

MAIDSTONE BOROUGH COUNCIL

MEMBER AND EMPLOYMENT AND DEVELOPMENT PANEL

WEDNESDAY 9 JULY 2014

REPORT OF CHIEF EXECUTIVE

Report prepared by Dena Smart
Head of Human Resources

1. PENSION DISCRETIONS POLICY

1.1 Issue for Decision

1.1.1 To agree the Maidstone Borough Council Policy relating to the Employer Discretions within the Local Government Pension Scheme (LGPS).

1.2 Recommendation of Head of Human Resources

1.2.1 It is recommended that the Member and Employment and Development Panel agree the amended policy on Employer Discretions as set out in draft at Appendix A.

1.3 Reasons for Recommendation

1.3.1 Within the Local Government Pension Scheme regulations there are several terms about which each employer must have a policy and this should be communicated to employees within the scheme. If the employer does not have a policy then the pension scheme administrator will either refer every case separately to the employer or default to the minimums set out in the regulations. The last time this policy was amended was July 2010 but with the major reform of the LGPS in 2013 the regulations have changed and under Regulation 60(1) of the Local Government Pension Scheme Regulations 2013, it is compulsory for all employers to make a policy decision under Regulations 16(2)(e), 16(4)(d), 30(6), 30(8) and 31 and Paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and amendments) Regulations 2014 .

1.3.2 The pension regulations are extremely complicated and the council relies upon the advice of the pension administrators to guide us in the pension discretions policy. The practice in previous years within MBC and most other employers in Kent have been to mirror the same

discretions as Kent County Council and the attached policy reflects this.

1.4 Alternative Action and why not Recommended

1.4.1 The Member and Employment and Development Panel must ensure that the Council has a policy on these employer discretions. If the Panel did not agree to adopt the policy the council would not meet its statutory requirements. The panel could choose to vary the wording of the policy in some way but further advice would need to be taken to ensure that the change did not constitute a breach of the regulations.

1.5 Impact on Corporate Objectives

1.5.1 Failure to amend the existing policy would mean that the Council was not meeting the legal pension regulation requirements.

1.6 Risk Management

1.6.1 There are risks to the Council if it does not have a published policy; the purpose of this paper is to ensure the Council meets this legal requirement.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 Financial - All pension scheme changes have some impact on the ultimate cost of the scheme, these have been anticipated within current budgets.

1.7.3 Staffing - These proposals can potentially affect both current and future employees. We have a duty to inform all current members of the pension scheme of the change and this cannot then be implemented until one month and one day after the information has gone out.

1.7.4 Legal - There is a legal requirement for us to have a policy on the Employer Discretions and for this policy to be up to date.

1.8 Relevant Documents

1.8.1 Appendices

Appendix A Pension Discretion Policy

1.8.2 Background Documents None

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			