

**Chichester District Council**

**CABINET**

**3 June 2014**

**LGPS & Early Termination of Employment Discretions Policy**

**Personnel Policy Report**

**1. Contacts**

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**2. Recommendation**

**That Cabinet recommends to Council the revised Local Government Pension Scheme & Early Termination of Employment Discretions Policy.**

**3. Background**

3.1. The Council's pension and early termination of employment discretions policy has been revised to reflect the requirements of the new Local Government Pension Scheme (LGPS) that came into being on the 1<sup>st</sup> April 2014. A number of discretions have changed as a result of the new scheme and these are summarized under 5 below. The revised discretions will not incur any additional costs for the Council.

**4. Outcomes to be achieved**

4.1. To update the discretions as required.

**5. Proposal**

5.1. Discretions (f) to (h) are new and enable the Council to share the cost of an employee buying additional pension; to apply the 85 year rule to staff choosing to retire between 55 and 60 which all staff now have the right to do or to otherwise waive actuarial reductions for this group. These would be expensive for the Council and we are recommending that these are not used.

5.2. Discretion (l) allows inclusion of regular lump sums in an employee's assumed pensionable pay calculation (this is used to assess pensionable pay when an employee's salary is reduced due to specified reasons such as maternity leave or sickness absence). Inclusion of these can cause

unnecessary complications including leading to an employee's assumed pensionable pay being higher than it would have been had he / she been at work normally and the recommendation is not to use this discretion.

- 5.3. Discretion (m) allows the employer to make a pension award to staff who suffer an injury or similar at work. The recommendation is not to use this as such situations are largely provided for by ill health retirement and death in service entitlements and pensions for spouses, dependent children etc.
- 5.4. Discretions (n) and (o). Newly employed staff have 12 months to transfer non-LGPS pension rights into the LGPS and to choose not to aggregate previous LGPS service with pension accrued with their new employment. If there is evidence that they have already initiated one of these processes within the 12 months, but this has not yet been actioned, this period can be extended at the Council's discretion. It is recommended to accept this discretion.
- 5.5. Discretion (p) details the Council's policy on pension contributions. This is that if an employee moves into a higher or lower contribution band as a result of a salary change, their contribution rate changes from that point on to the percentage for the new band.
- 5.6. A few discretions have been removed from the previous policy as they no longer apply - in particular (e) (i) and (ii) (previous policy numbers) relating to awarding added years. Two others have been made more restrictive to reduce the scope to make awards– (e) (new policy), the power to grant additional pension, has been changed from 'in wholly exceptional circumstances' to not to be used and (i) (2) (new policy), the power to waive actuarial reductions resulting from Flexible Retirement, has been changed from 'in wholly exceptional circumstances' to only where there is a strong business case for doing so.

## **6. Alternatives that have been considered**

- 6.1. All discretions have been considered and officers' views are set out in the report.

## **7. Resource and legal implications**

- 7.1. No financial implications.

## **8. Consultation**

- 8.1. Consultation is taking place with the Staff Side.

## **9. Community impact and corporate risks**

- 9.1. The Equality Impact Assessment concludes that the revised policy would have a neutral impact in relation to people with Equality Act Protected Characteristics.

## 10. Other Implications

<b>Crime &amp; Disorder:</b>	None
<b>Climate Change:</b>	None
<b>Human Rights and Equality Impact:</b> An Equality Impact Assessment has been completed and is available as a background paper.	None
<b>Safeguarding:</b>	None

## 11. Appendix

Local Government Pension Scheme & Early Termination of Employment Discretions Policy (May 2014).

## 12. Background Papers

Equality Impact Assessment