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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>16 November 2021</b>
<b>Report By:</b>	<b>Head of Organisational Development, Policy &amp; Communications</b>	<b>Report No:</b>	<b>PR/19/21/SM</b>
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<b>Subject:</b>	<b>Pensions Discretions Policy Statement</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to seek the approval of the Policy & Resources Committee for an updated Pensions Discretions Policy Statement. This statement has been updated to reflect the Local Government Pension Scheme (Scotland) Regulations 2018.

## 2.0 SUMMARY

- 2.1 Scheme employers participating in the Local Government Pension Scheme (LGPS) in Scotland are required to keep under review their Statement of Policy on certain discretions which they have the power to exercise in relation to members of the Career Average Revalued Earnings (CARE) Scheme. The Pension and Retirement Policy Statement which contains these discretions was last updated in 2015. LGPS (Scotland) Regulations were updated with effect from 1 June 2018, therefore the Policy Statement has been amended to reflect current regulations and advice from Strathclyde Pension Fund. There are no significant changes to Council policy or the discretions included.
- 2.2 There are no additional cost implications as a result of this updated Policy Statement. An all members briefing has already taken place in advance of this committee to provide further information to members.
- 2.3 These changes to pension regulations and the discretionary provisions available to employers do not impact on teaching staff. Accordingly the updates to the policy statement relate to those employees whose pension provision is administered through Strathclyde Pension Fund Office.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy & Resources Committee approve the updated Pension and Retirement Policy statement as outlined in this report.

**Steven McNab**  
**Head of Organisational Development,**  
**Policy & Communications**

## **4.0 BACKGROUND**

- 4.1 The Policy and Resources Committee agreed on 15 December 2009 a Pension and Retirement Policy which outlined the Council's position in relation to the various discretions applicable under the relevant regulations. This 2009 report reviewed a number of benefits which employers can offer employees and covered both teaching staff as well as other local government employees.
- 4.2 On 11 August 2015, the Policy and Resources Committee agreed an updated policy, to reflect the amendments to the Local Government Pension Scheme (LGPS) in Scotland with effect from 1 April 2015. The scheme was amended so that benefits accruing for service after 31 March 2015 would accrue on a Career Average Revalued Earnings (CARE) basis, rather than on a final salary basis.
- 4.3 A key amendment to the LGPS in Scotland with effect from 1 June 2018 is to allow members aged 55 and above to retire and take early payment of benefits with actuarial reduction, without obtaining employer permission. The discretions relating to this requirement have been removed from the updated Policy Statement.
- 4.4 Scheme employers participating in the LGPS in Scotland are required (or where there is no requirement, recommended) to formulate, publish and keep under review a Statement of Policy on certain discretions which they have the power to exercise, or may exercise, in relation to members of the LGPS.

## **5.0 Key Changes**

- 5.1 The discretions tables and wording included in the Policy Statement have been updated to reflect advice from Strathclyde Pension Fund and updated regulations. There have been no significant changes to Council policy on the discretions included in the statement. Where a discretion has been added and this discretion exists under another table, Council policy has been replicated to ensure consistency. There are also no additional cost implications attached to these updates.
- 5.2 A link to the updated Policy Statement is provided in section 9 of this report, with updates highlighted in red.
- 5.3 Key updates to existing discretions:  
  
Table 1:
  - R17(1) & definition of Shared Cost Additional Voluntary Contribution (SCAVC) in RSch 1 updated in relation to SCAVC contributions. This was agreed by Policy & Resources Committee earlier this year (May 2021).
- 5.4 In addition, the reference to specific contribution rates in section 5.1.1 of the Policy Statement has been replaced with a link to the Scottish Public Pensions Agency (SPPA) website, in order to refer employees to up to date figures.

## **6.0 PROPOSALS**

- 6.1 It is proposed that the Policy & Resources Committee approve the updates to the Policy Statement, and note that the policy will continue to be kept under review, and revised as and when necessary to reflect any changes in regulations or policy.

## **7.0 IMPLICATIONS**

- 7.1 **Finance**

Financial Implications:

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

It is not envisaged that the proposals in this paper will result in additional costs to the Council. It is proposed that the majority of the discretionary areas which could have financial implications for the Council will not be exercised by the Council.

If the Council chooses to consider a discretionary enhancement, any financial impact would be assessed at the time of application. Early release incurring a financial cost to the Council would require to be supported by a business case which clearly demonstrates Value for Money (VFM).

In general any decisions in relation to these discretions will take account of the statutory framework of employment law, the relevant regulations, financial implications and any impact on the workforce, industrial relations and ultimately on service delivery. The Council will also strive to maintain public confidence by ensuring the application of discretions is open, transparent and cost effective.

Annually Recurring Costs/ (Savings)

**Legal**

7.2 As outlined in the report.

**Human Resources**

7.3 As outlined in the report.

**Equalities**

7.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

Discretions available under the LGPS are determined by pension regulations, with employers determining whether or not to exercise specific discretions. A number of discretions are age specific and apply to those employees aged 55 (50 protected members) or over. This is not imposed by the Council but is a requirement of the regulations; nevertheless discretions that are age specific will give rise to an adverse impact on account of age. To mitigate this impact, discretions will be applied in a fair, consistent and transparent manner; however, it should be noted that pension schemes do have an explicit exemption in respect of the Equality Act 2010.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

**7.5 Repopulation**

N/A

**8.0 CONSULTATIONS**

8.1 Trade Unions have been consulted and are generally supportive of this report.

**9.0 BACKGROUND PAPERS**

9.1 Pensions Discretions Policy Statement: <http://icon/hr/hr-reports/>