

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>25<sup>th</sup> April 2019</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
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<b>SUBJECT:</b>	<b>LOCAL GOVERNMENT PENSION SCHEME (LGPS) EMPLOYER MANDATORY DISCRETIONS</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM05</b>

## **1.0 Recommendations**

- 1.1 That the Council's LGPS Employer Discretions Policy as shown in Appendix 1 is approved.

## **2.0 Purpose of the Report**

- 2.1 The Council is required under the LGPS regulations (as amended) to consider and publish a number of mandatory discretions for current, future and former employees and are detailed in this report.

## **3.0 Detail**

- 3.1 Every Derbyshire Pension Fund scheme employer must have a Policy approved to state how it will apply the mandatory discretions provided in the LGPS regulations. Setting a Discretions Policy as an employer provides for transparency and consistency when decisions have to be taken and ensures that the Council is able to take local decisions when considering future workforce requirements.

- 3.2 The discretions enabled under the LGPS regulations fall into two categories:

- Mandatory discretions - those which the Council has to include in a separate policy and are determined locally.
- Non-mandatory discretions – these are in effect set down in the LGPS regulations and scheme employers have no discretion on how they are applied. They do not have to be included in a separate policy.

- 3.3 When formulating a Discretions Policy the following considerations have to be taken into account:
- Avoid setting policies which may lead to a serious loss of confidence in the public service (e.g. allowing flexible retirement requests for a minimal reduction in working time of, for instance, 1 hour)
  - Ensure that the policies are workable, affordable and reasonable, especially with regard to foreseeable cost to the employer and the pension fund
  - Ensure that the policies are non-discriminatory
  - Avoid blanket or overly restrictive policies
  - Keep the policies under review to ensure they remain relevant and meet the ongoing workforce requirements of the Council
- 3.4 Once approved, the Council is required to publish its Policy in this area on its website and provide a copy of the same to the Derbyshire Pension Fund.
- 3.5 It is important to recognise that providing membership of the LGPS is a valuable part of the employment benefits offered by the Council. Setting out a reasoned approach to how mandatory discretions could be used will support the continued management and development of the Council's workforce whilst taking into consideration the factors detailed in para 3.3.
- 3.6 The Discretions Policy has been developed based on advice from the Derbyshire Pension Fund and to reflect the future workforce requirements of the Council.

#### **4.0 Financial Implications**

- 4.1 The employer's costs of providing membership to the Local Government Pension Scheme are contained within the Medium Term Financial Plan (MTFP). Every three years the Pension Fund is subject to an actuarial assessment and changes in contributions to be made by the Council are then reflected in the MTFP.
- 4.2 As noted in the Discretions Policy proposed, any additional costs arising from the Council using the discretions will be subject to approval by Finance and Management Committee.

#### **5.0 Corporate Implications**

##### **Employment Implications**

- 5.1 The flexibility enabled under the LGPS regulations can support the effective management, recruitment and deployment of the workforce. The adoption of a Policy will ensure that current, future and former employees are aware of their entitlements and can request consideration of using one (or more) of the discretions when they are considering different options regarding their continued employment.

## **Legal Implications**

- 5.3 The Council will meet its statutory obligations through the adoption of the Discretions Policy.

## **Corporate Plan Implications**

- 5.4 Providing access to the LGPS and the contribution made by the Council to the scheme remains a valuable part of the employment benefits offered and promotes the health and wellbeing of current and future employees and indirectly supports all the key themes under the Corporate Plan and in particular the People Theme.

## **6.0 Community Impact**

### **Equality and Diversity Impact**

- 6.1 The LGPS is made available, in line with the Pension Act, to all employees. Whilst there are age related criteria to access certain benefits, these are within permitted conditions provided for and in line with current employment legislation.

## **7.0 Conclusions**

- 7.1 The adoption of the Discretions Policy will ensure that the Council has a clear and transparent approach when making local decisions in relation to its current, future or former employers in relation to accessing benefits under the LGPS.

## **8.0 Background Papers**

- 8.1 Public Service Pension Schemes Act 2013.