

FULL COUNCIL

13 FEBRUARY 2019

REPORT OF DIRECTOR FOR CORPORATE SERVICES

PAY POLICY AND PENSION DISCRETIONS

1.0 PURPOSE OF REPORT

- 1.1 To gain approval for the 2019/20 Annual Pay Policy Statement so that it can be published in line with the requirements of the Localism Act 2011.
- 1.2 To review the Council discretions in relation to the Local Government Pensions Scheme. (LGPS) to ensure they are fit for purpose.

2.0 RECOMMENDATIONS

- 2.1 **That the attached Pay Policy Statement for 2019/20 at Appendix A is approved and published.**
- 2.2 **That the revisions to the pensions discretions at Appendix B are adopted.**

3.0 KEY ISSUES

- 3.1 The Localism Act 2011 requires the Council to prepare a Pay Policy Statement each year.
- 3.2 The Pay Policy Statement must articulate the Council's approach to a range of issues relating to the pay of its workforce.
- 3.3 This is the eighth year that the Pay Policy Statement has been prepared. The policy reflects the recent national pay negotiations and the resulting changes to the pay spine approved at Corporate Committee on 30 January 2019. There are no significant changes to the policy statement from the previous years. The policy statement is attached at Appendix A
- 3.4 The pension regulations require the Council to formulate, publish and keep under review its policies in respect of certain areas of the Pensions Scheme where it may exercise its discretion. There are five such discretions, as follows:-
 - (i) Power of employer to award additional pension;
 - (ii) Funding of additional pension contributions (shared cost);
 - (iii) Flexible retirement;
 - (iv) Switching on rule of 85; and
 - (v) Waiving of actuarial reduction.
- 3.5 Details of the discretions and the Council's current policy in relation to how they are exercised are set out in Appendix B. Minor amendments are proposed in relation to the delegations where roles and structures have altered. There are also an additional five discretions, whilst there is no requirement to have a written policy in respect of these, it is advisable for Scheme employers to have a written policy in order that members can be clear on these matters. There are also included in Appendix C

3.6 Following the introduction of the LGPS (Amendment) Regulations 2018, two new discretions are set out for consideration below (further information is also included in Appendix C)

- (i) Former employees seeking to access unreduced pension on the grounds of compassion - this is where the former LGPS member elects for voluntary early retirement before their normal pension age, and the deferred benefits which would normally be reduced for early payment, are not reduced. **It is proposed that the Council will not apply this discretion, unless there are exceptional circumstances.**
- (ii) Switching on the Rule of 85 – provisions covering former members who left after 1 April 1998 but before 31 March 2014 – this is where a former member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment, if that member is not an employee in local government service. **It is proposed that the Council will not apply this discretion.**

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The Pay Policy Statement and Pension Discretions outlined in this report replace any previous agreements made by the Council.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 A number of the pension discretions, if adopted, could lead to significant pension capital costs being incurred by the Council (depending on the age and service of the employee). The proposed discretions have been written to minimise the possibility of the Council facing substantial pension capital costs in the future, but to allow those discretions where there may be a “winwin” situation for the employee and the Council.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The agreements reached by the NJC are collective agreements and are incorporated into employees’ contracts of employment. As a result the changes in the Pay Policy relating to the new pay spine will take effect automatically however a separate local collective agreement is currently being drawn up to reflect the amendments being made to our pay and grading structure. The new spine will replace entirely the current spine and accordingly employees will assimilate across from their current SCP to the new corresponding SCP in April 2019.

Following the implementation of The Localism Act 2011 the Council is required to agree a written Pay Policy on an annual basis

The Pay Policy sets out the specific information on the relationship between the highest and lowest paid employees in the Council and principles associated with the payments and remuneration packages of Chief Officers both during and on termination of employment.

Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year as required, any changes must be subject to the approval of Council. Failure to do so would be contrary to the Council's Statutory Duty under the Localism Act and may result in legal action being taken against the Council.

Supplementary guidance to The Localism Act; Local Government Transparency Code 2014 issued by the Department of Communities and Local Government sets out the requirements for calculating the pay multiple and further publication of senior salaries which the Council has implemented.

7.0 COMMUNITY SAFETY

7.1 There are no Community Safety matters as a result of this report

8.0 EQUALITIES

8.1 A full Equality Impact Assessment of the implication of the new pay spine has been completed and shows no gender bias as a result of the changes.

9.0 RISKS

9.1

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant				
	D	Low		1, 2, 3		
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Pay spine is not amended to reduce pay points in a band resulting in potential pay claims
2	No clear Pay Policy in place results in unstructured awards of pay and potential pay claims
3	Pension discretions are not applied in the most cost effective way resulting in increased costs

10.0 CLIMATE CHANGE

10.1 This report has no impact on climate change

11.0 CONSULTATION

11.1 Consultation and engagement has taken place with the local and regional branch of UNISON. The council's Joint Staff Working Group and Corporate Committee has also considered the proposals.

12.0 WARDS AFFECTED

12.1 This in an internal policy – no wards are affected

Contact Officer Sarah-Jane O'Connor

Date: 1 February 2019

Appendices : Appendix A – Proposed Pay Policy Statement
Appendix B– Reviewed Pension Discretions

Background
Papers:

Reference : X : Committees\