-type: none"> - If the employer does agree to switch back on the 85 year rule in full, the employer will have to meet the cost of any strain on fund resulting from 	<p>Causeway Coast and Glens Borough 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 Causeway Coast and Glens Borough Council considers it is in its financial or operational interests to do so. Each case</p>

<p>the payment of benefits before age 60 i.e. where the member has already met the 85 year rule, or would meet it before age 60.</p> <ul style="list-style-type: none"> - The 85 year rule is satisfied if the person was a member of the LGPS on 30 September 2006 and 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 towards the 85 year rule at its full calendar length. 	<ul style="list-style-type: none"> - will be considered on the merits of the financial and / or operational business case put forward, and - will require the approval of Council.
<p>5. For active members voluntarily retiring on or after age 55 and before Normal Pension Age who elect under regulation 31(5) of the LGPS Regulations (Northern Ireland) 2014 to immediately draw benefits, and for deferred members who elect under regulation 31(5) of the LGPS Regulations (Northern Ireland) 2014 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who:</p> <ul style="list-style-type: none"> - were <u>not</u> members of the LGPS before 1 October 2006 [Group 4 members], whether to: <ul style="list-style-type: none"> o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April <u>2015</u>, and / or o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2015</u> - <u>were</u> members of the LGPS before 1 October 2006 and <u>will</u> be 60 or more on 31 March 2016 [Group 1 members], whether to: <ul style="list-style-type: none"> o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2016</u>, and / or 	<p>Causeway Coast and Glens Borough Council will not agree</p> <ul style="list-style-type: none"> - to waive on compassionate grounds any reduction on pre 1 April 2015 benefits for Group 3 or 4 members, on pre 1 April 2016 benefits for Group 1 members, or on pre 1 April 2020 benefits for Group 2 members, and / or - to waive in whole or in part on any grounds any reduction on post 31 March 2015 benefits for Group 3 or 4 members, on post 31 March 2016 benefits for Group 1 members, or on post 31 March 2020 benefits for Group 2 members <p>where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age except in circumstances where Causeway Coast and Glens Borough Council considers it is in its financial or operational interests</p>

<ul style="list-style-type: none"> ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2016</u> - <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 and will <u>not</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to: <ul style="list-style-type: none"> ○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2015</u>, and / or ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2015</u> - <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 but <u>will</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to: <ul style="list-style-type: none"> ○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2020</u>, and / or ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2020</u> <p>Note:</p> <ul style="list-style-type: none"> - If the employer does agree to waive any actuarial reduction, the employer will have to meet the cost of the strain on fund resulting from that waiver. 	<p>to do so or there are compelling compassionate² reasons for doing so.</p> <p>Each case</p> <ul style="list-style-type: none"> - will be considered on the merits of the financial and / or operational business case put forward, or - will be considered on the merits of the compassionate case put forward, and - will require the approval of Council including, where the reduction is only to be waved in part, approval for the amount of reduction to be waived
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² There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, releasing benefits because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<p>6. 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.</p> <p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on SCAVCs under the 2009 Scheme (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Employers may, therefore, wish to simply carry forward their existing policy (assuming they have one), but suitably amended to reflect both of the elements referred to above. 	<p>Causeway Coast and Glens Borough Council will not enter into a shared cost AVC arrangement</p>
<p>7. Whether to extend the 12 month time limit within which a scheme member who has a deferred LGPS benefit in Northern Ireland following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).</p>	<p>Causeway Coast and Glens Borough Council will only extend the 12 month time limit within which a scheme member who has a deferred LGPS benefit in Northern Ireland following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment):</p> <ul style="list-style-type: none"> a) where Causeway Coast and Glens Borough Council agrees that the available evidence indicates the member had not been informed

	<p>of the 12 month time limit due to maladministration;</p> <p>b) where Causeway Coast and Glens Borough 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</p> <p>c) where the member has pre 1 April 2015 membership and Causeway Coast and Glens Borough 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 (for example, where member's whole-time equivalent pensionable pay on commencing with Causeway Coast and Glens Borough Council is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).</p>
<p>8. 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 to the terms and conditions of a member's employment which affects the member's pensionable pay in the course of a Scheme year (1 April to 31</p>	<p>a) A member shall be allocated to a contribution rate on 1 April 2015 by assessment of their previous year's basic salary plus any pay award effective from 1 April 2015 plus any increment effective from 1 April 2015</p>

March), the pension contribution band/rate to which an employee has been allocated will be reviewed.

Notes:

- If an employee holds more than one employment and these are treated as separate jobs, each job (and the pensionable pay from that job) is assessed separately when determining the contribution band/rate for each job (so an employee may be paying different contribution rates in each job, depending on the pay levels in those jobs).
- Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when assessing / reviewing the appropriate band / contribution rate.
- As from 1 April 2015, part-time members' contribution rates will be assessed on actual pensionable pay rather than full-time equivalent rates of pay.
- The move to using actual pensionable pay in the assessment of the contribution band/rate within which an employee falls will necessitate employers making an assumption as to what pensionable pay a person will probably receive in the Scheme year.

This can be done in a number of ways. For example:

- the annual rate of contractual pay
- the annual rate of contractual pay plus an estimation of the non-contractual overtime or hours worked in excess of the contractual hours which might be worked in a full year
- the hourly contractual rate multiplied by an estimate of the number of hours to be worked in a full year

- b) allocating a member to a contribution rate on joining the Scheme (after 1 April 2015) shall be by way of assessment of their annualised basic salary at the date of commencement
- c) reallocating a member to a new contribution rate during a Scheme year (1 April to 31 March) shall follow a material permanent change to the grade or hours of the employee's contract of employment
- d) each 1 April employee's contribution rates will be assessed by way of their previous year's basic salary plus any pay award effective from 1 April plus any increment effective from 1 April plus any contractual or non-contractual overtime received during the previous year;

Employees whose contribution rate changes as a result of a to d above will be informed in writing.

- the weekly contractual rate multiplied by 52.143 (or whatever multiplier an employer deems appropriate)
 - the weekly contractual rate multiplied by 52.143 (or whatever multiplier an employer deems appropriate) plus an estimate of other pensionable payments to be made in a full year
- Each employer should assess the appropriate contribution band/rate in a reasonable and consistent manner.
 - Allocating employees to an appropriate band/rate is relatively straight forward where the employee is not expected to undertake any additional hours or overtime. However, it is less straight forward where the number of hours an employee may work in a year is not known.
 - Where an employee is likely to undertake a number of additional hours in excess of their contractual hours, the employer could:
 - i) use one of the methods in the first and fourth bullet points above i.e. allocate the employee to the band/rate applicable to their contractual hours only and subsequently review the band/rate allocation at an appropriate time (see 'Reallocation' below), or
 - ii) use one of the methods set out in the second, third or fifth bullet points above, perhaps taking account of the hours worked by the post holder in previous years or, if the member is a new employee, the hours worked by the previous holder (if any) of the post, and subsequently review the band/rate allocation at an appropriate time (see 'Reallocation' below).
 - The advantage of option (i) is that it is less likely to lead to an appeal by the employee against the band/rate to which they have been allocated and the employer can, in any case, review the band/rate allocation at the following April (or attribute an employee to a different band/rate part way through the Scheme year where there is a material change to the terms

and conditions of a member's employment which affects the member's pensionable pay).

- The disadvantage of option (i) is that it can initially result in a lesser contribution being collected from an employee's pay for a period of time than the actual hours eventually worked might have warranted.
- The advantage of option (ii) is that it results in a contribution band/rate that the employer deems reasonable based on the employer's expectation of the number of hours to be worked by the employee. It could result in a higher or lower contribution rate than the actual hours eventually worked might have warranted (depending on how many hours the employee actually works) and this could, respectively, result in an appeal by the employee against the band/rate to which they have been allocated or result in a 'loss' to the Pension Fund (which, in turn, would become a cost to the employer).
- Matters become more complicated with employees who have no contractual hours of employment e.g. casual employees, or employees on zero hours contracts. In these cases employers will need to either:
 - a) make a reasonable initial assessment of the number of hours the person is likely to work on an annual basis, perhaps taking account of the hours worked by the post holder in previous years or, if the member is a new employee, the hours worked by the previous holder (if any) of the post, and subsequently review the band/rate allocation at an appropriate time (see 'Reallocation' below), or
 - b) allocate the employee to the lowest band (5.5%) and subsequently review the band/rate allocation at an appropriate time (see 'Reallocation' below), or
 - c) allocate the employee to the 6.5% band (on the basis that this is the closest to the average expected contribution rate for Scheme members of 6.4%) and subsequently review the band/rate allocation at an appropriate time (see 'Reallocation' below).

- The advantage of option (a) is that it results in a contribution band/rate that the employer deems reasonable based on the employer's expectation of the number of hours to be worked by the employee. It could result in a higher or lower contribution rate than the actual hours eventually worked might have warranted (depending on how many hours the employee actually works) and this could, respectively, result in an appeal by the employee against the band to which they have been allocated or result in a 'loss' to the Pension Fund (which, in turn, would become a cost to the employer).
- The advantage of option (b) is that it is less likely to lead to an appeal by the employee against the band/rate to which they have been allocated. The disadvantage of option (b) is that it can initially result in a lesser contribution being collected from an employee's pay for a period of time than the actual hours eventually worked might have warranted.
- The advantage of option (c) is that it delivers the average contribution rate for Scheme members (upon which the LGPS 2015 has been costed). The disadvantage is that it is perhaps more likely to lead to an appeal by the employee against the band/rate to which they have been allocated if the member believes their pay falls within a lower band/rate. Conversely, placing the member in the 6.5% band could initially result in a lesser contribution being collected from an employee's pay for a period of time than the actual hours eventually worked might have warranted (if the employee's pay turns out to fall within a higher band).
- Employers have to notify scheme members, as soon as possible, of the contribution rate the member will pay and give the member notification of their right of appeal under the Internal Disputes Resolution procedure (IDRP).

'Reallocation'

- Although generally once set, the contribution rate remains in force for the rest of the Scheme year (1 April to 31 March), an employer is permitted to attribute an employee to a different band/rate part way through the Scheme year where there is a material change to the terms and conditions of a member's employment which affects their pensionable pay (e.g. on promotion, demotion, re-grading, variation to a member's contractual hours, a change of job, or a move from a casual post to a post with contractual hours). This can result in a retrospective reallocation to a different contribution band/rate with a consequential adjustment to the employee contributions due (e.g. where there is a retrospective pay award or retrospective re-grading) but the employer can decide to only apply the new rate from the date the pay award or re-grading is actioned on the payroll. Employers may take the view that a change in the number of non-contractual excess hours being worked by a member does not constitute a change to the terms and conditions of the member's employment and, therefore, would not result in a rate reassessment part way through a Scheme year. However, it is arguable that an increment or pay rise made part way through a Scheme year is not a material change to a member's terms and conditions of employment (but, rather, the fulfilment of an existing term or condition) and so would not, in itself, warrant a reassessment of the contribution rate part way through a Scheme year (but should be taken into account when assessing the rate at the next 1st April).
- Employers must reassess the contribution rate for all scheme members each 1 April and reallocate members to a new band/rate where applicable.
- Employers have to notify scheme members of any change in the contribution rate the member will pay, the date the new rate is effective from, and give the member notification of their right of appeal under the Internal Disputes Resolution procedure (IDRP). The notification has to be given to the member as soon as is reasonably practicable after the decision to change the rate has been made.

<p>9. Whether or not, when calculating assumed pensionable pay when a member is:</p> <ul style="list-style-type: none"> - on reduced contractual pay or no pay on 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, or - retires with a Tier 1 or Tier 2 ill health pension, or - dies in service <p>to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred.</p> <p>Notes:</p> <ul style="list-style-type: none"> - A 'regular lump sum payment' is a payment for which the employer determines there is a reasonable expectation that such a payment would be paid on a regular basis - Whilst <u>all</u> lump sum payments are, initially, ignored when calculating assumed pensionable pay, it is entirely at the employer's discretion whether or not to include in the calculation of assumed pensionable pay the amount of any '<u>regular</u> 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. Take, for example, the following two situations as examples: <ul style="list-style-type: none"> i) if a 'regular lump sum payment' is added back for a member on reduced contractual pay or no pay on 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 	<p>In assessing Assumed Pensionable Pay (APP) Causeway Coast and Glens Borough Council will not include in the calculation any regular lump sum payments.</p>
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leave, that member can finish up with a bigger pension accrual than if the member had not been absent and had, instead, been at work. Take the case where a member receives a £1,200 annual performance payment in May 2015 and goes onto reduced contractual pay due to sickness for the period 1 November 2015 to 31 December 2015, returning to full pay from 1 January 2016. The £1,200 has already been included in the member's pensionable pay cumulatives for 2015/16. If it was included in assumed pensionable pay for November and December 2015, 2/12 of £1,200 (i.e. £200) would be added into the cumulative pensionable pay. If the member had not been sick, that £200 would not have been included in pensionable pay (as the member was not next due to get a lump sum annual performance payment until May 2016)

- ii) it might seem reasonable to add back any 'regular lump sum payment' received by the member in the 12 months preceding ill health retirement or death in service into the assumed pensionable pay to be used to work out the amount of enhanced pension for a member who retires with a Tier 1 or Tier 2 ill health pension, or used to work out the survivor pension and / or death grant for a member who dies in service. However, what if the member is, say, only 40 at the time of the ill health retirement / death in service? Is it likely that the employer would have paid such a lump sum to the member every year between age 40 and the member's Normal Pension Age? That, in essence, would be implied as being the case if the employer were to add the lump sum back into the assumed pensionable pay figure to be used to calculate the amount of ill health enhanced pension and / or survivor pension.

- Any decision as to whether or not to include in the calculation of a scheme member's assumed pensionable pay the amount of any

<p>'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 would need to be fair, equitable and justifiable.</p> <ul style="list-style-type: none"> - For more information on assumed pensionable pay please see the guide at https://www.nilgosc.org.uk/employers-guide-and-guidance 	
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Annex 2

<p>Table B: 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>	<p>Causeway Coast and Glens Borough Council policy</p>
<p>1. Whether to grant applications for the early payment of deferred pension benefits on or after age 55 and before age 60 (on grounds other than ill health).</p>	<p>Refer to paragraph 11 (ii) to (v) above.</p>

<p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2009 Scheme (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Scheme employers should ensure that their current policy is up to date. - If the employer does agree to the request for early payment of deferred pension benefits on or after age 55 and before age 60, the employer will have to meet any strain on fund cost resulting from that decision. - Scheme employers have no discretion over whether or not to release deferred benefits on the grounds of permanent ill health. If a deferred member meets the criteria in the LGPS Regulations for release of benefits on the grounds of permanent ill health, the benefits are automatically payable. 	
<p>2. 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>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2009 Scheme (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Scheme employers should ensure that their current policy is up to date. 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

<ul style="list-style-type: none"> - If the employer does agree to waive any actuarial reduction, the employer will have to meet the cost of the strain on fund resulting from that waiver. 	
<p>3. Whether, within 6 months of the date of termination, to grant up to a maximum of 10 years extra membership in the pension scheme to a scheme member whose employment was terminated before 1 April 2015 on the grounds of redundancy or business efficiency.</p> <p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2009 Scheme (in accordance with the LGPS (Administration) Regulations (Northern Ireland) 2009). Scheme employers should ensure that their current policy is up to date. - This is a time-limited discretion which expires on 30 September 2015. - The cost of any extra membership awarded would have to be paid to the Pension Fund by the employer as a lump sum payment unless the employer agrees with the Northern Ireland Local Government Officers' Superannuation Committee to pay increased contributions to meet the cost. - Scheme employers cannot grant extra membership if the employer makes an award of lump sum compensation (of up to 104 weeks' pay) under regulation 5 of the Local Government (Early 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

<p>Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 (see entry 2 in Table E below).</p>	
<p>Table C: 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</p>	<p>Causeway Coast and Glens Borough Council policy</p>
<p>1. Whether to grant applications for the early payment of pension benefits on or after age 50³ and before age 60 (on grounds other than ill health).</p> <p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2003 Scheme (in accordance 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

³ It should be noted that benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

<p>with the LGPS Regulations (Northern Ireland) 2002). Scheme employers should ensure that their current policy is up to date.</p> <ul style="list-style-type: none"> - If the employer does agree to the request for early payment of deferred pension benefits on or after age 50 and before age 60, the employer will have to meet any strain on fund cost resulting from that decision. - Scheme employers have no discretion over whether or not to release deferred benefits on the grounds of permanent ill health. If a deferred member meets the criteria in the LGPS Regulations for release of benefits on the grounds of permanent ill health, the benefits are automatically payable. 	
<p>2. Whether, on compassionate grounds⁴, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p> <p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2003 Scheme (in accordance with the LGPS Regulations (Northern Ireland) 2002). Scheme employers should ensure that their current policy is up to date. 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

⁴ There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, waiving a reduction because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<ul style="list-style-type: none"> - If the employer does agree to waive any actuarial reduction, the employer will have to meet the cost of the strain on fund resulting from that waiver. 	
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Table D: Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations in relation to scheme members who ceased active membership before 1 February 2003	Causeway Coast and Glens Borough Council policy
<p>1. Whether, with the agreement of the Northern Ireland Local Government Officers' Superannuation Committee, to grant applications for the early payment of deferred pension benefits on or after age 50⁵ and before age 65 on compassionate grounds.</p> <p>Note:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the 2000 Scheme (in accordance with the LGPS Regulations (Northern Ireland) 2000). Scheme employers should ensure that their current policy is up to date. 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

⁵ It should be noted that benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, but there would be no Scheme sanction charge.

<ul style="list-style-type: none"> - If the employer does agree to the request for early payment of deferred pension benefits on or after age 50 and before age 65, the employer will have to meet any strain on fund cost resulting from that decision. - Scheme employers have no discretion over whether or not to release deferred benefits on the grounds of permanent ill health. If a deferred member meets the criteria in the LGPS Regulations for release of benefits on the grounds of permanent ill health, the benefits are automatically payable. 	
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Table E: Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007	Causeway Coast and Glens Borough Council policy
<p>1. Whether to base a redundancy payment on an employee's actual weeks' pay where this exceeds the statutory week's pay limit of, currently, £470 per week (as at 6 April 2014).</p> <p>Notes:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the Discretionary Compensation Regulations 2007. Scheme employers should ensure that their current policy is up to date. - Lump sum severance / compensation payments are subject to the normal rules in relation to the taxation of severance payments. The current rules (at 1 February 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

2015) are that the first £30,000 of severance pay is tax-free. Generally speaking, payments counting towards the £30,000 limit would include:

- the statutory redundancy payment and any increase in the redundancy payment where the redundancy payment is based on the employee's actual pay, rather than being limited to the statutory weeks' pay limit,
- pay in lieu of notice (PILON) - but in some circumstances PILON can be fully taxable (e.g. where it is contractual, or has become an implied contractual term through custom and practice), and
- a lump sum compensation payment which is being paid under the 104 weeks' pay provision (see 2 below),

but employers should refer to HM Revenue and Customs guidance (see <https://www.gov.uk/government/publications/cwg2-further-guide-to-pay-and-national-insurance-contributions> and the detailed guidance at <http://www.hmrc.gov.uk/manuals/eimanual/EIM12800.htm>).

- Unlike an award of extra annual pension (see entry 1 in Table A above):
 - any increase in the redundancy payment where the redundancy payment is based on the employee's actual pay, rather than being limited to the statutory weeks' pay limit, and
 - any lump sum compensation payment which is being paid under the 104 weeks' pay provision (see 2 below)

does not count towards the members Annual Allowance or Lifetime Allowance.

<p>2. 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>Notes:</p> <ul style="list-style-type: none"> - Scheme employers should, prior to 1 April 2015, already have prepared and published a policy on the above matter under the Discretionary Compensation Regulations 2007. Scheme employers should ensure that their current policy is up to date. - A decision to make a termination payment under the 104 weeks' pay provision must be made within 6 months of the date of termination of the member's employment. - A termination payment under the 104 weeks' pay provision cannot be made if the employer makes an award of extra membership under regulation 12 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 – see entry 3 in Table B above) or extra annual pension under regulation 32 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 – see entry 1 in Table A above) - Lump sum severance / compensation payments are subject to the normal rules in relation to the taxation of severance payments. The current rules (at 1 February 2015) are that the first £30,000 of severance pay is tax- 	<p>Refer to paragraph 11 (ii) to (v) above.</p>

free. Generally speaking, payments counting towards the £30,000 limit would include:

- the statutory redundancy payment and any increase in the redundancy payment where the redundancy payment is based on the employee's actual pay, rather than being limited to the statutory weeks' pay limit (see 1 above),
- pay in lieu of notice (PILON) - but in some circumstances PILON can be fully taxable (e.g. where it is contractual, or has become an implied contractual term through custom and practice), and
- a lump sum compensation payment which is being paid under the 104 weeks' pay provision

but employers should refer to HM Revenue and Customs guidance (see

<https://www.gov.uk/government/publications/cwg2-further-guide-to-pay-and-national-insurance-contributions> and the detailed guidance at <http://www.hmrc.gov.uk/manuals/eimanual/EIM12800.htm>).

- Unlike an award of extra annual pension (see entry 1 in Table A above):
 - any increase in the redundancy payment where the redundancy payment is based on the employee's actual pay, rather than being limited to the statutory weeks' pay limit (see 1 above), and
 - any lump sum compensation payment which is being paid under the 104 weeks' pay provision

does not count towards the members Annual Allowance or Lifetime Allowance.

Table F: Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2003	Causeway Coast and Glens Borough Council policy
<p>1. 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 (except where the employer is an Admitted Body, in which case abatement only applies if the person is in, or eligible to be in, the LGPS in the new employment).</p>	<p>Causeway Coast and Glens Borough 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"> - the annual compensation, and - the annual pension from the LGPS, and - the annual rate of pay from the new employment <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 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.</p> <p>Where compensatory added years were awarded on or after 24 March 2003, Causeway Coast and Glens Borough Council will reduce a person's annual compensatory added years' payment</p>

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 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>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, Causeway Coast and Glens Borough 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>Note: 'local government' means employment with an employer who offers membership of the LGPS to its employees, regardless of whether or not the employee chooses to join the LGPS (except where the employer is an Admitted Body). Technically, an employee of an Admitted Body (i.e. a body that has applied to the administering authority to allow its employees to join the LGPS and has entered into a formal admission agreement) is only employed in 'local government' if he / she is a member of the LGPS.</p>
<p>2. How any surviving spouse's or civil partner's annual compensatory added years pension is to be apportioned where the deceased person is survived by more than one spouse or civil partner.</p>	<p>Causeway Coast and Glens Borough Council will apportion any surviving spouse's or civil partner's annual compensatory added years pension where the deceased person is survived by more</p>

	<p>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>3. 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>

Although this document has been prepared by PENTag Ltd, PENTag Ltd is not able to respond to individual questions or queries from employers.

Disclaimer

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