

REVISION TO THE LOCAL GOVERNMENT PENSION SCHEME EMPLOYER DISCRETIONS POLICY

Report of the Director of Resources

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1 Purpose of report

- 1.1 To submit a proposed revised Local Government Pension Scheme (LGPS) Discretion Policy to Full Council.

2. Summary

- 2.1 The Council has a legal duty to update and publish a policy setting out the discretions the Council can exercise in regard to the LGPS. The current LGPS discretion policy was last revised in 2014. Following legal advice in relation to a recent dispute it is proposed to revise one of the discretions, the power to award additional pension (Discretion 4). The revised Discretions Policy is attached as Appendix 1.
- 2.2 The revised Discretions Policy was considered by the Employment Committee at its meeting on 18 June 2018. The Committee approved the revised Local Government Pension Scheme Discretions Policy, as attached to the report at Appendix 1, and recommended adoption of the Policy to Full Council.

3 Recommendation

- 3.1 That Full Council approves the revised Local Government Pension Scheme Discretions Policy as attached as Appendix 1 to the Report.

4. Background

- 4.1 The Council has a legal duty to prepare and publish a written statement of its policy relating to certain discretions that the Council has as an employer under the Pensions Regulations.
- 4.2 The Council is also under a duty to formulate, publish and keep under review the policy that the Council applies in exercising discretionary powers under Regulations relating to the payment of compensation to employees whose employment is terminated as a result of redundancy or certain other reasons.

4.3 The current policy has been reviewed in light of legal advice that Discretion 4 is written in such a way that it could be interpreted as meaning that the Council will never exercise this discretion, which is not legally permitted. The proposed change would bring Discretion 4 into line with a number of other discretions, where the policy is that they will be exercised only in exceptional or, in some cases, wholly exceptional circumstances. In the case of Discretion 4 it is recommended that it be exercised only in wholly exceptional circumstances. Some additional wording has also been added to the pre-ambule to the policy designed to assist the consideration of what amounts to exceptional or wholly exceptional circumstances.

4.4 The discretion policy is required to be approved by Full Council. This will then be published on the Council's website and Intranet.

5. Revised Discretion – Award of Additional Pension

5.1 The revised LGPS Discretions Policy is attached at Appendix 1. The proposed revisions to the Policy are set out in bold italics.

5.2 The following change has been made to Discretion 4.

5.3 Discretion 4 sets out that the Council can award additional pension to current (in some cases former) employees who are members of the LGPS. The discretion as currently worded states that the Council will not award additional pension. This has now been revised to state that the Council will only award this in wholly exceptional circumstances.

5.4 The decision on the exercise of this discretion would be delegated to the Assistant Director, Human Resources as are all discretions under the policy and must be supported by a business case, as appropriate.

6. Financial Implications

6.1 All cost implications will be considered in each individual case by the Assistant Director, Human Resources and will be supported by a fully costed business case.

7. Equalities Implications

7.1 All decisions in relation to the pension discretions are approved by the Assistant Director, Human Resources and any equality implications will be considered as part of this process.

Background Information

Minutes and report to Employment Committee, 18 June 2018

<http://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/678/Committee/9/Default.aspx>