

WILTSHIRE COUNCIL

STAFFING POLICY COMMITTEE

7th March 2018

Updated Discretions Policy for Wiltshire Council

Purpose of Report

1. To present an updated Local Government Pension Scheme (LGPS) Employer Discretions Policy for Wiltshire Council

Background

2. The LGPS regulations 2014 require Wiltshire Council to regularly review its existing pension discretions policy and to publish a new policy as appropriate.
3. The discretions policy states how the council will apply its discretionary powers in relation to specific provisions of the pension scheme.

Wiltshire Council Discretions

4. The LGPS regulations provide a set of 12 discretions for employers to review and agree. Eight of these discretions are the same as stated in Wiltshire Council's existing discretions policy, with the addition of 3 new discretions and a minor amendment to 1 discretion.
5. The revised discretion is as follows:

- Discretion 3 – flexible retirement (revised discretion)

This discretion enables the employer to grant permission for an employee who is 55 years or over to receive payment of the pension benefits that they have built up, and continue to work for the council on a flexible retirement basis.

Wiltshire Council's current discretions policy states that requests for flexible retirement will be considered by the associate director for people and business in conjunction with the appropriate associate director, based upon the resource implications and pension strain costs. This discretion has been updated to change associate director for people and business to director – HR & OD.

6. The new discretions are as follows:

- Discretion 7 – waiving actuarial reductions on compassionate grounds for rule of 85 (new discretion)

The new 2014 LGPS regulations result in a loss of the rule of 85 protection for some employees aged between 55 and 59, as there is no longer an automatic entitlement for employees in this age group for unreduced pension where their length of service plus age, total 85 or more.

This is a new discretion that enables the employer to waive the reduction on compassionate grounds and pick up the cost/shortfall to the pension fund. It is

recommended that this discretion will only be exercised by Staffing Policy Committee in exceptional circumstances after considering the costs that will apply.

- Discretion 11 – extending the 30-day deadline for members to elect for a shared cost APC (new discretion)

Employees who take unpaid leave for instances such as additional maternity leave, strike action and any other leave that impacts upon pension benefits, may opt to buy back the 'missing' pension in the form of an Additional Pension Contribution (APC).

For unpaid leave and additional maternity leave, the costs will be split between the employee and the employer with the employee paying a 1/3rd of the cost and the employer paying 2/3rds, as long as the election is made within 30 days of returning to work. If the election is made after 30 days, the employee needs to pay the full cost.

For strike action, the employee needs to pay the full cost in all cases.

This discretion enables the employer to extend the 30-day deadline and due to cost implications it is recommended that the council does not exercise this discretion.

- Discretion 12 – permitting arrangements for additional voluntary contributions (AVCs) of shared costs additional voluntary contributions arrangements (SCAVCs) (new discretion)

The LGPS regulations allow for employers to offer additional voluntary contributions (AVCs) and shared costs additional voluntary contributions (SCAVCs) schemes that enable employees to increase their pension benefits.

The council currently offers AVCs and will shortly be introducing salary sacrifice AVCs and it is therefore recommended that this discretion is exercised.

Environmental Impact of the Proposal

7. None.

Equalities Impact of the Proposal

8. None.

Financial Impact of the Proposal

9. If a discretion is exercised and agreed, costs may be incurred that have not been budgeted for. The financial implications of exercising a discretion will be considered on a case by case basis, and the discretion only agreed where it is in the council's best financial interests.
10. In terms of the salary sacrifice AVCs there will be a saving to the employer of national insurance contributions on the AVC.

Risk Assessment

11. None.

Options Considered

12. None.

Recommendation

13. That staffing policy committee approve the recommendation concerning the discretions policy as stated above in paragraphs 5 & 6.

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The following unpublished documents have been relied on in the preparation of this Report: None