

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

4 July 2017

North Yorkshire County Council: LGPS Discretions Policy

Report of the Assistant Chief Executive (Business Support)

1.0 **PURPOSE OF REPORT**

- 1.1 To present to Members, for their consideration and recommendation to full Council for agreement, proposed amendments to the Council's Discretions Policy.

2.0 **PAY AWARD**

- 2.1 The purpose of the Discretions Policy is to ensure that the majority of LGPS Members are in the correct pensions' band each year, following a material change in contractual pay. In the past, the pay award was regularly paid on 1 April and was well aligned with the Discretions Policy. In accordance with NYCC's LGPS Discretions Policy all post holders, who were members of the LGPS, were allocated the appropriate pensions band in April 2016.
- 2.2 In mid-May 2016, a two year national pay settlement was agreed affecting the vast majority of non-teaching council employees. Staff received increased pay in the June payroll (which included arrears for April and May). The loss of pensions' contributions to NYCC, as the employer, by not re-banding, after the 2016 pay award was estimated at approximately £240,000. As the employer picks up any shortfall in the funding of pension benefits, NYCC would have been significantly impacted by the reduced pension contributions. Senior Managers at NYCC sought legal advice and considered the best course of action for the organisation.
- 2.3 Having carefully considered legal advice and LGPS regulations and guidance, the decision was made to undertake a re-banding exercise from the date the pay award was processed on the payroll. In light of the timing of last year's and likely future pay awards, it has been recognised that the current wording in NYCC's Discretions Policy is not broad enough. **It is therefore advised that the Discretions Policy should be amended to allow for re-banding at any time throughout the year, where there is a pay award (as well as a post change). The proposed additional text is set out in red font, below.**

Regulation	Discretion	Policy
9(1) and 9(3) (Ref R)	<p>From 1 April 2014 Banded Contribution rates for employees will be based on actual pensionable pay received.</p> <p>Employers to assess the relevant contribution band to determine the rate of employee contribution.</p> <p>Note: LGPS 2014 allocates</p>	<p>On 1st April each year, NYCC will allocate the appropriate band for all members' pensionable pay based on the previous years' pensionable pay and include incremental progression and cost of living increases where known as at 1 April. This will not change during the financial year unless there is a post change or a pay award which cannot be applied</p>

	<p>contribution bands based on actual pay received, and not on whole time equivalent pay as was used in the LGPS 2008 Regulations</p>	<p>on 1 April. This would include a pay award which is being applied retrospectively to 1 April or a pay award which applies from a date other than 1 April. For new posts commencing during the year, their band will depend on starting salary. Only permanent changes to pensionable pay will result in re banding.</p>
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2.4 Any changes to the Discretions Policy must be agreed by full Council as pensions matters are non-executive functions and the original Policy was agreed by full Council.

3.0 **POLICY IMPLICATIONS**

3.1 The policy implications are set out in the body of this report.

4.0 **FINANCIAL IMPLICATIONS**

4.1 The financial considerations are set out in the body of this report.

5.0 **LEGAL IMPLICATIONS**

5.1 The legal implications are set out in the body of this report.

6.0 **CONSULTATION UNDERTAKEN AND RESPONSES**

6.1 Consultation on the proposed amendments to the Policy has taken place with relevant officers and the Members' Constitution Working Group.

6.2 This report will go on to County Council on 19 July 2017.

7.0 **HUMAN RESOURCES IMPLICATIONS**

7.1 The resource considerations are set out in the body of this report.

8.0 **EQUALITIES IMPLICATIONS**

8.1 The report is compliant with the Council's equalities' responsibilities.

9.0 **HEALTH AND SAFETY IMPLICATIONS**

9.1 The report is compliant with the Council's health and safety responsibilities.

10.0 **OPTIONS**

10.1 The options are set out in the body of this report.

11.0 **REASONS FOR RECOMMENDATIONS**

11.1 For the reasons set out in this report, it is recommended that, subject to any comments Members may have, the proposed changes to the NYCC LGPS Discretions Policy set out below be proposed to the meeting of the County Council on 19 July 2017.

12.0 **RECOMMENDATIONS**

- 12.1 That, subject to any comments Members may have, the proposed amendments to the NYCC LGPS Discretions Policy as set out in this report be recommended to full Council for approval.

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Assistant Chief Executive (BUSINESS SUPPORT)

County Hall
NORTHALLERTON

26 June 2017