

EPSOM & EWELL BOROUGH COUNCIL PENSION DISCRETIONS POLICY

Head of Service/Contact:	Shona Mason, Head of HR & Organisational Development
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Annexes/Appendices (attached):	Annex 1 - Draft Epsom & Ewell Borough Council Pension Discretions Policy
Other available papers (not attached):	Pay Policy Statement 2019/20

Report summary

This report provides background information on the proposed draft Pension Discretions Policy.

Recommendation (s)

That the Committee:

- (1) agrees the draft Pension Discretions Policy at Annex 1; and**
- (2) refers the draft Pension Discretions Policy to Council for approval.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The Council's employees are a key part of its efforts to meet the Council's ambition to make Epsom & Ewell an excellent place to live and work, and its policies on the pay of staff will be important in ensuring that the Council meets its key priorities. In particular, any policy about pension is relevant to the Council's key priority of "Managing Resources" – the Council aims to utilise its limited resources in the most efficient and effective way.
- 1.2 There are no implications arising from this report for the Sustainable Community Strategy.

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2 Background

- 2.1 Under the Local Government Pension Regulations, the Council is required to publish a written statement of its policy relating to certain discretionary powers relating to the Local Government Pension Scheme.
- 2.2 The information set out in the draft policy, at **Annex 1**, meets the requirements of the legislation and details the Council's intentions on how it will apply the discretions.

3 Proposals

- 3.1 The draft Policy is based on a document prepared by Surrey Pension Fund which outlines mandatory and optional discretions.
- 3.2 This covers matters relating to:
 - Whether to vary an employee's contribution band
 - Whether to increase assumed pensionable pay in certain specific circumstances
 - Funding of Additional Pension Contributions
 - Shared Cost Additional Voluntary Contributions (SCAVCs)
 - Whether to grant early payment of pension on compassionate grounds (pre-1st April 1998 leavers)
 - Flexible Retirement
 - Switching-on the 85-year rule
 - Waiving of Actuarial Reduction to Pensions
 - Award of Additional Pension
 - Aggregation of Benefits: Concurrent Employments
 - Aggregation of Benefits: Deferred Member becoming Active Member
 - Aggregation of Benefits: Deferred Member becoming Active Member (pre-2014 membership)
 - Inward Transfer of Pension Rights
 - Redundancy Payments
 - Compensation for loss of Employment
 - Injury Allowances
- 3.3 Surrey Pension Fund have provided advice to all the Surrey authorities on how to consider pension discretions. They have suggested the following statements to be included in the in any policy document:
 - If the Council would like to do something it may say; the Council may award (discretion) but each case will be considered on its merits.
 - If the Council do not want to something it may say; the Council will only award (discretion) in exceptional circumstances.

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- If the Council is not sure about whether it will or will not do something it can say; the Council will not generally award (discretion) but each case will be considered on its merits.

- 3.4 The proposed Pension Discretions Policy has been drafted based on the advice from Surrey Pensions Fund with input from the Leadership Team and consideration of our context.
- 3.5 The Council may adopt some of these discretions but it should be noted that some involve a cost, such as flexible retirement, share cost AVC's or discretionary compensation.
- 3.6 It should be noted that the Policy states that the power to exercise and to take any decision in relation to the each of the discretions is delegated to the Chief Executive and in their absence the Chief Operating Officer.
- 3.7 The policy also includes that in the circumstances where the decision relates to the Chief Executive, the power to exercise and take any decision in relation to each of the discretions will be made by full Council.
- 3.8 This list of discretions is up to date, including the 2018 amendment regulations.
- 3.9 Once approved the policy will be published on the Council's website.

4 Financial and Manpower Implications

- 4.1 There may be financial implications relating to individual cases where discretions are considered however these decisions will be delegated to the Chief Executive.
- 4.2 There are no other financial implications for this report.
- 4.3 Chief Finance Officer's comments: Any financial implication arising from an individual case would be assessed on its merits, with consideration given to funding, cost to the organisation and service efficiency.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 All qualifying local government employees are entitled to be members of the statutory Local Government Pension Scheme. Although a local authority is not able to opt out of the Scheme and or alter the main Scheme provisions, they do have some areas of discretion.
- 5.2 The Council is required under both Local Government legislation and Local Government Pension Scheme Regulations, to have written policies on a number of pension related matters.

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- 5.3 Although a comparison with other local authorities may assist with policy decisions, the nature of discretionary aspects of LGPS are designed to allow each employer the flexibility to assist with people management within their own context and circumstances.
- 5.4 Every employer is required to:
 - 5.4.1 keep their discretionary decisions policy under review
 - 5.4.2 make sure revisions are appropriate
 - 5.4.3 ensure all the discretionary decisions made are in accordance with the LGPS regulations
 - 5.4.4 in preparing, reviewing and making revisions to its Policy, employers must be satisfied that the policy is workable, affordable and reasonable, having regard to foreseeable costs.
- 5.5 An implications of the Equality Act legislation and Pension Scheme Orders, is that all staff should be treated equally regardless of their age, unless different treatment can be objectively justified. The Policy provides a framework for a consistent approach that can help avoid claims of discrimination.
- 5.6 ***Monitoring Officer's comments:*** none arising from the contents of the report.

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no implications for this report.

7 Partnerships

- 7.1 There are no implications for this report.

8 Risk Assessment

- 8.1 A discretionary policy statement is a legal requirement for scheme employers, therefore by having one in place, the Council will be fulfilling its legal obligation, and negating financial and legal risks.

9 Conclusion and Recommendations

- 9.1 The Committee is requested to approve the draft Pension Discretion Policy and refers it on for Council approval.

Ward(s) affected: (All Wards);