

## **Discretionary policies under the Local Government Pension Scheme (LGPS) and related Regulations for IDeA employees**

### **Purpose**

For decision.

### **Summary**

Under the updated LGPS Regulations the IDeA must have a policy governing the use of new (and existing) pensions discretions covering its own employees. Members are asked to agree the IDeA's policies on discretions set out in Annex 1 and 2 to this report.

### **Recommendations**

Members are asked to:

1. Approve the recommended policies on the discretions to be exercised under the LGPS Regulations in relation to active Scheme members and members who cease active membership after 31 March 2014 as set out in the table at Annex 1, and
2. Endorse the continuation of the IDeA's existing LGPS discretions policies for Scheme members who left prior to 1 April 2014 and the IDeA's current discretionary compensation policies as set out in the table at Annex 2

### **Action**

Officers will implement members' decisions and copy the agreed Statement of Policy to relevant administering authorities of the Pension Funds in which IDeA employees participate (i.e. the Merseyside and West Sussex Pension Funds).

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## **Discretionary policies under the Local Government Pension Scheme (LGPS) and related Regulations for IDeA employees**

### **Background**

1. In April 2005 the Resources Panel agreed the discretionary policies the IDeA would operate under the provisions of:
  - 1.1 the Local Government Pension Scheme (LGPS) Regulations 1997, and
  - 1.2 the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000.
2. The policies were updated on 25 October 2006, 14 December 2007 and again on 21 April 2009.
3. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. Reforms to the LGPS came into effect on 1 April 2014, with benefits now accruing on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
4. The provisions of the CARE scheme, together with the protections for members' accrued pre 1 April 2014 final salary rights, are contained in the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.
5. As a result of the changes, the IDeA is required to:
  - 5.1 Prepare and publish a written Statement of Policy on certain discretions under the LGPS which the IDeA has the power to exercise on and from 1 April 2014 in relation to members of the CARE Scheme.
  - 5.2 Keep under review its Statement of Policy on certain discretions in accordance with:
    - regulation 66 of the LGPS (Administration) Regulations 2008 (in respect of leavers between 1 April 2008 and 31 March 2014), and
    - regulation 106 of the LGPS Regulations 1997 (in respect of leavers between 1 April 1998 and 31 March 2008).
6. It is also recommended to keep under review:
  - 6.1 Its Statement of Policy on one discretion under the LGPS Regulations 1995 (in respect of leavers before 1 April 1998);
  - 6.2 Its Statement of Policy on certain discretions in accordance with regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, operative from 1 October 2006; and
  - 6.3 Its Statement of Policy on certain discretions in accordance with regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000, operative from 1 October 2000.

### **Consultation**

7. When the IDeA intends to adopt new, or change existing, discretionary policies it should give notice to the recognised union (UNISON) although the IDeA is not required to consult with UNISON on the policies. However, it was considered appropriate that the recommendations be shared with UNISON in advance.

### **Effective date of policies**

8. Any new policies on discretions relating to the new LGPS Regulations from 1 April 2014 and any change to the policies on existing discretions take effect the date the Leadership Board agrees the policies. Changes to the discretions exercised under the Discretionary Compensation Regulations 2000 or the Discretionary Compensation Regulations 2006 cannot take effect until one month after the date the IDeA publishes a statement of its amended policy.

### **Non-fettering of Discretions**

9. The recommendations contained within this report, if approved, will form the IDeA's policies on pension and compensation discretions. It should be noted that the policies will confer no contractual rights and the IDeA will retain the right to change the policies at any time without prior notice or consultation (although the IDeA endeavours to discuss changes with UNISON). Only the policy which is current at the time a relevant event occurs to an employee / scheme member will be the one applied to that employee / member.

### **Recommendation**

10. Members are asked to:
  - 10.1 Approve the recommended policies on the discretions to be exercised under the LGPS Regulations in relation to active Scheme members and members who cease active membership after 31 March 2014 as set out in the table at Annex 1, and
  - 10.2 Endorse the continuation of the IDeA's existing LGPS discretions policies for Scheme members who left prior to 1 April 2014 and the IDeA's current discretionary compensation policies as set out in the table at Annex 2.
11. Given that the LGA and IDeA are operating collaboratively, with harmonised terms and conditions, the same recommendations as above have been presented to the Leadership Board.

### **Financial Implications**

12. None arising directly as a result of this report. Any financial implications will be considered as part of a business case in line with the recommendations in the policy.