

## **Appendix 2 Discretions Policy**

### **Spelthorne Borough Council**

#### **Local Government Pension Scheme**

#### **Payment of Discretionary Compensation to Employees**

#### **Policy on Exercise of Employer Discretions**

Spelthorne Borough Council as an employer is under a legal duty to prepare and publish a written statement of its policy relating to certain discretionary powers under the Regulations which apply to the Local Government Pension Scheme (“the LGPS”).

Spelthorne Borough Council is also under a duty to formulate, publish and keep under review a policy that Spelthorne Borough Council applies in exercising discretionary powers under Regulations relating to the payment of compensation to employees whose employment is terminated as a result of redundancy or certain other reasons.

This document is intended to comply with these duties and in the following table, sets out the discretionary powers concerned, identifies the relevant Regulation that gives Spelthorne Borough Council the discretion and describes how the discretion will be exercised.

The policy set out in this document will not be departed from except as provided for in the policy or following a variation to the policy approved by Spelthorne Borough Council.

The statement is not a definitive statement of the law and is subject to the provisions of the relevant Regulations.

The Regulations that apply to the LGPS are:

- The Local Government Pension Scheme Regulations 2013 (these are referred to as the “Pensions Regulations”);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (referred to as the “Transitional Regulations”);
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 applied to the LGPS before 1 April 2014, are preserved in part on a transitional basis by the Transitional Regulations and are referred to as the “Benefits Regulations”

The Regulations which apply to the payment of compensation to employees whose employment is terminated as a result of redundancy, other specified reasons or injury are:

- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (referred to as the “Compensation Regulations”).
- The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 (referred to as the “Injury Regulations”).

In the table below:

- (1) “The Scheme” or “the Pension Scheme” means the LGPS and “the Fund” or “the Pension Fund” means the fund maintained under the LGPS;
- (2) “Member” means a member of the LGPS;
- (3) “Active Member” means a member in employment and paying, or treated as paying, contributions to the LGPS, or absent from employment for a reason mentioned in Regulation 11 of the Pensions Regulations.
- (4) References to a member with transitional protection are those who can count membership accrued before 1 October 2016 and who have statutory transitional protection under the Transitional Regulations, wholly or partly, from changes that would otherwise be made to their pension entitlements and/or from actuarial reductions that would otherwise be applied to their pension benefits as a result of the coming into force of the Pensions Regulations on 1 April 2014.
- (5) References to a member meeting “the 85 year rule” are those members whose age in whole years when added to the member’s total membership in whole years is 85 years or more.

The power to exercise and to take any decision in relation to each of the discretions is delegated to Spelthorne Borough Council.

This statement was approved by Cabinet and is intended to comply with Spelthorne Borough Council’s duties under Regulation 60 of the Pensions Regulations, Regulation 7 of the Compensation Regulations and Regulation 14 of the Injury Regulations.

Reviewed by Council on 27 February 2020