

**POLICY FINANCE & ADMINISTRATION COMMITTEE**

**1 JULY 2014**

**REPORT OF HEAD OF COMMUNICATIONS**

**DISCRETIONARY PENSION POLICIES**

**1.0 PURPOSE OF REPORT**

- 1.1 The introduction of the new Local Government Pension Scheme (LGPS) from 1 April 2014 requires all scheme employers to review their existing discretionary pension policy statements and publish new policy statements.
- 1.2 This report summarises the pension policies to be reviewed and makes recommendations for the adoption of new policy statements.
- 1.3 In addition, for information, the report also summarises the main changes to the LGPS effective 1 April 2014.

**2.0 RECOMMENDATIONS**

- 2.1 **That the amendments to the Discretionary Pensions Policies as set out in Appendix A are approved.**
- 2.2 **That the Head of Communications in consultation with the Head of Central Services be given delegated authority to agree application of the Discretionary powers as detailed in 5.2 below.**

**3.0 KEY ISSUES**

- 3.1 An independent Public Service Pensions Commission undertook a structural review of the public sector pension provision following Government concerns over the increasing costs of providing the scheme and it's long term sustainability.
- 3.2 The main recommendations of the Commissions were that:
- All public sector pensions schemes should change from final salary pensions schemes to career average revalued earning schemes.
  - Scheme retirement ages should be the same as state retirement pension ages
  - Scheme members and employers should share the increasing costs of providing public sector pension schemes
  - The existing rights of current scheme members should be protected.
- 3.3 The present Government accepted the Commission's recommendations and tasked the government departments to negotiate with the relevant employer representatives and unions on the changes required to the schemes.

## **ITEM 8**

- 3.4 Agreement has been reached and the new LGPS accommodates all of the recommendations. This came into force on the 1 April 2014.

### **4.0 POLICY AND CORPORATE IMPLICATIONS**

- 4.1 The LGPS regulations require all scheme employers to publish and keep under review a written policy statement on how they will apply their discretionary powers in relations to certain provisions in the scheme. These are outlined in Appendix A
- 4.2 The Flexible Retirement policy has been reviewed and it is not considered that any changes to the policy are required as a result of the new LGPS.
- 4.3 The new scheme allows overtime payments to be taken into consideration for the purpose of calculating earnings. This has been implemented and is reflected in the discretionary powers.

### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 All of the discretions may incur additional costs for the authority if allowed. The options put forward are the most cost effective and provide the least financial risk to the authority.
- 5.2 The financial implications in each instance will be considered individually and the discretion will only be allowed where it is in the best financial interests of the Council and agreed by the Head of Communications in consultation with the Head of Central Services.

### **6.0 LEGAL IMPLICATIONS/POWERS**

- 6.1 The recommendations are a result of the Local Government Pension Scheme Regulations 2013. This will ensure compliance with the Council's requirement to publish a statement of its policy in relations to the pension discretions.

### **7.0 COMMUNITY SAFETY**

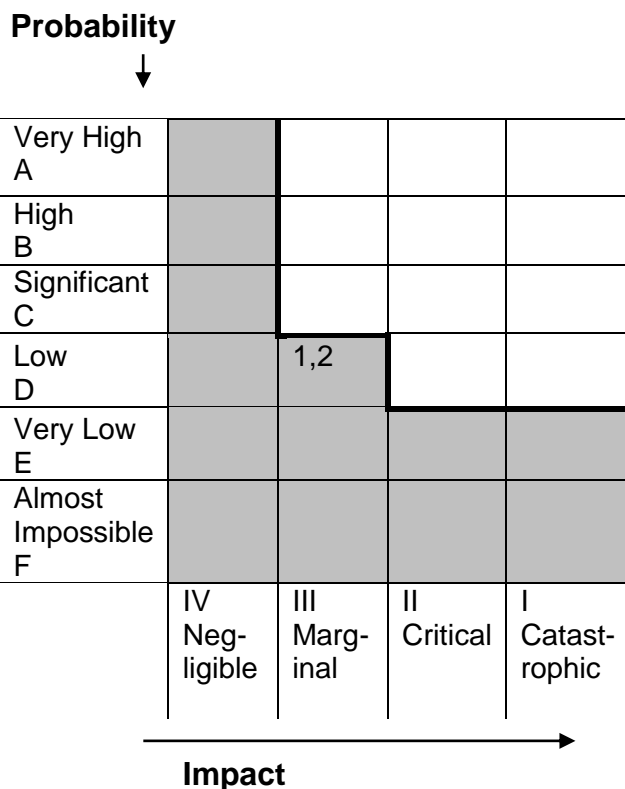
- 7.1 There is no impact on Community Safety

### **8.0 EQUALITIES**

- 8.1 The Council have an on going duty to comply with the Regulations and to ensure that the provisions of the Equality Act 2010 are complied with in relation to the exercise of discretion.
- 8.2 There is a small risk that when a discretion is applied that indirect discrimination could occur. An impact assessment will be undertaken of each circumstance to ensure the discretions are being applied fairly and equitably.

**9.0 RISKS**

9.1



Risk No.	Description
1	Not publishing the discretionally policies – non compliance with regulations
2	Discretionary polices do not allow flexibility to meet authorities needs to move forward.

**10.0 CLIMATE CHANGE**

10.1 The changes to the pension are a result of the current economic climate.

**11.0 CONSULTATION**

11.1 Consultation on the discretions has taken place with the relevant Unions, Joint Staff working Group and Management Team

**12.0 WARDS AFFECTED**

12.1 No wards are affected

Contact Officer Sarah-Jane O'Connor  
 Date: 5 June 2014  
 Appendices : Discretionary Pension Policies  
 Background Papers: None  
 Reference : X : Council\?