

Report to: Governance Committee

Date of meeting: 28 October 2020

By: Chief Operating Officer

Title: The Local Government Pension Scheme – Employer Discretions

Purpose: To seek the Committee's approval to the proposed updated policy in relation to the employer discretions operated by the County Council.

RECOMMENDATIONS

The Governance Committee is recommended to recommend the County Council approves the updated policy for employer discretions under the Local Government Pension Scheme as set out in Appendix 1.

1 Background

1.1 The Local Government Pension Scheme (LGPS) regulations require all participating Scheme Employers to formulate, publish and keep under review, a statement of policy in relation to how they will exercise the mandatory and non-mandatory discretionary functions.

1.2 The Administering Authority of the East Sussex LGPS recently contacted all Scheme Employers requesting that they update these employer discretions and provide a copy of their policy to them. In undertaking this exercise for East Sussex County Council, advice has been sought from Hymans, the Pension Fund Actuaries, which has been duly incorporated into the proposed updated policy.

2 Proposed Employer Discretions

2.1 The Governance Committee and County Council have previously received reports to determine the County Council's policy in relation to our employer discretions. Most of these have been in place and operated successfully for a number of years. As part of this latest exercise however, the opportunity has been taken to update the full set of employer discretions and attached, at Appendix 1, is a summary of the discretions and proposed updated policy.

2.2 The Committee will note that the significant majority of the discretions concern the technical application of the pension scheme regulations. Given this, appropriate technical knowledge is required in order to make a determination about whether to exercise a discretion. At the same time, it is also important to ensure that an appropriate segregation of duties exists between the exercising of this technical knowledge and the more broader, general management of people. Accordingly, in updating the policy, it is proposed that the Council's existing business case process applies. This process is well established and requires any decision relating to the provision of a benefit(s) to either a current, or previous employee, that incurs a cost must be authorised by the Chief Finance Officer and the Head of HROD, in consultation with the relevant departmental Chief Officer or school Headteacher. Where any payment exceeding £50,000 is proposed, the agreement of the Chief Executive must also be obtained.

2.3 This business case process has served the Council well, ensuring that any such decisions are robustly considered including the undertaking of an appropriate cost/benefit analysis, an assessment of the specific circumstances involved and the potential for establishing any future

precedent. Accordingly, the proposed updated policy for any discretions that give rise to a financial cost incorporate this process.

2.4 In terms of volumes, it is worth noting that requests for consideration under these discretions are rare and in the last 12 months, less than 5 have been received.

3. Recommendations

3.1 The Governance Committee is recommended to recommend the County Council approves the updated policy for employer discretions under the Local Government Pension Scheme as set out in Appendix 1.

KEVIN FOSTER
Chief Operating Officer

Contact Officers:
Ian Gutsell, Chief Finance Officer
Tel No 01273 481399
ian.gutsell@eastsussex.gov.uk

Sarah Mainwaring, Head of HR & OD
Tel No 01273 482060
Email: sarah.mainwaring@eastsussex.gov.uk

LOCAL MEMBERS: All
BACKGROUND DOCUMENTS: None