



EMPLOYMENT COMMITTEE – 13 SEPTEMBER 2018

LOCAL GOVERNMENT PENSION SCHEME

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose

1. This report seeks the Committee's agreement to the policy decisions afforded to the County Council as a scheme employer under the provisions of the Local Government Pension Scheme (LGPS).

Background

2. The pension regulations require the County Council to formulate, publish and keep under review its policies in respect of certain areas of the 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. Details of the discretions and the Council's current policy in relation to how they are exercised are set out in Appendix 1. These were agreed by the Committee at its meeting on 30 June 2016, and it is good practice to keep them under review. One minor amendment is proposed, to the "switching on" of the rule of 85 (where age plus scheme membership in years add up to 85). This is an employer discretion relating to the application of the rule of 85 to members who have attained the age of 55 but who have not yet reached normal retirement age and have chosen to retire and receive immediate payment of their retirement pension. The current policy is that the Council will not apply the discretion unless there is a business case to support this as an alternative to a redundancy situation. It is proposed that this policy be amended to read "the Council will not apply this discretion".
4. Following the introduction of the LGPS (Amendment) Regulations 2018, two new discretions are set out for consideration below (further information is detailed in Appendix 2):
 - (i) Former employees seeking to access unreduced pension on the grounds of compassion - this is where the former 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.
5. Whilst there is no requirement to have a written policy on all discretions, the report sets out a further five written policies (also in Appendix 1) which the Council has agreed, in order to provide clarity for LGPS members. These were also highlighted in the report to committee in 2016, and no changes are proposed to these as follows:
- (i) Shared Cost Additional Voluntary Contribution Facility;
 - (ii) Election to transfer within 12 months;
 - (iii) Election to aggregate within 12 months of commencement;
 - (iv) Allocation of contribution band;
 - (v) Assumed pensionable pay.
6. Employer policy - In addition to the proposed employer discretions in Appendices 1 and 2, the Committee is asked to note the following: LGPS Regulations 2013 – Regulation 30 (7), relating to dismissals on the grounds of business efficiency, detailed below, which will be published in line with good practice to ensure transparency. It should be noted that in the context of the LGPS Regulations, this is not classed as a discretion requiring the Committee's approval, but the Committee is asked to note that it is occasionally used.

Explanation	Employer's Policy
<p>Where an active member who has attained the age of 55 or over is dismissed from an employment by reason of redundancy or business efficiency, or whose employment is terminated by mutual consent on grounds of business efficiency, that member is entitled to, and must take immediate payment of -</p> <ul style="list-style-type: none"> (a) retirement pension relating to that employment payable under regulation 16 (additional pension contributions), adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State; and (b) any other retirement pension relating to that active member's 	<p>The Council will in exceptional circumstances and where there is an agreed business case use this regulation - in cases where termination is on the grounds of business efficiency or mutual consent on the grounds of business efficiency.</p> <p>In these exceptional circumstances any cost for the release of early payment must be paid in full by the Council.</p>

pension account payable under these Regulations, without reduction.	
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Recommendations

7. The Committee is asked to:
- a) Approve the policy decisions in Appendix 1 related to the following discretions:
 - (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.
 - b) Approve the new policy decisions in Appendix 2 related to:
 - (i) Former employees seeking to access unreduced pension on the grounds of compassion;
 - (ii) Switching on the Rule of 85 – provisions covering former members who left after 1 April 1998 but before 31 March 2014.
 - c) Note the employer policy related to Regulation (7), relating to dismissals on the grounds of business efficiency.

Background Papers

8. None.

Circulation under Local Issues Alert Procedures

9. None.

Officer to Contact

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Equality and Human Rights Implications

10. There are no equality or human rights implications as a result of agreeing these pensions discretions.

Appendices

- Appendix 1 – Local Government Pension Scheme Regulations Policy statement on all eligible employees
- Appendix 2 - Local Government Pension Scheme Regulations Policy statement on all eligible former members effective 14th May 2018