

**LOCAL GOVERNMENT PENSIONS SCHEME DISCRETIONS
POLICY**

**FINANCE, MODERNISATION AND PERFORMANCE
(COUNCILLOR CHRIS WEAVER)**

AGENDA ITEM: 13

Reason for this Report

1. To ask Cabinet to approve the introduction of the new Local Government Pension Scheme Discretions Policy.
2. To also ask Cabinet to approve the application of the LGPS Discretion to introduce a Shared Cost AVC Scheme, to enable employees who are LGPS members to apply for a salary sacrifice AVC, subject to the scheme criteria being met by the employee.

Background

3. Cardiff Council has a legal duty to prepare and publish a written statement of its policy relating to mandatory discretionary powers under Regulations which apply to the Local Government Pension Scheme (the LGPS).
4. The Council is required to formulate, publish and keep under review the policy that the Council applies in the exercise of discretionary powers relating to the payment of compensation to employees whose employment is terminated as a result of redundancy or certain other reasons.
5. Currently the application of the LGPS Discretions is set out in the Council's Early Retirement/Voluntary Retirement and Flexible Retirement Policy and Procedure, last reviewed by Cabinet on 26th January 2015. At that time Cabinet agreed changes to the calculation of Voluntary Redundancy payments and excluded employees from applying for advertised posts with the Council, or from seeking re-engagement with Cardiff Works or through an agency, for a period of 12 months from the date of leaving. These decisions remain in place.
6. The introduction of the LGPS Discretions Policy coincides with the introduction of an Employee Benefits Platform, and therefore provides an

opportunity to review the LGPS discretion that applies to salary sacrifice arrangements, in this case for Shared Cost AVCs.

Issues

The LGPS Discretions Policy

7. The LGPS Discretions Policy is intended to comply with the duty placed on the Council and sets out how the mandatory discretions will be exercised. In addition, employers are recommended to set out how the non mandatory discretions are exercised. The Discretions Policy replaces Appendix A of the Council's Voluntary Early Retirement/Flexible Retirement and Voluntary Redundancy Policy and Procedure, dated April 2015, which sets out how the Council exercises its discretions.
8. The specific regulations are set out in the LGPS Discretions Policy and the new Appendix A describes how the mandatory discretions are applied by the Council. Appendix B sets out the non mandatory discretions.
9. The only proposed change to the application of the discretions is a proposal to enter into Shared Cost AVCs where an employee has elected to pay AVCs by salary sacrifice. This proposal is part of the implementation of an Employee Benefits Platform which will provide a number of salary sacrifice benefits for employees to apply for. The application of this Council discretion is subject to the employee meeting the Council's conditions for acceptance into the Shared Cost AVC scheme and may be withdrawn or changed at any time.
10. It is expected that providing Shared Cost AVCs through a salary sacrifice arrangement will increase the number of employees contributing to AVCs, and as a result, aid them in further providing for their retirement.
11. There are no additional costs for the employer of providing Shared Costs AVCs on a salary sacrifice basis. There are savings for the Council through National Insurance contributions and Apprenticeship Levy costs. Any costs to AVC Wise (the company providing the salary sacrifice scheme) are taken from these savings.

Reason for Recommendations

12. To comply with the legal duty for the Council to prepare and publish a written statement of its policy relating to mandatory and non mandatory discretionary powers under Regulations which apply to the Local Government Pension Scheme.
13. To approve the change to the Council's discretionary powers to allow a Shared Cost AVC scheme to be introduced through salary sacrifice arrangements.

Financial Implications

14. The report sets out a series of changes that will have a financial impact on the employee should they elect to pay into the Shared costs AVC Scheme. The proposed changes will not result in any additional financial cost to the Council, but in some circumstances there will be savings arising from reduced employer contributions which will need to be captured to inform potential future savings proposals.

Legal Implications

15. The new policy will satisfy the requirement pursuant to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, to formulate, publish and keep under review the policy that it applies in the exercise of its discretionary power. If the Council decides to change its policy it must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.
16. In formulating and reviewing its policy the Council must also, under the Regulations:
 - Have regard to the extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
 - Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

HR Implications

17. The introduction of the Shared Cost (Salary Sacrifice) AVC Scheme is intended to increase the number of employees paying AVCs, and therefore aid them in providing for their retirement.
18. Other than the introduction of the Shared Cost (Salary Sacrifice) AVC Scheme, the introduction of the new LGPS Discretions Policy will not impact on employees across the Council as they reflect operational arrangements already in place.
19. The trade unions have been consulted on the new policy and the introduction of the Shared Cost (Salary Sacrifice) AVC Scheme.

Property Implications

20. There are no property implications.

RECOMMENDATIONS

Cabinet is recommended to:

- (1) Approve the LGPS Discretions Policy as the Council's written policy statement relating to mandatory and non mandatory discretionary powers under Regulations which apply to the Local Government Pension Scheme.

- (2) Approve the application of the LGPS Discretion to introduce a Shared Cost (Salary Sacrifice) AVC Scheme, to enable employees who are LGPS members to apply for a salary sacrifice AVC, subject to the scheme criteria being met by the employee.

SENIOR RESPONSIBLE OFFICER	Chris Lee Corporate Director Resources
	8 July 2022

The following appendix is attached:

Appendix 1: The LGPS Discretions Policy and its Appendix A and B