



CHELTENHAM

BOROUGH COUNCIL

Notice of a meeting of Appointments and Remuneration Committee

Tuesday, 29 July 2014
6.00 pm
Montpellier Room - Municipal Offices

Membership	
Councillors:	Wendy Flynn (Chair), Jacky Fletcher (Vice-Chair), Colin Hay, Rowena Hay, Rob Reid, Malcolm Stennett, Chris Mason and Simon Wheeler

The Council has a substitution process and any substitutions will be announced at the meeting

Agenda

1.	APOLOGIES FOR ABSENCE	
2.	DECLARATIONS OF INTEREST	
3.	APPROVE MINUTES OF LAST MEETING 7 April 2014	(Pages 1 - 4)
4.	UPDATE FROM THE CHIEF EXECUTIVE ON CURRENT ISSUES RELATING TO STAFFING Verbal update from the Chief Executive	
5.	HAY REVIEW Report of the Cabinet Member Corporate Services	(Pages 5 - 12)
6.	LGPS 2014 PENSIONS DISCRETION Report of the Cabinet Member Corporate Services	(Pages 13 - 30)
7.	ANY OTHER BUSINESS THE CHAIR DETERMINES IS URGENT AND REQUIRES A DECISION	
8.	DATE OF NEXT MEETING Monday 15 September 2014	

Contact Officer: Rosalind Reeves, Democratic Services Manager,
Email: democratic.services@cheltenham.gov.uk

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Appointments Committee**Monday, 7th April, 2014****6.00 - 6.45 pm**

Attendees	
Councillors:	Rowena Hay (Chair), Wendy Flynn, Colin Hay, Steve Jordan, Rob Reid, Duncan Smith and Simon Wheeler
Also in attendance:	Julie McCarthy and Amanda Attfield
Apologies:	Councillor Les Godwin and Councillor Robert Garnham

Minutes**1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Godwin.

2. DECLARATIONS OF INTEREST

Councillors C Hay and Smith declared an interest as Board Members of the Leisure and Culture Trust and Cheltenham Borough Homes.

3. APPROVE MINUTES OF LAST MEETING

The minutes of the last meeting were approved and signed as a correct record.

4. LIVING WAGE

The Cabinet Member Corporate Services introduced the report and explained that the Living Wage was an hourly rate set independently of government and updated annually by the Centre for Research in Social Policy. It existed because almost 5 million people were currently paid below the Living Wage (20% of all workers) and it was a national initiative created 17 years ago to address poverty. The Living Wage was not about specific roles or jobs but was based on the amount an individual needed to earn to cover the basic costs of living. The Cabinet Member Corporate Services reported that within the South West as at November 2013 3 councils have implemented the policy, 3 were firmly committed, 16 were actively considering it and 7 were doing something else such as wider reviews of pay and grading structures whilst 6 have decided to take no action.

The Cabinet Member reported that as at November 2013 neighbouring authorities Cotswold decided not to commit at present, Forest of Dean had committed to implement this year, Gloucestershire County Council and Tewkesbury were considering it whilst Stroud and Gloucester City have already implemented it. It was therefore proposed that Cheltenham's status moved on from considering to implementing and it was recommended that the date for implementation be 1st October 2014. He explained that the date of 1 October 2014 would allow local CBC implementation not to fetter the discretion of what will be the newly formed Leisure and Culture Trust in making its own decision.

The Cabinet Member Corporate Services hoped that the adaptation and implementation of the living wage would perhaps enable an increased number

of the council's lower paid employees to both live and work in the town. In addition it would potentially lead to reduced absenteeism, increased productivity and improved employer of choice perceptions amongst future employees.

In response to a question the Cabinet Member Corporate Services clarified that the Living Wage would be paid as a salary supplement. He confirmed that the rate was set annually in November, and as such the supplement could be considered alongside the budget and Pay Policy Statement each year, and any revised agreed rate paid annually from 1 April each year. When asked whether the pay differential at the bottom end of the scale would be affected the Cabinet Member Corporate Services said that this would not be the case as it would be paid as a supplement.

The Human Resources Manager said that there were currently no employees below the Living Wage but there would be if there were any new appointments at the minimum of Grade B although this was likely to be very few. She clarified that the pay grades would remain the same as the Living Wage and would be paid as an allowance, therefore the integrity and fairness of the Council's Job Evaluation Scheme would be preserved.

A question was asked as to the impact on casual and agency staff. In response, the Head of Human Resources clarified that casual or agency staff had a different status, as the proposal covered employees, they would not be affected. Some councils had however applied to adopt the Living Wage for agency workers as well at the point of taking up employment (agency workers did have the right to pay equivalence after 12 continuous weeks of working with the same employer).

A discussion then ensued on whether the council should wait until 1 October to implement the Living Wage when it did not apply to casual workers and agency staff. The Human Resources Manager explained that with current staffing there were no direct employees of CBC below the Living Wage. However in the transition period, i.e. between now and the start date of the Leisure and Culture Trust, the council could still recruit to posts which could be in the proposed Leisure and Culture transfer pool. The Head of Human Resources asked the committee to consider the merits of fettering with the Leisure and Culture Trust's ability to make its own decision on the matter in the future.

A question was also raised regarding whether there would be any impacts on Ubico and CBH staff as a result of the council's applying the Living Wage to its employees. In response the Head of Human Resources stated that Ubico and CBH were separate employers with different terms and conditions, and no particular issues were envisaged.

The Head of Human Resources clarified that that the Living Wage rate was set annually in November. If it was agreed to be paid as a supplement from 1 October, it could commence that date and following the new rate announced in November (set by an external body), the first review of the allowance would then take place in February 2015 as part of the Pay Policy statement (and budget cycle) and annually thereafter. In this way, the review of the allowance would form part of the budget setting process each year, with the council being able to keep the Living Wage supplement payment under review.

As a point of clarification, the Head of Human Resources also made reference to Living Wage accredited employer status whereby an employer could undertake to influence its supply chain. This was a different issue which could have direct consequences on the cost base and key processes such as procurement, but could be looked at in the future. The Living Wage Foundation made provision for councils by way of “milestones” in accreditation recognising that local authorities often awarded contracts of long duration.

In response to a question the Head of Human Resources stated that should the Council apply the Living Wage immediately the Leisure and Culture Trust would be bound to pay the supplement to any employees who subsequently transferred to the Trust under TUPE, but not by any subsequent decision on the allowance that the Council might determine. A member stated that as any financial position of the Leisure and Culture Trust was underwritten by the Council it could be that the Council would be under the obligation to pay any funding. The Head of Human Resources stated that the Trust would inherit the terms and conditions of any staff who transferred at the point of transfer and would be bound to honour them.

Members recognised the benefits of implementing the Living Wage in terms of retention, reduction in absenteeism and higher productivity. There were some differences of opinion as to when it should be implemented. Upon a vote 4 members voted in favour of a 1 October implementation date, 2 in favour of an April implementation date with 1 in favour of either date.

RESOLVED THAT

- 1. the Living Wage pay rate be adopted by the Council as a discretionary supplement to the basic un-enhanced hourly rate for any employees appointed on a spinal column point below the Living Wage**
- 2. the Living Wage be implemented from 1st October 2014, to be then reviewed annually thereafter as part of the Pay Policy statement (and budget cycle), with the first review to be February 2015, acknowledging that the Living Wage rate is set annually in November.**
- 3. should, for any reason, the Cheltenham Leisure and Culture Trust effective start-up date be other than 1st October 2014, a sub committee (to include the chair) would review the effective date of implementation of the Living Wage for Cheltenham Borough Council, in consultation with the Cabinet Member Corporate Services.**
- 5. ANY OTHER BUSINESS THE CHAIR DETERMINES IS URGENT AND REQUIRES A DECISION**
None.
- 6. DATE OF NEXT MEETING (IF NECESSARY)**
TBA

Rowena Hay
Chairman

Cheltenham Borough Council Appointments and Remuneration Committee 29th July 2014 HAY Review

Accountable member	CLlr John Walklett, Cabinet Member, Corporate Services
Accountable officer	Amanda Attfield, Head of Human Resources, GO Shared Services
Ward(s) affected	None
Significant Decision	No
Executive summary	Senior management salaries were last fully reviewed in 2008, and since then there have been two senior management restructures, the latest being the Cheltenham Futures senior management review. It is good practice to keep senior management salaries under review. The recent senior management review led to changes to the portfolios of the senior managers, however with the number of changes that have taken place since the last HAY review of salary levels it is appropriate to carry out an exercise to check that salary levels remain appropriate and continue to fairly reflect levels of responsibility, and that the senior management grading structure continues to serve the Council effectively. The review will encompass the senior management roles within the Council only (not service managers or below).
Recommendations	1. That the Appointments and Remuneration Committee note that the HAY review is in progress, and will consider the findings at its next meeting (planned for September 2014).

Financial implications	The cost of the HAY review process will be in the region of £6k, to be found from within existing budgets. Contact officer: paul.jones@cheltenham.gov.uk, 01242 775154
Legal implications	None specific at this stage. Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	As contained in the body of this report. Contact officer: amanda.attfield@cheltenham.gov.uk, 07920 284313
Key risks	See Risk Assessment at Appendix 1.

Corporate and community plan Implications	N/A
Environmental and climate change implications	N/A.
Property/Asset Implications	N/A. Contact officer: David.Roberts@cheltenham.gov.uk

1. Background

- 1.1 All senior management posts are graded using the HAY method. Senior management salaries were last HAY reviewed in 2008. Since then there have been two senior management restructures, the latest being the Cheltenham Futures senior management review. There has been no overall HAY review of the senior management salary structure as a result of these reviews, which changed portfolios (Job Descriptions) but not salary levels. Cheltenham has become a “commissioning council” with less accountability for services where Cheltenham is the direct service provider and employer, but accountability remaining for a range of commissioned services (for example, Ubico Ltd, GO Shared Services, One Legal, shared Building Control).
- 1.2 There has been one change to the grading structure since 2008 where a grade was opened up and utilised to take account of the expanded responsibilities of the current Director, Corporate Services.
- 1.3 It is good practice to keep senior management salaries under review, and regular review is recommended by the Local Government Employers, although no timeframe for review is stipulated, this being for the Council to determine.
- 1.4 The recent Cheltenham Futures senior management review led to changes to the portfolios of the senior managers, however grades were not reviewed as part of the review. With the number of changes that have taken place since the last HAY review of salary levels in 2008, it is appropriate to carry out an exercise to check that salary levels remain appropriate and continue to fairly reflect the level of responsibility that the officers now carry.

2. Issues

- 2.1 The review encompasses the senior managers of the Council. Posts included in the review are as follows:

Chief Executive

Deputy Chief Executive

Director, Corporate Resources

Director, Environmental and Regulatory Services

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Director, Well Being and Culture (included but will be part of a separate phase as the post holder is currently on secondment)

- 2.2 The post of the Managing Director, Cheltenham Development Task force is also included for the purpose of fairness and consistency, as the Council is the employer. Funds are received from a secondment of this post holder to Gloucester College, and should, as a result of this review, the cost base change for the Council, discussions with Gloucester College may need to take place regarding funding the arrangement.
- 2.3 The Chief Executive's salary is included for salary comparison purposes to define responsibility levels and ensure an effective grading structure. The Chief Executive's salary has (unlike other senior salaries) not been subject to formal review since the current post holder's appointment in 2006 and whilst they are not seeking any change in remuneration it would be artificial to exclude that post from consideration.
- 2.4 The Director, Commissioning role is not in scope for the review as it is anticipated that any changes would be implemented from April 2015 onward, and the post-holder leaves at the end of October 2014
- 2.5 The post holders that report in to the Chief Executive are each a different level of salary/grade (see Appendix 2), and HAY Group have been asked to consider whether the current grading structure continues to meet the needs of the Council in this respect.
- 2.6 The review aims to complete the initial interview and benchmarking during the summer, with findings and recommendations reported to the Committee in September 2014, with a view to implementing any changes from April 2015. The HAY Group has access to extensive benchmarking data. Benchmarking will include similar population sized councils / Unitary councils, in particular due to the wider responsibilities of some posts for commissioned out services (i.e. the span of accountability for directly employed staff would not necessarily reflect these accountabilities).

3. Reasons for recommendations

- 3.1 To ensure that the Council's senior management pay and grading structure continues to fairly and reflect job accountabilities, and is an effective structure for the Council for retention and attraction.

4. Alternative options considered

- 4.1 None.

5. Consultation and feedback

- 5.1 Consultation has taken place and will be ongoing with the post-holders; HAY have held 121 interviews with the postholders. The Trade Unions have been informed.

6. Performance management –monitoring and review

- 6.1 Appointments and Remuneration Committee to receive a further report in September 2014.

Report author	Contact officer: amanda.attfield@cheltenham.gov.uk, 07920 284313
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Current grades and salary levels of the roles impacted by the HAY Review
Background information	None.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	There may be internal/external interest in the review, and if the reasons for the review are not explained, there is risk of reputation damage, as there is high public interest in senior management salaries.	AA	8 07 2014	2	5	10	Reduce	Prepare reactive press release. Prepare internal comms.	ASAP	Head of HR GOSS	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

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Cheltenham Borough Council				
PEI Grades 4 to 1				
(JNC Chief Officer conditions of service)				
1st April 2014				
SCP	GRADE DESCRIPTION	Annual Salary 2013	MONTHLY SALARY	HOURLY RATE
454	Grade 4 - Director Level	£ 54,018.84	£ 4,501.57	£ 27.9999
455	Grade 4 - Director Level	£ 56,547.88	£ 4,712.32	£ 29.3107
456	Grade 4 - Director Level	£ 59,090.05	£ 4,924.17	£ 30.6284
457	Grade 4 - Director Level	£ 61,629.19	£ 5,135.77	£ 31.9446
364	Grade 3 - Director Level	£ 65,288.42	£ 5,440.70	£ 33.8413
365	Grade 3 - Director Level	£ 68,671.92	£ 5,722.66	£ 35.5951
366	Grade 3 - Director Level	£ 72,055.42	£ 6,004.62	£ 37.3489
367	Grade 3 - Director Level	£ 75,453.06	£ 6,287.76	£ 39.1100
274	Grade 2 - Deputy Chief Executive	£ 77,861.91	£ 6,488.49	£ 40.3586
275	Grade 2 - Deputy Chief Executive	£ 81,899.89	£ 6,824.99	£ 42.4516
276	Grade 2 - Deputy Chief Executive	£ 85,958.07	£ 7,163.17	£ 44.5551
277	Grade 2 - Deputy Chief Executive	£ 89,995.04	£ 7,499.59	£ 46.6476
N/A	Grade 1 - CEX Spot Salary	£109,163.83	£ 9,096.99	£ 56.5834

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**Cheltenham Borough Council
 Appointments and Remuneration Committee
 29 July 2014
 LGPS Pension Discretions Policy**

Accountable member	Councillor Walklett
Accountable officer	Julie McCarthy
Ward(s) affected	None
Significant Decision	No
Executive summary	<p>In accordance with Regulation 60 of the above regulations a Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations:</p> <ul style="list-style-type: none"> • 16(2)(e) and 16(4)(d) (funding of additional pension); • 30(6) (flexible retirement); • 30(8) (waiving of actuarial reduction); and • 31 (award of additional pension). <p>In addition and in accordance with Paragraphs 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014 a Scheme employer must also prepare a written statement on whether, in respect of benefits relating to pre 1st April 2014 membership, to 'switch on' the 85 year rule for a member who voluntarily retires (leaves employment) and elects to draw their benefits on or after the age of 55 and before the age of 60 thereby agreeing to waive in full or part any actuarial reduction applied to the member's benefits.</p>
Recommendations	1. That the Committee agree and adopt the attached policy and forward to the Gloucestershire County Council pensions department

Financial implications	<p>The financial implications of any application of the discretionary policies will be considered as part of a business case and will be subject to the Council's appropriate decision making processes.</p> <p>Contact officer: paul.jones@cheltenham.gov.uk, 01242 775154</p>
Legal implications	<p>The legal implications of any application of the discretionary policies will be considered as part of a business case and will be subject to the Council's appropriate decision making processes.</p> <p>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	The HR implications of any application of the discretionary policies will be considered as part of a business case and will be subject to the Council's appropriate decision making processes. Contact officer: julie.mccarthy@cheltenham.gov.uk, 07917534487
Key risks	See Risk Assessment at Appendix 1.
Corporate and community plan Implications	N/A
Environmental and climate change implications	N/A.
Property/Asset Implications	N/A.

1. Background

- 1.1 With effect from 1 April 2014 the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 came into force.

Under these Regulations, as with previous Regulations, Scheme employers are required to prepare, maintain and keep under review a statement of policy concerning a number of discretions made available to them throughout the Regulations. Scheme employers have many decisions to take with regard to numerous discretions and requirements made of them as outlined in the statutory legislation and it is important that each Scheme employer takes full responsibility for ensuring that their obligations are fulfilled appropriately and in accordance with the statutory instruments laid by Parliament.

Some statements of policy in respect of certain Scheme Regulations are compulsory as in the main they can carry significant cost implications for a Scheme employer and this is the minimum policy requirement made of Scheme employers. However, it is generally recognised that there is considerable value in Scheme employers making statements of policy in respect of other Scheme Regulations where discretion is available to them for ease of administration and consistency of approach even though it is not compulsory to do so.

In accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013, the Council must prepare a written statement of its policy in relation to the exercise of its functions under regulations:

- 16(2)(e) and 16(4)(d) (funding of additional pension);
- 30(6) (flexible retirement);
- 30(8) (waiving of actuarial reduction); and
- 31 (award of additional pension).

In addition and in accordance with Paragraphs 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014 the Council has also prepared a written statement on whether, in respect of benefits relating to pre 1st April 2014 membership, to 'switch on' the 85 year rule for a member who voluntarily retires (leaves employment) and elects to draw their benefits on or after the age of 55 and before the age of 60

thereby agreeing to waive in full or part any actuarial reduction applied to the member's benefits.

1.2 Whilst it is compulsory for the Council to prepare a statement in respect of the regulations detailed above, there are a number of other discretions available to the Council throughout the Scheme Regulations which do not require such a statement of policy to be made. However, for ease and administrative purposes such additional statements are made and included at Part B of the statement of policy.

2. Reasons for recommendations

2.1 The policy is a statutory requirement under the Local Government Pension Scheme Regulations 2013. Adopting this policy in its current format will comply with the requirement.

3. Alternative options considered

3.1 None

4. Monitoring & Review

4.1 A Scheme employer **must** send a copy of its statement to the administering authority (Gloucestershire County Council) and must publish its statement.

A Scheme employer **must** keep its statement of policy under review and make such revisions as are appropriate following a change of its policy.

Where a revision to the statement of policy is made, a Scheme employer **must** send a copy of its revised statement to the administering authority before the expiry of one month beginning with the date that any such revision is made. A Scheme employer must also publish its revised statement.

Report author	Contact officer: julie.mccarthy@cheltenham.gov.uk, 07917 534487
Appendices	1. Pension Discretions Policy
Background information	None.

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Local Government Pension Scheme 2014

Statement of Policy on discretions for:

****Employer Name: Cheltenham Borough Council**

****Applicable/Operative Date: June 2014**

****Completed/Authorised By:Julie McCarthy**

****Position: HR Manager**

****Date Completed: XX July 2014**

Signed:.....

**** PLEASE ENTER ABOVE DETAILS, which will be replicated onto each page of the document when it is printed, and complete the declaration below. Once completed and printed, please ensure the Policy is signed by a person suitably authorised to do so ****

The Local Government Pension Scheme Regulations require an Employer to prepare and keep under review, a written statement of its policy in relation to the exercise of its discretion under a number of provisions of the Regulations.

Similarly, there are a number of discretions under the Regulations which although not specifically requiring a written policy, would benefit from employers doing so, thereby demonstrating and ensuring a fair and consistent approach amongst its scheme members

This template document has therefore been prepared to assist employers in preparing a "Policy Statement". A brief description of each discretion has been included together with confirmation of whether a written policy is "Compulsory" or "Recommended".

General Information

In formulating its policies, a scheme employer should have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;

A Scheme employer **must** send a copy of its policy statement to the administering authority (Gloucestershire County Council) and **must** ensure that a copy is published and easily accessible to all of its eligible Scheme employees.

A Scheme employer **must** keep its statement of policy under review and make such revisions as are appropriate following a change of its policy. Where a revision to the statement is made, a Scheme employer **must** send a copy of its revised statement to the administering authority before the expiry of one month beginning with the date that any such revision is made and **must** ensure that a copy is published and easily accessible to all of its eligible Scheme employees.

Notes regarding this document

Together with the description of each required policy, the relevant Regulation is provided, as per the key below.

- The Local Government Pension Scheme Regulations 2013 **(R)**
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 **(TP)**
- The Local Government Pension Scheme Regulations (Benefits, Membership and Contributions) Regulations 2007 (as amended) **(B)**
- The Local Government Pension Scheme Regulations 1997 (as amended) **(L97)**
- The Local Government Pension Scheme Regulations 1995 (as amended) **(L95)**

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

PART A – Formulation of COMPULSORY policies in accordance with the 2014 Local Government Pension Scheme Regulations

1. Award of Additional Pension (Regulation 31 (R))

Whether to award (*at full cost to the employer*)

- (a) an active member, or
- (b) a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (*including any additional pension purchased by the Scheme employer under Regulation 16*) not more than the additional pension limit of £6,500 (*value of limit @ 1st April 2014*).

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

1. The Council will not apply this discretion

2. Additional Pension Contributions (Regulation 16 (R))

Whether to fund in whole or in part, any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with Regulation 16(2)(e), or by way of a lump sum in accordance with Regulation 16(4)(d).

2. The Council does not fund an employees APCs

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

3. Flexible Retirement (Regulations 30(6) & 30(8) (R) and 11(2) (TP))

Whether to permit an active member who has attained the age of 55, to reduce their working hours, or grade and subsequently:

- (i) ****whether to consent to flexible retirement and the immediate payment of all or part of the retirement pension to which the member would be entitled in respect of that employment and**
- (ii) **whether to waive, in whole or part and at the employers own cost, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA)**

**** there may be direct costs to the employer where consent is given to the early payment of benefits before the members NPA**

3.(i) The Council agrees to consider any application for flexible retirement and immediate release of pension benefits will be determined on a case by case basis, depending on the circumstances of the employee and the efficiency of the service (business case).

3. (ii) A decision to waive any actuarial reduction will only be considered where there will be a financial or other benefit to the employer.

4. Switching on the “Rule of 85” rule (Schedule 2 – paragraph 2(2) (TP))

**** Whether, as the “Rule of 85” does not (other than on flexible retirement) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits between age 55 and 60, to switch the “Rule of 85” back on for such members.**

**** there will be direct costs to the employer where the “Rule of 85” is switched back on for such members.**

4. The Council confirms that any decision to ‘switch on’ the 85 year rule will only be considered where there will be a financial or other benefit to the employer.

Statement of Policy about exercise of discretionary functions in relation to
the Local Government Pension Scheme

Employer Name: Cheltenham **Borough Council**

Applicable/Operative Date: **June 2014**

Completed/Authorised By: **Julie McCarthy**

Position: **HR Manager**

Date Completed: **XX July 2014**

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

5. Waiving actuarial reduction for members retiring on or after age 55 and before Normal Pension Age (other than on Flexible Retirement) (Regulation 30(8) (P) and Schedule 2 – paragraph 2(3) (TP)

** For active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and for deferred members and suspended tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who were:

not members of the LGPS before 1 October 2006 [Group 4 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April 2014, and/or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014

members of the LGPS before 1 October 2006 and will be 60 or more on 31 March 2016 [Group 1 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2016, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2016

members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 and will not attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to:

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2014, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014

members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 but will attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to

- waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2020, and / or
- waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2020

** *there will be direct costs to the employer where actuarial reductions are waived*

5. A decision by the Council to waive any actuarial reduction will only be considered where

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

there will be a financial or other benefit to the employer.

PART B – Formulation of RECOMMENDED policy in accordance with the Local Government Pension Scheme Regulations 2013

6. Contribution Banding (Regulations 9(1) & 9(3) (R))

** How the pension contribution band to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March).

*** Where a scheme member is "rebanding", the Scheme employer must inform the member of the revised contribution rate and the date from which it is to be applied.*

6.(i) The Council will imake changes to employee contribution rates throughout the year from the effective date of any permanent change in employment or material change to the rate of pensionable pay received, and

ii) The Cuncil will consider making a change in employee contribution rates where the employee requests a review as a result of a permanent change in employment or material change in pensionable pay.

7. Additional Voluntary Contributions (Regulation 17(1) (R))

Whether, how much, and in what circumstances to contribute to a Shared-Cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2014.

7. The Council will not apply this discretion.

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

8. Merging of Deferred Member Pension Accounts with Active Member Pension Accounts (Regulation 22(7)(b) & 22(8)(b) (R))

Whether to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership)

8. The Council will not extend the 12-month deadline.

9. Inward Transfers of Pension Rights (Regulation 100(6) (R))

Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he / she has not made such an election within 12 months of joining the LGPS.

9. The Council will not extend the 12-month deadline

10. Assumed Pensionable Pay (Regulation 21(5) (R))

Whether or not, when calculating assumed pensionable pay when a member is:

- on reduced contractual pay or no pay on due to sickness or injury, or
- absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or
- absent on reserve forces service leave, or
- retires with a Tier 1 or Tier 2 ill health pension, or
- dies in service

to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred

10. The Council confirms, should this need arise, this regulation will be dealt with on a case by case basis.

Statement of Policy about exercise of discretionary functions in relation to
the Local Government Pension Scheme

Employer Name: Cheltenham **Borough Council**

Applicable/Operative Date: **June 2014**

Completed/Authorised By: **Julie McCarthy**

Position: **HR Manager**

Date Completed: **XX July 2014**

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

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Date Completed: XX July 2014

THE FOLLOWING ARE 'OLD' PROVISIONS RELATING TO "NON ACTIVE" SCHEME MEMBERS (I,E WHO HAVE ALREADY LEFT YOUR EMPLOYMENT AND ARE ENTITLED TO DEFERRED BENEFITS UNDER PREVIOUS REGULATIONS).

PART C – Formulation of COMPULSORY policy in accordance with Regulation 66 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

11. Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) (Regulation 30(2) & (5) (B))

- (i.) ** Whether to grant applications from deferred members who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60
- (ii.) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

11.(i) The Council agrees to consider any application to retire aged between 50-59 years of age (as of 01 April 2010 min age 55) New employees from April 08 are not included in these protection arrangements and minimum age is 55. The Council's consent to immediate release of pension benefits will be determined on a case by case basis depending on the circumstances of the deferred member. All such retirements will be subject to the 'rule of 85' incorporating all amendments made in 2006 Amendment Regulations and Transitional Protections for existing members with regard to actuarially reduced benefits.

11.(ii) The Council will not apply this discretion

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

12. Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) for a suspended tier 3 ill health pensioner (Regulation 30A(3) & (5) (B))

- (i) ** Whether to grant applications from a suspended Tier 3 Ill Health member who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60
- (ii) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to a previously suspended Tier 3 Ill Health member, which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

12.(i) The Council's consent to grant applications from a suspended Tier 3 Ill health member as described above will be determined on a case by case basis depending on the circumstances of the deferred member.

12.(ii) The Council in consultation with GOSS HR and the section 151 Officer may exercise this discretion on compassionate grounds whether benefits paid under Regulation 30 are actuarially reduced on a case by case basis, depending on the circumstances of the employee

PART D– Formulation of COMPULSORY policy under the Local Government Pension Scheme Regulations 1997

Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

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Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

13. Early payment of Deferred Benefits (where the member left employment between 01/04/1998 and 31/03/2008) (Regulation 31 (2) & (5) (L97))

- (i.) ** Whether to grant applications from deferred members who left between 01/04/1998 and 31/03/2008, the early payment of deferred pension benefits on or after age 50^(see note below) and before age 60
- (ii.) \$\$ Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

*** there may be direct costs to the employer where consent is given to the early payment of benefits before age 60*

\$\$ there will be direct costs to the employer where actuarial reductions are waived

NOTE

Benefits paid on after 50 and before age 55 will be subject to an HMRC unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5th April 2006

13.(i)(i) The Council agrees to consider any application to retire, from employees aged 50 – 59 years (as of 2010 min age is 55) New employees from April 08 are not included in these protection arrangements and minimum age is 55. The Councils consent to the immediate release of pension benefits will be determined on a case by case basis, depending on the circumstances of the employee and the efficiency of the service. All such retirements will be subject to the 'rule of 85' incorporating all amendments made in 2006 Amendment Regulations and Transitional Protections for existing members, with regard to actuarially reduced benefits.

13.(ii) The Council notes the discretion and confirms that it will not normally make use of this discretionary power.

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Statement of Policy about exercise of discretionary functions in relation to the Local Government Pension Scheme

Employer Name: Cheltenham Borough Council

Applicable/Operative Date: June 2014

Completed/Authorised By: Julie McCarthy

Position: HR Manager

Date Completed: XX July 2014

PART E – Formulation of COMPULSORY policy under the Local Government Pension Scheme Regulations 1995

14. Early payment of Deferred Benefits on Compassionate grounds (where the member left employment before 01/04/1998) (Regulation D11 2(c) (L95))

** Whether to grant applications from deferred members who left before 01/04/1998, the early payment of deferred pension benefits on compassionate grounds (without actuarial reduction) on or after age 50^(see note below) and before age 65

** *there may be direct costs to the employer where consent is given to the early payment of benefits before age 65*

NOTE

Benefits paid on after 50 and before age 55 will be subject to an HMRC unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, but there will be no Scheme sanction charge

14. The Council will not apply this discretion.

DISCLAIMER:

THIS TEMPLATE DOCUMENT IS NOT AN EXHAUSTIVE LIST OF EMPLOYER DISCRETIONS UNDER THE LGPS; IT COVERS THOSE THAT ARE COMPULSORY AND THOSE WHICH WE, AS THE SCHEME ADMINISTRATORS, FEEL WOULD BENEFIT EMPLOYERS FROM MAKING A DECISION ON.

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