

**REPORT TO: SCRUTINY COMMITTEE RESOURCES, EXECUTIVE and COUNCIL**  
**Date of Meeting: Scrutiny Committee Resources - 2 July 2014**  
**Executive - 15 July 2014**  
**Council - 29 July 2014**  
**Report of: Human Resources Business Manager**  
**Title: Local Government Pension Scheme (LGPS) Discretions**

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

This report is a matter for full Council.

**1. What is the report about?**

The aim of this report is to set out and agree the LGPS employer discretions which the Council is required to publish. It deals with the inclusion of new discretions in respect of changes to the LGPS which came into effect on 1 April 2014, and provides for a review of existing discretions.

**2. Recommendation:**

**That Scrutiny Resources Committee notes and Executive recommend that the Council approve and Publish the Employer Discretions Policies contained in Appendices A and B attached to this report in accordance with the requirements of the LGPS Regulations.**

**3. Reasons for the recommendation:**

The documents attached set out the minimum employer discretion policies the Council is required in law to publish. The existing discretions have been refreshed to ensure there is greater consistency in the Council's approach, and any new discretion requirements mirror those previously agreed. These new policies do not significantly change existing provisions but do add further clarity.

**4. What are the resource implications including non financial resources.**

The basis of the proposed Council discretions is that agreement to requests will not place a financial cost on the Council. The exception to this provision is where it can be demonstrated there are exceptional hardship / compassion grounds. This provision is incorporated into exiting policy discretions.

**5. Section 151 Officer comments:**

There are no additional financial implications arising from this report.

**6. What are the legal aspects?**

Employer members of the LGPS are required to set out a written policy in respect of certain discretions afforded to them in various LGPS Regulations. As a result of changes to the LGPS, Employers are required to review and publish their discretions by 1 July 2014.

## 7. **Monitoring Officer's comments:**

There are no new implications arising from this report.

## 8. **Report details:**

All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pensions Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

The policy must be published and kept under review. A copy of the employer's published policy statement must be sent to the Pension Fund administering authority (Peninsula Pensions). Any Amendments to the policy must also be sent to Peninsula Pensions within one month of the amendment.

There are many discretions in the current regulations, together with more extant from the previous regulations. However, there are only a handful where there is a requirement for the employer to have a written policy statement and these are covered in the attached appendices, together with our discretions in respect of redundancy and efficiency of the service compensation as approved in 2009.

The Council's existing written policy has been revisited, and some existing discretions have been amended to ensure a consistent approach. New discretions mirror the approach set out in the Council's existing policies. The general principles adopted in the drafting of the attached proposed policies are:

- 8.1 **Augmentation / additional pension** – in line with existing policies the Council does not apply this discretion
- 8.2 **Flexible Retirement** – the Council continue to operate a case by case approach taking account of business case, efficiency, cost to the Council and ability of the Council to reduce the employee's grade/hours.
- 8.3 **Access to Pension for deferred LGPS members between 55 and 59 inclusive** – the changes to the scheme from April 2014 now provide unfettered access to active members upon retirement from age 55 (there is no longer employer consent required). The member suffers an actuarial reduction making this unfettered access of no cost to the employer. To mirror this, it is proposed the Council's discretion be amended to provide for unfettered access providing the deferred member was not dismissed (save for redundancy) from the Council and that there is no cost to the Council (unless the request is made on and meets exceptional hardship/compassion grounds).
- 8.4 **Waiving of actuarial reduction / Switch on of the 85-year rule** – It is proposed that all discretions which provide for an unreduced pension are only considered in cases of exceptional hardship/compassion.

## 9. **How does the decision contribute to the Council's Corporate Plan?**

These attached policies support a well run Council and our compliance with statute.

**10. What risks are there and how can they be reduced?**

There are no new implications arising from the recommendations.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

Consideration has been given to the impact upon differing groups and a full assessment is not required.

**12. Are there any other options?**

The Council could choose to be either more generous or more restrictive with the discretions, but those recommended are considered to be a balanced and pragmatic approach, and reflective of past practice and policy.

**Caroline Hall**  
**Human Resources Business Manager**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:-**

Guidance notes on employer discretions policy issued by Peninsula Pensions

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