

Arun District Council

REPORT TO:	Corporate Support Committee – 30 April 2024
SUBJECT:	Pension Discretions Policy
LEAD OFFICER:	Jackie Follis, Group Head of Organisational Excellence
LEAD MEMBER:	Councillor Francis Oppler
WARDS:	N/A
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is a requirement under the Local Government Pension Regulations that Local Authority employers set out how they will exercise several discretionary areas within the Local Government Pension Scheme and to commit to reviewing these discretions on a regular basis.	
DIRECTORATE POLICY CONTEXT: Responsibility for ongoing reviews of the pension discretion policy rests with the Human Resources Department within the Organisational Excellence. The policy aims to ensure fair and consistent application of pension related decisions, safeguarding the financial well-being of our employees and the council, while upholding regulatory compliance.	
FINANCIAL SUMMARY: The Pension Discretions policy outlines how Arun District Council will exercise its discretions under the Local Government Pension Scheme. The discretions are only used in exceptional circumstances as detailed in Appendix A, and cost forms part of the decision-making process when determining which discretions to allow.	

1. PURPOSE OF REPORT

- 1.1 This report presents the findings of a comprehensive review of the council's pensions discretions policy.
- 1.2 The attached Appendix A shows an updated pensions discretion policy for consideration, approval, and recommendation to Council for adoption.

2. RECOMMENDATIONS

- a. To recommended to Full Council that the updated policy on pension discretions shown as Appendix A, be approved, and formally adopted.
- b. To give delegated authority to the Group Head of Organisational Excellence to make necessary changes to the pension discretions resulting from changes to employment legislation or Council policy.

3. EXECUTIVE SUMMARY

- 3.1 The Local Government Pension Scheme (LGPS) regulations have several discretionary areas on which employers must determine and publish a policy.
- 3.2 After thorough examination of current policy, it has been determined that no significant changes are recommended at this time to the Council's pension discretions other than the use of a new template as issued by our pension administrators, Hampshire County Council, and the removal of discretions that are no longer required to be published.

4. DETAIL

- 4.1 The pension discretions policy was implemented to provide a framework for managing discretions related to pension benefits. It outlines the criteria and processes governing such decisions, ensuring fairness and consistency. Local Authority employers are required to regularly review their pension discretions to ensure their relevance and effectiveness.
- 4.2 The pension discretions policy is reviewed on an annual basis by officers with changes reported to members for approval. The policy was last approved by Full Council in 2020 when a number of minor changes were made.
- 4.3 The HR Manager has conducted a review examining current discretions against LGS discretions guidance, legal requirements, and internal considerations. No revisions that would change the effect of the discretions are being recommended, however it is timely that members review the current discretions in their new format.
- 4.4 After a thorough review, officers have determined that the existing pension discretions policy adequately serves its purpose. It maintains fairness, transparency, and compliance with relevant regulations. No significant gaps or issues were identified to necessitate policy amendments.

5. CONSULTATION

- 5.1 Unison, the Council's recognised trade union has been consulted on the pensions discretions policy.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The regulations require that as an individual employer, the council must publish a written policy statement confirming how we will exercise compulsory discretions as detailed in Appendix A, to review the statement regularly, to revise it as necessary and to provide a copy of the policy statement to our pension administrators.

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.1 There are no financial implications arising from the proposals of this report.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 Although the current pensions discretion policy has proven effective, it is important that ongoing reviews take place to account for changes in legislation and economic conditions. Regular reviews, usually on an annual basis, are recommended to address emerging challenges and adapt the policy as needed.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1 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.
- 9.2 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.
- 9.3 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.
- 9.4 Every employer is required to:
- 9.4.1 keep their discretionary decisions policy under review;
 - 9.4.2 make sure revisions are appropriate;
 - 9.4.3 ensure all the discretionary decisions made are in accordance with the LGPS regulations;
 - 9.4.4 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.
- 9.5 An implication 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.

10. HUMAN RESOURCES IMPACT

- 10.1 This report deals with pension discretions for current and former employees. There are no direct Human Resources impact resulting from the recommendations in this report.

11. HEALTH & SAFETY IMPACT

- 11.1 Not applicable.

12. PROPERTY & ESTATES IMPACT

12.1 Not applicable.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 This report deals with pension discretions for current and former employees. Access to pension is normally from age 55 onwards other than for ill health. The age that employees can take their pension will increase from 55 to 57 from 6 April 2028. This will not apply to ill health retirements. The LGPS and associated discretions is a national scheme that is open to all employees.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 Not applicable.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 Not applicable.

16. HUMAN RIGHTS IMPACT

16.1 Not applicable.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 Not applicable.

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BACKGROUND DOCUMENTS:

None