

REPORT TO: POLICY AND RESOURCES COMMITTEE - 11 MAY 2009

REPORT ON: LOCAL GOVERNMENT PENSION SCHEME - AUTHORITY DISCRETIONS

REPORT BY: HEAD OF FINANCE

REPORT NO: 170-2009

1.0 PURPOSE OF REPORT

1.1 This report outlines the discretions available to Dundee City Council, following changes in Pension Scheme Regulations, as an administering authority or employing authority and how these will be applied.

2.0 RECOMMENDATIONS

The Committee are asked to:

2.1 approve the recommendations in Appendix A in respect of discretions to be applied for Dundee City Council as Administering Authority and Employing Authority.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4.0 BACKGROUND

4.1 The Local Government Pension Scheme in Scotland is being amended from 1 April 2009. As part of these amendments, employing authorities and administering authorities have been given certain discretions. Appendix A shows the discretion available and how it is proposed to be exercised by Dundee City Council.

4.2 The other employing authorities which contribute to the Tayside Pension Fund have been consulted on the Administering Authority Discretions. Angus Council have commented on item 6 of Administering Authority Discretions stating they would prefer that abatement of a pension of a re-employed pensioner should no longer apply. No other comments have been received.

5.0 POLICY IMPLICATIONS

5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

6.0 CONSULTATION

6.1 The Chief Executive, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

- 7.1 The Local Government Pension Scheme (Administration) Scotland Regulations 2008.
The Local Government Pension Scheme (Benefits Membership and Contributions)
(Scotland) Regulations 2008.

**MARJORY M STEWART
HEAD OF FINANCE**

4 MAY 2009

PENSION SCHEME DISCRETIONS

THE LOCAL GOVERNMENT PENSION SCHEME (ADMINISTRATION) (SCOTLAND) REGULATIONS 2008

THE LOCAL GOVERNMENT PENSION SCHEME (BENEFITS, MEMBERSHIP AND CONTRIBUTIONS) (SCOTLAND) REGULATIONS 2008

Discretions

Discretions must be exercised with transparent fairness and without discrimination - pensions are covered by equal pay legislation.

Administering Authority Discretions

	Relevant Regulation	Discretion	Recommendations
1	Administration regulation 14(3)	Automatically aggregate service where employee leaves a concurrent employment where no option is received from scheme member within 1 month of being notified of their options.	Service should be automatically aggregated.
2	Administration regulation 20(3)	Discretion to require a satisfactory medical before agreeing to an election to pay Additional Regular Contributions	A member applying should undergo a doctor's medical to confirm that they are in reasonably good health. The cost of the medical to be paid by the employee.
3	Administration regulation 25(2)	Where a person has not elected within the 3 month guarantee period the Administering Authority can charge for an additional quote for an AVC service credit.	As the incidence of these cases is rare the Administering Authority will not make a charge
4	Administration regulation 36(2) and (4)	Agree method of paying for augmented membership under B12 (augmentation) or additional pension granted under B13 (Granting of additional pension up to £5000)	Regulations provide for 1 month but Administering Authority can extend this period. Propose that no extensions are granted.

	Relevant Regulation	Discretion	Recommendations
5	Administration Regulation 39(1)	An administering authority may require an authority from which payment of any amount due under regulations 35 to 37 (employers' contributions or payments) or 81 (changes of fund) is overdue to pay interest on that amount at 1% above base rate.	Interest will be charged in all cases.
6	Administration Regulation 64(1)	Administering Authority must publish a policy on abatement of pension on reemployment in Local Government after consulting fund employers.	Where a person is re-employed with a scheme employer and is entitled to join the Local Government Pension Scheme the pension will be abated if their new pay and their pension exceed the pay they were receiving immediately before retirement plus index linking.
7	Administration Regulation 78(9)	Administering Authority can decide whether or not to accept a transfer into the pension fund from a pension scheme which is not a member of the Public Sector Transfer Club. However, as a member of the Public Sector Transfer Club they must accept transfers from other members of the Public Sector Transfer Club. The Club consists of a number of final-salary occupational pension schemes that have agreed reciprocal transfer arrangements.	Transfers in will only be accepted from members of the Public Sector Transfer Club.
8	Benefit Regulation 26(5)	A child's pension becomes payable if the child continues in full time education after age 17. However, where there is a break in education and then the child resumes education the administering authority may treat the education as continuous despite the break. but suspend payment of the pension during the break.	Pensions Manager to decide in individual cases.

Employing Authority Discretions

	Relevant Regulation	Discretion	Recommendations
1	Benefit Regulation 12	An employing authority may resolve to increase the total membership of an active member by up to 10 years.	Not to be awarded
2	Benefit Regulation 13	An employing authority may resolve to award a member additional pension of not more than £5000 a year payable from the same date as the member's pension payable under any other provision of these Regulations.	Not to be awarded
3	Administration Regulation 22(3) and Benefit Regulation 15(3)	Employing authority may contribute to a shared cost AVC facility.	Only the member will contribute towards an AVC
4	Benefit Regulation 30(2)	Where a person leaves before age 60 the employing authority may allow payment of benefits from age 50 onwards	Implement subject to the Head of Finance being satisfied with the financial implications
5	Benefit Regulation 30(5)	Waive actuarial reduction on compassionate grounds	Not to be implemented
6	Administration Regulation 78(8)	Where an employee requests a transfer into the pension scheme outwith 12 months of joining the scheme the employing authority may extend the time limits.	Head of Personnel to decide in individual cases.