

North East Derbyshire District Council

Council

11 November 2019

LGPS Pension Discretions 2019

**Report of Councillor Alex Dale, Deputy Leader of the Council and Portfolio Holder
for Council Services**

Purpose of the Report

- To consider the proposed policy and approach on the discretions the Council has to make, publish and review under the Local Government Pension Scheme.

1 Report Details

- 1.1 A series of changes has been made to the discretions applicable to the Local Government Pension Scheme (LGPS). These changes to the pension arrangements took place with effect from 1 April 2014. Under the LGPS regulations, employers are required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions that are available.
- 1.2 The report sets out an update on the decisions that are needed to ensure the Council has procedures in place to deal with the various discretions.
- 1.3 Whilst the common aspect in the Council's current LGPS discretionary policies is that generally the discretion will not apply, it is necessary to allow for this general approach to be varied should the circumstances of a particular case make this stance inappropriate. When making such decisions, each case will be considered on its own merits and full reasons will be given for the outcome.
- 1.4 The process for pension discretion applications is as follows:
- Initial applications considered by the Chief Financial Officer who is the named person with respect to the pension fund, (or the appropriate Joint Strategic Director in any case where there is a conflict of interest) .
 - Where the Chief Financial Officer is of the view that it is appropriate to consider a discretionary award, a report is presented to Council recommending that a corresponding budgetary provision is established.
 - Where the Chief Financial Officer does not support an application then no report will be taken.
 - Where the individual making the application is not satisfied with the decision of the Chief Financial Officer they may appeal to the Council. An Appeal should be made in the first instance to the Chief Executive.

- It is proposed that appeals will be dealt with by the Appeals Committee in accordance with the Council's Constitution. The employee/former employee concerned will be allowed to submit a written statement of case while the Chief Financial Officer will provide a written statement setting out the reasons why the application should be rejected.

1.5 Attached at **Appendix 1** is the list of discretions for which employers must consider in a policy statement under the Scheme. The Council's proposed position is based on the discretions approved by Derbyshire County Council.

2 Conclusions and Reasons for Recommendation

2.1 Due to ongoing strains on the Pension Fund and wider budgetary pressures, the position of the Council has been that discretions only be applied generally where this does not involve additional strain on the pension fund or additional cost to the Council. The LGPS guidance advises that policies should not lead to "a loss of public confidence in the public service and therefore be affordable.

2.2 The Council's policy is generally in line with that adopted by Derbyshire County Council, while the overall approach is consistent with that of other local authorities.

2.3 Whilst the general approach is not to exercise any discretion where there is a cost to the Council, there may be some circumstances where this approach is too restrictive and the discretionary powers need further consideration. Whenever such circumstances arise, the case would firstly be considered by the Chief Financial Officer and if appropriate budgetary provision would be recommended to Council. Where the decision is not to vary the standard policy the individual would have a right to appeal to Council.

3 Consultation and Equality Impact

3.1 The purpose of this report is to consult Council on the updated pension discretions and a copy of this report has been circulated to the Trade Unions.

4 Alternative Options and Reasons for Rejection

4.1 Given all alternatives would potentially incur significant additional costs to the Council it is not considered appropriate to exercise any discretions as a matter of policy as this is considered to be an unfair burden on local taxpayers. The Council will, however, where requested review individual cases on their merits and may exercise discretion where appropriate

5 Implications

5.1 Finance and Risk Implications

5.1.1 All of the proposed responses to the discretions under the LGPS are made on the basis of no additional costs being incurred. The financial impact of any exercise of discretions in individual cases will be considered as such cases arise.

5.2 Legal Implications including Data Protection

5.2.1 As covered within the report.

5.3 Human Resources Implications

5.3.1 As covered within the report.

6 Recommendations

6.1 That Council consider and approve the report and proposals, and agree to the publication of the Council's position in respect of its discretions under the LGPS.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	N/A
Links to Corporate Plan priorities or Policy Framework	Transforming our Organisation

8 Document Information

Appendix No	Title	
1	LGPS Pension Discretions	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)		
N/A		
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