

 Employment Committee 18th June 2014		Agenda Item No. 6
Title	Local Government Pension Scheme Regulations 2013	
For further information about this report please contact	Mike Snow 01926 456800 or Elaine Priestley 01926 456682	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality and Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	2 June 2014	Chris Elliott
Head of Service	2 June 2014	Mike Snow
CMT		
Section 151 Officer	2 June 2014	Mike Snow
Monitoring Officer	2 June 2014	Andrew Jones
Finance	2 June 2014	Mike Snow
Portfolio Holder(s)	2 June 2014	Andrew Mobbs
Consultation & Community Engagement		
<p>Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.</p> <p>Unison and GMB have been consulted on the proposals and responded accepting the proposals as written.</p>		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 The LGPS Regulations require an updated policy statement to be published and notified to Warwickshire County Council Pension Fund by 30 June 2014.

2. **RECOMMENDATION**

- 2.1 That the Employment Committee/Executive/Council adopts the attached Employers Policy Statements in relation to the LGPS 2014 Discretions.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 Since 1997, the LGPS legislation has required every Employer to issue a written policy statement on how it will exercise various discretions provided by the scheme; to keep it under review and to revise it as necessary.
- 3.2 The policy statement should show the basis on which the employer would make its decisions on the various discretions. A copy of the employer's published policy statement must be sent to the Pension Fund administering authority (Warwickshire County Council). Any amendments to the policy must be sent within one month of the amendment.
- 3.3 In adopting the discretions it is important that each employer considers the following:
 - Cost – generally there are always cost implications for the employer whether it be a 'strain payment' maybe payable or an upfront cost for awarding additional benefits.
 - Fettering Discretions – It is important to ensure the wording of the policy doesn't fetter the employer's discretion i.e. policies should not be so rigid or restrictive as to prevent flexibility where a (possibly unanticipated) situation requires it.
 - Age Discrimination – Care needs to be taken to ensure that the policy doesn't have age related criteria.

4. **POLICY FRAMEWORK**

- 4.1 The Council's current policy is to adopt pensions discretions in accordance with statutory requirements.

5. **BUDGETARY FRAMEWORK**

- 5.1 The Discretions proposed should not routinely incur the Council in any additional cost. However, the policy does allow in certain cases where it is possible that there will be an additional cost. In any case where there will be an additional cost to the Council, the Executive will be required to approve funding for each case prior to that discretion being agreed.

6. **RISKS**

Compliance with the Local Government Pensions Scheme provisions is a legal requirement.

7. **ALTERNATIVE OPTION(S) CONSIDERED**

7.1 Members may choose to adopt alternative discretions.

8. **BACKGROUND**

- 8.1 As is the case with the existing Scheme, each employer will be required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS. The LGPS Regulations 2013 stipulate this requirement in four areas, namely:
- Voluntary funding of additional pension via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular ongoing contribution or one-off lump sum;
 - Flexible retirement;
 - Waiving all or part of any actuarial reduction; and
 - Award of additional pension (at whole cost to the employer).
- 8.2 The LGPS (Transitional Provisions, Savings & Amendments) Regulations 2014 also require that employers have a policy on whether to agree to apply the 85 year rule to a scheme member wishing to voluntarily draw benefits on or after 55 and before age 60. The 85 year rule does not automatically apply if the employee decides to voluntarily draw benefits on or after age 55 and before age 60 but the employer can agree to apply the 85 year rule. If the employer does apply the 85 year rule, the employer would have to meet any strain on Fund cost (as under the 2008 Scheme). If the employer does not apply the 85 year rule, the scheme member would meet any strain on Fund cost via an actuarial reduction applied to their pension. However, the employer could agree to waive the actuarial reduction (at cost to the employer).
- 8.3 Whilst some of the existing discretions under the 2008 Scheme will simply fall away (e.g. the ability to augment membership), others are replaced by identical or similar provisions from April 2014 (granting additional pension, flexible retirement and waiving actuarial reductions) and this will necessitate a rewording of existing policies to reflect the provisions of the 2014 Scheme and make the correct regulatory cross-references going forward.
- 8.4 It will also be necessary to draw up a new list of discretions for post-31st March 2008 / pre-1st April 2014 leavers as the employer will still have to publish a policy in respect of its discretions for these leavers. For example, the need for employer consent to applications for early payment of benefits for employees under the age of 60 will fall away on 1st April 2014 as there is no equivalent 'consent' provision from April 2014 but, as it will still be possible for pre-1st April 2014 leavers to ask for employer consent to the early release of their deferred benefits, the employer will have to have a policy in this respect.
- 8.5 The 2014 Scheme contains a provision that discretions policies under the Scheme must be prepared, published and copied to the Pension Fund administering authority within three months of 1st April 2014 and any subsequent revisions to the policies must be published and copied to the administering authority within one month of the change in policy. Revisions to the policies applying under the 2008 Scheme have to be published and copied to the administering authority within one month of the date of the change in policy. Employers are advised to consider their policy statements in advance of 1st April 2014 with a view to having them in place as soon after that date as is reasonably practicable.