

# CHESHIRE EAST COUNCIL

## Staffing Committee

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**Date of Meeting:** 21<sup>st</sup> April 2016  
**Report of:** Head of Strategic HR  
**Subject/Title:** Revisions to Human Resources Policies and Procedures:  
Pension Discretions Policy (post 1<sup>st</sup> April 2014)  
Retirement Policy  
Redundancy and Efficiency Policy  
Redundancy and Efficiency Procedure

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### 1.0 Report Summary

- 1.1 This report advises Staffing Committee of proposed minor changes to the current Pensions Discretion Policy, and the associated Retirement Policy, Redundancy and Efficiency Policy and Redundancy and Efficiency procedure. Approval is sought to the revised policy and procedure documents attached to this report. The changes are summarised in section 10 of this report.
- 1.2 Staffing Committee should note that following approval, the Pension Discretions Policy must be published on centranet for employee's access and the revisions to the Scheme must be sent to the Pension Fund administrators within one month of its adoption. The Policy has to be published for 30 days before being actioned.
- 1.3 Wider considerations, including potential forthcoming changes to Legislation in relation to exiting the organisation are excluded from scope and considered in a separate report.

### 2.0 Recommendation

- 2.1 That Staffing Committee approve the revised policy and procedure documents, i.e. Pension Discretions Policy –post 1<sup>st</sup> April 2014, Retirement Policy, Redundancy and Efficiency Policy, Redundancy and Efficiency Procedure.

### 3.0 Reasons for Recommendations

- 3.1 The current Pension Discretions Policy was first approved in June 2014 following the introduction of pension legislation which revised the pension scheme, and requires the Council to have both pre 2014 and post 2014 discretion policies. Under the requirements of the Pension Regulations, the Council is required to update the Pension Discretions Policy on a regular basis.

- 3.2 The revisions to the policy take into the business needs of the Council and interpretation of the pension regulations since introduction.
- 3.3 Revisions to the Retirement Policy (was previously Retirement and Severance Policy) have been made to ensure the content is in line with the revised Pension Discretions Policy, and the criteria of the Pension Scheme. References to exiting the organisation on grounds other than retirement (i.e. redundancy, severance on the grounds of efficiency) have been removed and placed within the Redundancy Policy and Procedure, now called Redundancy and Efficiency Policy and Procedure to provide clarity.
- 3.4 Revisions to the Redundancy Policy and Procedure (now called Redundancy and Efficiency Policy and Procedure) have been made to ensure the contents are in line with the pension regulations, and the new Council constitution, whilst also providing clarity around the processes to be followed. Bringing together references to 'redundancy' and 'severance from the organisation on the grounds of business efficiency' also reinforces the point that business cases and value for money for the tax payer underpin decision making in this area.

#### **4.0 Wards Affected**

- 4.1 Not applicable

#### **5.0 Local Ward Members**

- 5.1 Not applicable

#### **6.0 Policy Implications**

- 6.1 The changes to the Pension Discretions Policy will ensure the Council has flexibility to manage the full range of staffing situations which could see the need for employees to exit the organisation on terms acceptable to them and the Council ensuring it is in the council taxpayer's interest on all occasions.
- 6.2 The updates will ensure the Council's policy is not only effective in its usage but will also ensure it meets the current pension regulations and meets the Pension Authorities expectations and is regularly reviewed as they require. It will also provide employees with insight into areas of the regulations that may not have knowledge of and clarify procedural rights of appeal.
- 6.3 The revisions have been shared with the Cheshire Pension Fund prior to being submitted for approval to this Committee.
- 6.4 The revisions made to the Retirement Policy and the Redundancy and Efficiency Policy and Procedure will ensure the content is in not only compliant with requirements of the Pension Scheme, but also provide a more coherent document for managers and employees to follow. Additional references to 'business efficiency' will reinforce the organisational belief that a sound business case must be in place to support decision making in this area.

## **7.0 Financial Implications**

- 7.2 The new discretion on purchase of Additional Pension Contributions (APCs) for staff on the 50/50 section of the scheme does not have any financial implications for the Council.
- 7.3 There are no noted financial implications for the revisions made to the Retirement Policy, Redundancy and Efficiency Policy and Procedure.

## **8.0 Legal Implications**

- 8.1 The Local Government Pension Regulations 2012 require the Council to formulate, publish and keep under review a policy statement regarding the exercise of discretions under the Local Government Pensions Scheme in respect of shared additional cost pension contributions, flexible retirement, waiving part or all of actuarial reductions and awarding additional pension.
- 8.2 In reviewing the policy, the Council must have regard to the extent to which the exercise of their discretionary powers (in accordance with the policy) unless properly limited, could lead to a serious loss of confidence in the public service and be satisfied that the policy is workable, affordable and reasonable, having regard to the foreseeable costs.
- 8.3 There are no noted legal implications for the revisions made to the Retirement Policy, Redundancy and Efficiency Policy and Procedure.

## **9.0 Risk Management**

- 9.1 A clear and accessible Pension Discretion Policy will help mitigate the risk of the Council being challenged at appeal hearings and inform employees of the Councils policies in relation to areas that allow pension discretion.
- 9.2 Regular reviews of the policy will ensure the Council is applying its policies correctly in relation to the ever increasing complexities of pension regulation and comply with the Cheshire Pension fund guidelines and requirements.
- 9.3 There is no noted risk in relation to the revisions made to the Retirement Policy, Redundancy/ and Efficiency Policy and Procedure.
- 9.4 The controls underpinning the policies and procedures addressed in this report are via the Staffing Officer Panel, or as determined by the Council constitution.

## **10.0 Summary of changes**

- 10.1 The majority of the changes to the Pension Discretions Policy are minor and procedural. For ease of reference the changes to the existing policy have summarised overleaf:
- **Under regulation 9 (Contributions payable by active members),** the current clause on contributions bandings which establishes the amount paid

by employees into the pension scheme has been expanded to clarify the earnings definition and time period. It also advises of the right of appeal against the banding allocated and also clarifies the position for casual employees.

- **Under regulation 16 (APCs for lost pension):**
  - inclusion of a provision for staff on additional child related leave to apply for make up of lost contributions during periods of absence.
  - a new provision in the policy to allow applications for employees to buy extra pension through added pension contributions if they are eligible and in the 50/50 part of the scheme. The Council has a requirement in such cases to sign off that the employee is in good health where any applications are received.
  - a new provision which shows the Council has not exercised its discretion to contribute to the shared cost additional pension contribution arrangement.
- **Under regulation 30 (Flexible Retirement and waive actuarial reduction),** clarification of an existing discretion that an application for flexible retirement from employees requires Council consent under the Staffing Officer Panel.
- **Under regulation 31 (Additional Pension),** the amendments to cover the right of current employees and redundant or efficiency ex-employees who are due to leave or have left the Council (in the last 6 months) to purchase additional pension contributions. It also notes the maximum amount awarded will be in line with the national limit.
- **Right of Appeal.** Clarification of the employee's right of appeal to the Internal Dispute Resolution Procedure (IDRP) for any decisions made under this policy.

- 10.2 The Retirement Policy, Redundancy and Efficiency Policy and Procedure have not changed significantly in content. The main changes made have been to improve the layout to ensure each aspect is covered in a logical place, including changing the titles of the documents - Retirement and Severance Policy to Retirement Policy, and Redundancy Policy and Procedure to Redundancy and Efficiency Policy and Procedure respectively. Information regarding the exit of employees from the organisation on grounds other than retirement have been removed from the Retirement Policy and transferred to the Redundancy and Efficiency Policy. In addition Terminology used has been clarified, e.g. definition of normal retirement age, of efficiency and so on.

## **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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