

TELFORD & WREKIN COUNCIL

PERSONNEL COMMITTEE – 26 JUNE 2014

LOCAL GOVERNMENT PENSION SCHEME: EMPLOYER'S DISCRETIONARY POLICIES

REPORT OF THE ASSISTANT DIRECTOR: LAW, DEMOCRACY & PEOPLE SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The introduction of the new Local Government Pension Scheme 2014 (LGPS) on 1st April 2014 requires all Scheme employers to publish policy statements under new discretions afforded by the various Local Government Pension Scheme Regulations 2013 and 2014 no later than 30th June 2014. This report:

- 1.1 considers a number of discretionary policies under the Local Government Pension Scheme Regulations 2013 and 2014 where the Council is required to have a written policy
- 1.2 confirms a discretionary policy under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011
- 1.3 confirms some changes to the existing discretionary policies under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (as amended)
- 1.4 appoints an Adjudicator to hear appeals relating to decisions made under these Regulations in accordance with the Internal Disputes Resolution Procedure.

These discretions do not apply to councillors. Trade unions have been consulted on the requirement for employers to set discretions for pensions.

2. RECOMMENDATIONS

- 2.1 Detailed recommendations, which relate to all members of the 2014 Local Government Pension Scheme, are to be found in Appendix B. It is recommended that these be formally approved and will take effect for all decisions made with immediate effect and that any resultant amendments may be made to existing discretions which are effected by these decisions. Decisions made and confirmed in writing on or before 26th June will be based on previous comparable policies where they exist.

- 2.2 Detailed recommendations amending the policy on discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 for people who are, or are eligible to be, members of the Local Government Pension Scheme, are to be found in Appendix C. It is recommended that these be formally approved and will take effect for all decisions made on or after 1st August 2014. Decisions made and confirmed in writing before this date will be based on previous policies.
- 2.3 Detailed recommendations, which relate to all employees who are, or are eligible to be, members of the Local Government Pension Scheme, in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 are to be found in Appendix D. It is recommended that these be formally approved and will take immediate effect.
- 2.4 That authority be delegated to the People Services Manager to make all decisions arising from discretions under the Local Government Pension Scheme Regulations following consultation with the Managing Director and the Section 151 Officer.
- In the case of decisions relating to the Managing Director and Directors, these will be considered by the Personnel Committee.
- 2.5 The Council is required to appoint an independent Adjudicator to consider first stage appeals under the Internal Disputes Resolution Procedure. This is a personal appointment and does not need to be an employee, but should be familiar with the Pension Scheme Regulations. It is recommended that this be Jonathan Eatough, Assistant Director: Law, Democracy & People Services.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	These proposals support all objectives through the provision of a fair set of employment policies which value the Council's workforce, enabling it to provide services which put Co-operative values at the heart of the Organisation
	Will the proposals impact on specific groups of people?	
	No	<i>Not applicable</i>

TARGET COMPLETION/DELIVERY DATE	<i>Not applicable</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Recommendations are based on policies that are seen to be workable, affordable and reasonable having regard to the foreseeable costs.
LEGAL ISSUES	These are addressed in the Appendices	Recommendations are based on the exercise of discretionary powers which are limited to the extent that they should not lead to a serious loss of confidence in the public service.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Not applicable.
IMPACT ON SPECIFIC WARDS	No	Not applicable.

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

Local Government Pension Scheme 2014

4.1 Following the Government's fundamental review of public sector pension provision a number of changes are to be made to public sector pensions schemes. These changes are:

- All public sector pensions schemes should change from final salary to career-average revalued earnings schemes
- Scheme retirement ages should be the same as state retirement pension ages
- Scheme members and employers should share the increasing costs of providing public sector pension schemes
- Existing rights of Scheme members should be protected

The Local Government Pension Scheme (LGPS) is the first of the public sector schemes to be moved to this new basis and changes to that Scheme became effective on 1st April 2014. Other schemes where employees are affected (Teachers Pension Scheme and the NHS Pension Scheme) will move to this basis on 1st April 2015.

Whilst the main Regulations were issued in late 2013, further Regulations setting out more detail and transitional provisions were published only recently.

- 4.2 LGPS 2014 accommodates all the changes and Appendix A compares the new Scheme with the 2008 Scheme.
- 4.3 Benefits accrued prior to 1 April 2014 are largely unaffected by the 2014 Scheme and any service accrued under previous Schemes will continue to be assessed on a final salary basis rather than a career-averaged scheme.
- 4.4 In total there are 107 discretions under the new and previous schemes, although not all have to have a formal published policy. This report looks at those new discretions under the 2014 Scheme which require a formal published policy and some amendments to existing policies. Policy decisions made under previous schemes remain in place, since those will apply to previous membership and benefits accrued in varying circumstances.
- 4.5 Appendix B sets out those discretions where the Council must publish its policy, together with individual recommendations and the reasoning behind them.

Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

- 4.6 Appendix C sets out a recommended change to the current policy in relation to early retirement in the interest of efficiency of service. Although this discretion has been used only once since the Council adopted its current policy in 2008, it is now appropriate to review since it is considered to be too rigid and could enable someone to receive a higher payment that they would through redundancy. In addition it gives no discretion for negotiation of a payment on termination since it sets a defined payment based on statutory notice periods. It is therefore recommended that future cases of early retirement on grounds of efficiency of service be considered on an individual basis, subject to ensuring that no-one is better off leaving on these grounds than they would have been had they been made redundant.

Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

- 4.7 Appendix D sets out a proposed policy in relation to Injury Allowances under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011. The Regulations afford a discretion for the Council to make an award to an employee (who is, or is entitled to be, a member of the Local Government Pension Scheme) to receive compensation where, in the course of carrying out his/her normal work, an injury is sustained or a disease contracted which leads to:
- the loss of their employment through permanent incapacity; or
 - a reduction in remuneration as a result
 - their death, in which case death benefits may be paid to a spouse or partner and/or a dependent.

Any payments that are made by the Council in such circumstances must then be reduced in defined circumstances, such as payment of benefits or a pension which may mean that the payment can be reduced to nil. To date no claims have been received.

Since the Council gives access to eligible employees to the Local Government Pension Scheme which provides comprehensive cover for ill health and death in service, it is recommended that cases be considered only in exceptional circumstances. Any such cases would be considered on an individual basis taking into account all circumstances related to the original incident, including contributory negligence by the employee. In accordance with the Regulations an opinion would be obtained from an Independent Registered Medical Practitioner and would form part of a detailed report setting out all relevant documentary evidence.

- 4.8 In determining policies under these Regulations the Council must have regard to the extent to which the exercise of any of its policies could lead to a serious loss of confidence in the public service. Decisions must be workable, affordable and reasonable in the circumstances having regard to the foreseeable costs. All recommendations are put forward on this basis.

5 PREVIOUS MINUTES

Cabinet – 10 March, 2008 (CB -137)

6 BACKGROUND PAPERS

None

Report prepared by John Harris, People Services Manager – 01952 383520