

REPORT TO: Executive Board
DATE: 28 March 2013
REPORTING OFFICER: Strategic Director, Policy and Resources
PORTFOLIO: Resources
SUBJECT: Pensions Discretions Policy - Review
WARDS: Not Applicable

1.0 PURPOSE OF THE REPORT

- 1.1 The Local Government Pension Scheme (LGPS) provides for employer discretions on a number of regulations relating to the application of the scheme when employees leave their employment under certain circumstances.
- 1.2 Every employer is required to publish annually a written policy statement on how it will exercise these discretions and to keep the scheme under review and revise as necessary.
- 1.3 Attached is Halton's revised Pensions Discretions Policy Statement following annual review.

2.0 RECOMMENDATION: That the Board review and agree the pension discretions policy for the Council, as attached to this report.

3.0 BACKGROUND INFORMATION

- 3.1 Under the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2008 most rules can only be changed by an Act of Parliament. However, there are some rules within the LGPS with discretions placed upon them. These discretions are powers that allow an employer to decide which options they wish to apply.
- 3.2 Decisions on discretions can vary between LGPS employers and it is good practice that these rules are reviewed periodically.
- 3.3 The LGPS Regulations allow both Cheshire Superannuation and the employing authority discretion over various elements of the pension scheme; these are outlined in the employer discretion policy and Staffing Protocol. The main discretions are:-
 - Augmentation of membership (Reg. 12)
 - Awarding additional pension (Reg. 13)
 - Flexible retirement (Reg.18)
 - Waiving actuarial reductions (Reg. 30A)

- Allowing early payment of benefits (Reg. 30)
- 3.4 The policies adopted seek to achieve the correct balance between cost to the council tax payer, good employee relations, staff recruitment and retention.
- 3.5 The Executive Board approved the previous Discretions Policy on 1 December 2011.

The key changes to the current Discretions Policy are:

Regulation 30 A - Power of Employing Authority to grant early payment of a suspended Tier 3 Ill Health Pension is a new discretion as a result of the Local Gov't Pension Scheme (Miscellaneous) Regulations 2012 which came into force Oct 2012. This discretion has to be incorporated into the Council's Discretions Policy by 31 March 2013.

In Part A of the policy there have been two slight changes as a result of the annual review of the policy and feedback from Cheshire Pensions.

Regulation 18 – Flexible retirement. Clarification that flexible retirement applications are only considered where there is a reduction in hours and not where an employee moves to a lower graded post.

Regulation 30 – choice of early payment of benefits. Discretion is amended to cover existing staff not just ex employees.

In Part B of the policy there have been two slight changes as a result of the annual review of the policy and feedback from Cheshire Pensions.

Regulation 16 – policy amended to make it clear that the 12 month deadline will not be extended.

Regulation 83 - policy amended to make it clear that the 12 month deadline will not be extended.

4.0 POLICY IMPLICATIONS

- 4.1 The Council is required to publish a written policy statement on how it will exercise its discretions provided by the scheme.

5.0 OTHER IMPLICATIONS

- 5.1 As a good employer it needs to be clear to employees how the authority is to exercise its discretions within the LPGS.

6.0 RISK ANALYSIS

- 6.1 There is a risk of challenge to the Council if it does not have a clear policy position against the discretions it has. This policy reduces that risk significantly.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The recommendations will apply equally to all staff who are members of the LGPS. Employees have a right of appeal if they feel they have been treated incorrectly/unfairly.

7.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972.

- 7.1 None under the meaning of the Act