

People, Performance and Development Committee  
23 September 2019

**Local Government Pensions Scheme  
Statement of Policy on Employer Discretions**

**Purpose of the report:**

To seek the Committee's approval to a revised version of the Council's Statement of Policy on Employer Discretions.

This report is being brought to People, Performance and Development Committee under its delegated powers in accordance with Section 2, para 6.13 (a) of the Constitution: "determine policy on pay, terms and conditions of employment of all staff".

**Recommendations:**

It is recommended that the Committee approve the following:

1. The revised LGPS Statement of Policy on Employer Discretions (attached as Appendix A).

**Introduction:**

**The Policy Statement**

2. The Local Government Pensions Scheme (LGPS) regulations require all scheme employers to prepare, keep under review and publish a pension discretions policy statement. The discretions cover a range of areas for existing scheme members and deferred beneficiaries and include flexible retirement, additional pension contribution arrangements and early access to deferred benefits.
3. The council's policy statement was last amended in 2016. Since then there have been a number of minor changes that need to be reflected in the policy statement:
  - The maximum amount granted as extra pension has increased in line with legislation, (discretion 2.1.1 and 2.1.2).
  - A week's pay as defined in Redundancy Payments legislation has increased by statute, (discretion 2.4.1).

- The job titles of senior managers have changed, (for example posts previously named Corporate Directors are now Executive Directors).
- Changes previously agreed by this Committee to the approvals process in respect of decision making.

### **Voluntary Redundancy**

4. In February 2019 this Committee approved, as part of the Surrey Pay Agreement for 2019/20, that in cases of voluntary severance all payments would be subject to the statutory earnings limit of £525 per week when calculating a week's pay for redundancy purposes. Subsequently it has become apparent that, in the case of restructurings and reorganisations, the need to allow staff to take voluntary redundancy quickly has become especially important when moving through transformation at pace.
5. Staff and managers have indicated that the current arrangement can act as a disincentive, with staff in some cases electing to go through the process leading to compulsory redundancy in order to maximise their payments.
6. It is therefore proposed to amend the current policy to equalise the calculation of a week's pay for voluntary and compulsory severance payments where an application is made during a restructuring.
7. In other applications (often known as employee led schemes) the cap would still apply. These changes are reflected in the appended policy statement, (discretion 2.4.1).

### **Financial and value for money implications**

To be announced.

### **Equalities and Diversity Implications**

There are none directly arising from this report.

### **Risk Management Implications**

There are no known risk management implications of introducing these arrangements.

### **Implications for the Council's Priorities**

The recruitment, retention and motivation of key staff is critical to the County Council meeting its priority objectives and the Community Vision for Surrey. These proposals align with the Our People 2021 Workforce Strategy.

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**Sources/background papers:**

- The Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999
- The Local Government Pension Scheme Regulations 2013.
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014.
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended).
- The Local Government Pension Scheme Regulations 1997 (as amended).
- The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.
- 1996 Discretionary Payment Regulations - Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended).
- Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended).

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