



EMPLOYMENT COMMITTEE - 10 DECEMBER 2009

LOCAL GOVERNMENT PENSION SCHEME - EMPLOYING BODY DISCRETIONS

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose

1. To request the Committee to agree to give delegated authority to Director of Corporate Resources to make decisions in individual cases where the authority has a discretion under the provisions of the Local Government Pension Scheme (LGPS) relating to the employing body, in accordance with the policies adopted by the County Council and the approach proposed below.

Background

2. The pension regulations require the Authority to formulate, publish and keep under review its policies in respect of certain areas of the Scheme where it may exercise its discretion.
3. Following the introduction of the new LGPS on 1 April 2008, some of the previous discretions have disappeared whilst new ones have emerged and it would seem an opportune time to review this issue.
4. At its meeting on 20 February 2009, this Committee agreed as a general principle to delegate powers to Director of Resources, relating to the County Council's role as administering body as distinct to the role of employing body.
5. Under the LGPs regulations each employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Regulations. There are 4 such discretions which are set out below.
6. In terms of the four specified discretions noted below, those under Regulations 18 and 30 are covered by previous decisions of the Employment Committee. It is proposed to adopt policies in relation to Regulations 12 and 13, which are in keeping with the policy on the other two discretions. In this respect, the current economic position and impending review of the LGPS should be taken into consideration.

7. **LGPS Benefits Regulations - Regulation 12: Augmentation (increase of scheme membership)**

Explanation	Employer's Proposed Approach
An employer may resolve to increase the total membership of an active member.	The Council will not normally grant any discretionary enhancement, under this regulation. This decision does not affect the discretion available to the employer to allow a scheme member to convert a lump sum discretionary payment using the augmentation factors. (See Early Termination of Employment Discretionary Compensation).

LGPS Benefits Regulations - Regulation 13: Power of employer to award additional pension

Explanation	Employer's Proposed Approach
An employer may resolve to award a member additional pension of not more than £5000 a year payable from the same date as his pension payable under any other provisions of these Regulations. Additional pension may be paid in addition to any increase of total membership resolved to be made under <u>regulation 12</u> .	The Council will not normally agree to award an additional pension under this regulation.

LGPS Benefits Regulations - Regulation 18: Requirements as to time of payment (Flexible Retirement).

Explanation	Employer's Policy
<p>A member who is *50 or over, and with their employer's consent, reduces their hours and/or grade can, but only with the agreement of the employer, make an election to the administering authority for payment of their accrued benefits without having retired from employment. It is possible that, where a member's pension is introduced early, these benefits may be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.</p> <p>* Eligibility for early payment of pension increases to age 55 from 1.4.08 (but from 1.4.2010 for existing members at 31.3.08).</p>	<p>The Council has agreed to release pension where there is no cost and not to waive any reduction.</p> <p>The Council may however release pension where there is a cost or waive reduction in a potential redundancy situation, where a reduction may occur through redeployment.</p>

LGPS Benefits Regulations - Regulation 30: Early payment of retirement benefits at the member, or former members, request.

Explanation	Employer's Policy
<p>A scheme member or former member can request that the Employer grant early retirement between *50 & 60 years old. It is possible that, where a member's pension is introduced early, these benefits will be reduced. The reduction is calculated in accordance with guidance issued by the Government Actuary. As an employer you may determine not to apply any reduction.</p> <p>* Eligibility for early payment of pension increases to age 55 from 1.4.08 (but from 1.4.2010 for existing members at 31.3.08).</p>	<p>The Council has agreed to exercise its discretion where the following criteria is met.</p> <p>Scheme member or former member is required to provide medium to long term care i.e. potentially no less than 2 years for a substantial period of each day for a dependent family member who is not terminally ill and whose incapacity and need for that care is confirmed by a medical practitioner.</p> <p>Where the above is satisfied, the Council has further agreed to waive any actuarial reductions which may apply.</p>

8. The full list of discretions is attached as Appendix 1 including those relating to the administering body. Aside from the ones mentioned above, many of these discretions cover events which are only likely to occur very infrequently. It is therefore proposed that powers be delegated to the Director of Corporate Resources.

Recommendation

9. That the Committee approves the policy set out in paragraph 6 above, and gives delegated authority to agree future changes to discretions.

Background papers

LGPS (Administration) Regulations 2008

LGPS (Benefits, Membership and Contributions) Regulations 2007

LGPS (Transitional Provisions) Regulations 2008.

Officer to contact

Pat Sartoris, Head of Strategic Finance

Tel: 0166 305 7642

Email: psartoris@leics.gov.uk

List of Appendices

Appendix 1 - LGPS discretion.

Equal Opportunities Implications

There are no equal opportunity implications arising from this report. The discretions apply to all scheme members.