

AGENDA

Employment Panel

**Monday, 10 February 2020 AT 10:00
In the Slupsk Room, Civic Centre, Carlisle, CA3 8QG**

Apologies for Absence

To receive apologies for absence and notification of substitutions

Declarations of Interest

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

Public and Press

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

Minutes of Previous Meeting

To note that Council had, at its meeting on 7 January 2020, received and adopted the minutes of the meeting held on 28 October 2019. The Chair is asked to sign the minutes.

[Copy minutes in Minute Book 46(4)]

PART A

To be considered when the Public and Press are present

A.1 PAY POLICY STATEMENT 2020/21 3 - 14

The Corporate Director of Finance and Resources to submit a report on the annual review of the Chief Officers Pay Policy Statement 2020/21.

(Copy Report RD.54/19 herewith)

A.2 PENSIONS AND PENSION DISCRETIONS 15 - 34

The Corporate Director of Finance and Resources to submit a report on the Pensions and Pension Discretions.

(Copy Report RD.55/19 herewith)

PART B

To be considered when the Public and Press are excluded from the meeting

- NIL -

Members of the Employment Panel

Conservative: Ellis, J Mallinson, Mitchelson, Mrs Bowman (sub), Higgs (sub), Mrs Mallinson (sub)

Labour: Glover, Dr Tickner, Mrs Atkinson (sub), Robinson (sub)

Independent: Tinnion, Bomford (sub)

Enquiries, requests for reports, background papers etc to:

Rachel Plant, Democratic Services Officer, (01228) 817039 or
rachel.plant@carlisle.gov.uk

Report to Employment Panel

Agenda
Item:

A.1

Meeting Date: 10th February 2020
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and Budget Framework YES
 Public / Private Public

Title: PAY POLICY STATEMENT 2020/21
 Report of: Corporate Director of Finance and Resources
 Report Number: RD.54/19

Purpose / Summary:

The Localism Act 2011 requires Authorities to produce and publish a pay policy statement for Chief Officers and to review the policy on an annual basis. The Council’s Pay Policy for 2020/21 is attached to this report for Members approval. It should be noted that the negotiations for 2020/21 pay award have been deferred with the meeting scheduled for 5th February 2020. It is unlikely that an award will be advised before 1st April 2020. The Policy attached is reflective of the 2019 pay award.

Recommendations:

The Employment Panel approves the 2020/21 Policy Statement on Chief Officers’ Pay, for recommendation to Council on 3rd March 2020.

Tracking

| | |
|------------------------|--------------------------------------|
| Employment Panel: | 10th February 2020 |
| Overview and Scrutiny: | Not applicable |
| Council: | 3rd March 2020 |

1. BACKGROUND

- 1.1 The Localism Act 2011 (Sections 38 to 43) introduced a requirement on all English and Welsh authorities to produce and review a pay policy statement for Chief Executives and Chief Officers on an annual basis.
- 1.2 The pay policy must set out the council's policies in relation to:
- the remuneration of its chief officers;
 - the remuneration of its lowest-paid employees, and
 - the relationship between –
 - the remuneration of its chief officers, and
 - the remuneration of its employees who are not chief officers.
- 1.3 The definition of 'lowest paid employees' must be stated along with the reasoning behind adopting that definition. Policies in respect of chief officers must also be included relating to:
- the levels and elements of remuneration;
 - remuneration on recruitment;
 - increases and additions to remuneration;
 - the use of performance related pay;
 - the use of bonuses;
 - the approach to any payments on their ceasing to hold office under or to be employed by council.
- 1.4 It is approved annually by full Council as recommended by the Employment Panel. Approval must be before the end of the 31 March immediately preceding the financial year to which it relates but may be amended during the year if need be, subject to Council approval.

2. PAY POLICY STATEMENT 2020/21

- 2.1 The definition of 'chief officers' includes the Chief Executive, Deputy Chief Executive and Corporate Directors. The Statement attached to this report, detailing the pay and associated benefits for Chief Officers, has been amended where necessary for 2020/21 which is now subject to the approval of full Council, as recommended by the Employment Panel.
- 2.2 The salary for all Chief Officers reflects the Chief Officers' Pay Agreement 2018/19 – 2019/20 and remains current in the light of no 2020/21 pay deal.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 The Employment Panel approves the 2020/21 Policy Statement on Chief Officers' Pay for recommendation to Council on 3rd March 2020.

The Statement meets the requirements of the Localism Act. Under the Council's Constitution, the Employment Panel is responsible for recommending to Council matters relating to pay and employment conditions.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 4.1 The Policy Statement on Chief Officers' Pay exists to provide Members and the general public with a transparent framework in which Chief Officers are paid and rewarded for their work and instil confidence in the public.

Contact Officer: Sue Kaveney

Ext: 7071

Appendices: Appendix – Pay Policy Statement 2020/21 for Chief Officers attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – S38 of the Localism Act 2011 requires that we must publish each year a pay policy statement setting out our policies relating to:

- The remuneration of Chief Officers
- The remuneration of our lowest paid officers
- The relationship between the remuneration of the Chief Officers and employees that are not Chief Officers.

The Policy must state our definition of 'lowest paid employees' together with our reasoning and it has to explain:

- CO levels on appointment/progression and increases and additions
- Performance related pay
- Bonuses

- Payment on ceasing to hold office

The Policy must be published in a manner deemed by the Council to be appropriate and this includes publication on the authority's website.

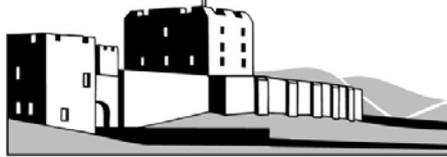
As stated in the report, an amendment to the Scheme may be a change to Chief Officers' terms and conditions of service therefore appropriate consultation procedures should be followed if that is the course of action chosen.

FINANCE – Not applicable

EQUALITY – Not applicable

INFORMATION GOVERNANCE – Not applicable

**CARLISLE
CITY COUNCIL**



www.carlisle.gov.uk

**PAY POLICY STATEMENT 2020/21
FOR CHIEF OFFICERS**

CARLISLE CITY COUNCIL

PAY POLICY STATEMENT FOR CHIEF OFFICERS

1 Introduction and Purpose

- 1.1 This pay policy statement sets out Carlisle City Council's approach to Chief Officers' pay in accordance with the requirements of section 38 to 43 of the Localism Act 2011.
- 1.2 The purpose of this statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying:
- the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior employees i.e. 'chief officers' as determined by relevant legislation;
 - the detail and level of remuneration of the lowest paid employees'
 - the relationship between the remuneration for highest and lowest paid employees;
 - the Panel responsible for ensuring that the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to full Council.
- 1.3 Once approved by the full Council, this policy will come into immediate effect for the 2020/21 financial year and will be subject to review again for 2021/22 in accordance with the relevant legislation prevailing at the time. Where amendments are required during the year, these will be subject to approval by full Council.

2 Aims and principles

- 2.1 Carlisle City Council's aim to offer a remuneration package which is fair and equitable, complies with all the relevant legislation, enables it to attract and retain quality staff that will achieve its strategic and operational objectives and is underpinned by the need to achieve value for money having regard to its financial restraints.

3 Definitions

The Council's Senior Employees are those which fall under the definition of 'chief officers' as contained within section 43 of the Localism Act 2011. These are the Chief Executive, Deputy Chief Executive and Corporate Directors.

Lowest paid employees are those on grade A (£17,943) per year in January 2020. The Council uses this definition as it is the nearest equivalent to the old 'manual' grades which existed before job evaluation was used to determine pay and before Single Status was implemented. Jobs at this level are relatively straight forward, quick to learn and require limited pre-existing knowledge.

Employment Panel is a politically balanced (reflecting the balance of the different parties that make up the Council) group of Councillors who are responsible for recommending to Council pay and conditions for employees.

Multiplier is the ratio of pay between chief officers and other employees (at full time equivalent rates) i.e. the pay for the chief officer divided by that for the lower paid employees.

4 Pay Structure

4.1 The Pay Structure and pay related allowances for all employees below Chief Officer level (except apprentices and any employee on a “permitted work” scheme) is detailed in the document *Pay Policy and Arrangements* which was approved by Council initially in November 2009, following extensive consultation with staff, and updated in December 2013 to implement the Foundation Living Wage increase with other regular updates to reflect increases to the foundation living wage and national pay awards. It is a local pay and grading structure which uses some of the nationally negotiated pay spines configured into local pay grades. Nationally negotiated cost of living awards are applied to those spine points that form part of the local pay structure.

4.2 From time to time, it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular knowledge, experience, skills, and capacity. The document *Pay Policy and Arrangements* details these.

5 Chief Officer Remuneration

5.1 Terms of employment for Chief Officers in Carlisle City Council are derived from a number of sources:

- pay rates determined by Carlisle City Council;
- cost of living awards as negotiated nationally between the Local Government Employers’ Organisation and the recognised trade unions and applied to existing pay grades;
- nationally negotiated terms and conditions of employment for Chief Officers and Chief Executives as appropriate;
- policies determined and approved locally by Carlisle City Council.

6 Responsibility for determining pay and allowances

6.1 The Employment Panel is responsible for proposing the pay and grading structure to Council.

6.2 In the case of Chief Officers’ pay, the Employment Panel may seek advice from a suitably experienced external organisation such as North West Employers’ Organisation (NWEO) to inform their recommendations.

- 6.3 Pay rates (including car allowances) for the Town Clerk and Chief Executive are reviewed each time the job is vacant and may be reviewed between these periods on a decision by the Chair of the Employment Panel following a request from the post holder. A review can result in the pay remaining the same, an increase or a decrease. Market rates for District Councils form the basis of any review. The pay rate is a single pay point, within a three-point salary band, and determined on appointment by the Employment Panel and is based on experience of the successful candidate.
- 6.4 In the case of the other Chief Officer posts, these are reviewed when organisational structural changes take place and uses the Local Authority Senior Staff job evaluation scheme to determine the rank order, and market rates for a District Council to set the pay grade. The pay grades consist of three pay points.
- 6.5 Table 1, paragraph 10, gives current pay rates.

7 Elements of the remuneration package for Chief Officers

- 7.1 This is made up of
- actual pay as determined by the Council
 - car allowance of 9.09% of salary or participation in the Chief Executive or Chief Officer Car Lease Scheme to the same value*
- 7.2 Pay for the Town Clerk and Chief Executive consists of three pay point within a salary band plus car allowance as detailed above. This rate includes returning officer duties for elections relating to Carlisle City Council. Fees for election duties for other elections (County Council, national and European elections) are paid as an additional sum at the rate prescribed by government as and when each election occurs. The pay point may be reviewed on a decision by the Chair of the Employment Panel, following a request from the post holder.
- 7.3 Pay for the Deputy Chief Executive and Corporate Directors consists of three point scales and, subject to satisfactory performance, the officer progresses through the grade on an annual basis until the top of the grade is reached, in line with national conditions. A car allowance, as detailed above is also paid.
- 7.4 No bonuses, profit related pay or other allowances are paid as part of the regular pay. Honoraria for undertaking additional duties are only paid if the additional duties are significant.
- 7.5 The designation of the Monitoring Officer currently sits with the Corporate Director of Governance and Regulatory Services. The Monitoring Officer is paid on the normal salary for a Chief Officer.
- 7.6 The designation of the Section 151 Officer sits with the Corporate Director of Finance and Resources. The S151 Officer is paid on the normal salary for a Chief Officer.

8 Chief Executive and Chief Officers' Recruitment

- 8.1 Details of the appointment process for Chief Officers and Chief Executive are set out in the Council's constitution. Recruitment is the responsibility of the Employment Panel to recommend the successful candidate to full Council for approval.
- 8.2 In the case of the Chief Executive, the Employment Panel determines the salary and takes into account the knowledge, qualifications, skills and experience of the successful candidate.
- 8.3 In the case of the other Chief Officers, the starting salary is normally the bottom point of their grade unless there are good reasons to pay at a higher point in the scale to secure the best candidate. Such a decision is made by the Employment Panel.
- 8.4 Return of Chief Officers or Chief Executive to local government after redundancy or early release. The same principle applies to all recruitment and any appointment is made on merit, regardless of whether the candidate has been made redundant or given early release in former employment. The provisions of the Redundancy Payments Modification Order (1999) would be applied in that if return to local government occurred within a month of redundancy, the redundancy payment would be forfeited. Cumbria County Council, as the administering body for the pension scheme operated by Carlisle City Council, implements 'abatement' which means that if pension plus earnings in the new job is greater than earnings prior to leaving the pension is reduced accordingly.

The Government is still considering reforms to Public Sector exit payments and the recovery of such payments, with legislation expected in the foreseeable future. The Council will amend policies and processes as required to adhere to any forthcoming changes in legislation.

- 8.5 Interim Support. Where the Council has the need for interim support to cover work at Chief Officer or Chief Executive level, and there is no-one suitable within the Council, it will make use of agencies to recommend suitable candidates from which to select the most suitable. Selection will be in line with the appointment process for chief officers unless support is required too quickly to make this possible, when it will be reported to Council at the earliest opportunity. The services of the successful interim will be engaged by either:

- Secondment of an internal candidate where suitable
- Direct employment by the Council on a temporary contract
- On a self-employed basis where the person meets the HMRC definition (IR35) of 'self-employed'
- On an agency basis where the person is employed by the agency

Pay for temporary interim support will be at the required rate to secure a suitable candidate bearing in mind the temporary nature of the work, value for money, salaries within the Council and budgetary considerations.

At the date of this policy Statement, the Council has no temporary or interim support at Chief Officer level.

9 Other aspects of remuneration

- 9.1 Termination Payments – the Council’s policy on termination payments in the event of redundancy or early release in the interests of the service (ERS) apply to all employees, irrespective of level in the organisation. Full details are given in the document *Redundancy and Early Release Schemes Policy, Guidance Notes and Procedures*

In summary, the discretionary redundancy payments are 2.5 times the statutory redundancy payment but based on actual weeks pay, with the option to convert the sum above the statutory redundancy payment to additional pension. Compensatory payments are not normally paid in the cases of early retirement in the interests of efficiency unless there is a strong business case for doing so in a particular situation. Where payments are made, these are equivalent to 1.5 times the statutory redundancy payment that would have applied had the officer been made redundant with the option to convert this to additional pension.

Dismissal of the Chief Executive and Chief Officers (including redundancy and early release) are made by Council on the recommendation of the Employment Panel.

The Government is still considering reforms to the financial cap on exit payments of Public Sector employees and further legislation regarding such payments is expected in the foreseeable future. The Council will amend policies and processes to adhere to any forthcoming changes in legislation.

- 9.2 Flexible Retirement. The policy on flexible retirement applies to all employees alike and details are covered in the document *Flexible Retirement Policy Guidance Notes and Procedures*. In summary, flexible retirement (with pension) is agreed if it is supported by a business case. Hours must be reduced by a minimum of 20% and/or move to an alternative post of at least one grade reduction. Earnings plus pension after flexible retirement must not be more than earnings before it.
- 9.3 Pension. Where employees exercise their statutory right to become members of the Local Government Pension Scheme, the Council is required to make a contribution to the scheme representing a percentage of the pensionable remuneration due to that employee. The contribution rate is set by Actuaries advising Cumbria County Council Pension fund and reviewed on a triennial basis in order to ensure that the scheme is appropriately funded. The current rate is 15.6% but this will increase as a result of the March 2019 evaluation to 19.9% effective from April 2020. The employee contribution rates are defined by statute and relate to the salary level of that employee.

Carlisle City Council applies the discretions given to them as an employer under the Local Government Pensions Regulations to all employees on the same basis.

10 Chief Officers pay and its relation to that of other employees

10.1 All aspects of other employees' pay and related benefits are detailed in the document *Pay Policy and Arrangements*.

10.2 Table one, below, shows details of Chief Officer's current pay and the relationship to other staff's pay. The salary for the Chief Executive, Deputy Chief Executive and the other Chief Officers reflects the Chief Executive/Chief Officers' Pay Agreement 2018/19 – 2019/20. It should be noted that the negotiations for 2020/21 pay award have been deferred with the meeting scheduled for 5th February 2020. It is unlikely that an award will be advised before 1st April 2020.

TABLE 1: Chief Officers' pay and its relationship with others (wef 1st April 2019 for 2019/20)

| Position | £ Pay per year | Car Allowance | £ Total pay + car allowance per year | Ratio to median pay (note 1) | Ratio to lowest paid staff (note 2) |
|------------------------------|---|-----------------|--------------------------------------|-------------------------------|-------------------------------------|
| Town Clerk & Chief Executive | 3 points in the range: - 104,614 - 106,711 - 110,868 | 9.09% of salary | - 114,124 - 116,411 - 120,946 | - 5.1:1 - 5.2:1 - 5.4:1 | - 6.4 - 6.5 - 6.7 |
| Deputy Chief Executive | 3 points in the range: - 80,699 - 84,735 - 88,770 | 9.09% of salary | - 88,035 - 92,438 - 96,840 | - 3.9:1 - 4.1:1 - 4.3:1 | - 4.9 - 5.2 - 5.4 |
| Corporate Directors | 3 points in the range: - 65,361 - 68,782 - 72,206 | 9.09% of salary | - 71,303 - 75,035 - 78,770 | - 3.2:1 - 3.3:1 - 3.5:1 | - 4.0 - 4.2 - 4.4 |

Note 1 - £22,401 per year for a full-time employee

Note 2 - Grade A staff – £17,943 per year for a full-time employee.

The ratio between the Chief Executive pay and other Chief Officers (at the top of the grade) is as follows:

| | |
|------------------------|-------|
| Deputy Chief Executive | 1.2:1 |
| Corporate Directors | 1.5:1 |

10.3 Carlisle City Council aims to keep the multipliers for median pay and lowest paid staff approximately the same in future years.

Report to Employment Panel

Agenda Item:
A.2

Meeting Date: 10th February 2020
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and Budget Framework: Yes
 Public / Private: Public

Title: PENSIONS AND PENSION DISCRETIONS
 Report of: Corporate Director of Finance and Resources
 Report Number: RD.55/19

Purpose / Summary:

To allow employees and the Council to make savings on NIC contributions and potentially on the Apprenticeship Levy by implementing a shared cost salary sacrifice scheme for AVCs which would be facilitated by AVC Wise.

An annual review of Pensions Discretions is a requirement under the Local Government Pension Scheme (Amendment) Regulations 2018. No further changes have been required to the existing discretions. The Council’s current discretions are set out in the Appendix B to this report.

Recommendations:

The Employment Panel is asked to:

1. Note the implementation of a shared cost salary sacrifice scheme with AVC Wise.
2. Note the current Pensions Discretions.

Tracking

| | |
|------------|-----------------------|
| Executive: | Not applicable |
| Scrutiny: | Not applicable |
| Council: | Not applicable |

1. AVCs - Background and Current Situation

There is currently approximately 7.3% take up for staff making Additional Voluntary Contributions (AVCs) into pensions. 36 employees currently contribute AVCs via straight forward payroll deduction. 25 employees contribute to Prudential and 11 to Standard Life. The overall value of AVCs is approximately £48,000 per annum.

1.2 What we offer now

All employees have the option to purchase Additional Voluntary Contributions (AVCs) with Prudential. This is operated as a straight deduction from salary. There are no National Insurance savings for either the employer or the employee with the current scheme.

Currently any employee who has a Prudential AVC will make savings on their taxable pay, but no savings are made on their NI contributions.

2. Proposals

That the Council implement a shared cost salary sacrifice scheme for AVCs which would be facilitated by AVC Wise. This would be a 3-year contract. Many Local Authorities have already moved to AVC Wise, including the County Council who administer the scheme and the LGPS are supportive of AVC Wise.

The scheme allows both employees and the Council to make savings on NIC contributions and potentially on the Apprenticeship Levy. The tax savings would continue for employees.

Current level of employer NI is 13.8% and Apprenticeship Levy of 0.5% - total of 14.3%.

The fee charged by AVC Wise is 4.5% giving the Council a nett saving of 9.8% - based on current contributions this would be a saving of around £4,600.

An example is outlined at Appendix A to this report.

3. Pension Discretions

- 3.1 As a scheme employer of the Cumbria Local Government Pension Scheme (LGPS) the Council must formulate and update policies and discretions in relation to:
- the awarding of additional pension to members;
 - the operation of early retirement and flexible retirement provisions;
 - redundancy and compensatory payments, and
 - the awarding of any discretionary payments.
- 3.2 In formulating these policies, employers must have regard to the extent to which the exercise of functions could lead to a serious loss of confidence in the public sector and be satisfied that that policy is workable, affordable and reasonable having regard to the foreseeable costs.
- 3.3 It is best practice to review these policies on an annual basis and the introduction of the Local Government Pension Scheme (Amendment) Regulations 2018 has necessitated a review to bring the discretions in line with the requirements of the LGPS 2013.
- 3.4 The Council's existing policy was reviewed and updated in March 2019.
- 3.5 Once approved, the Statement of Policy must be issued to Cumbria County Council as administering authority of the Cumbria LGPS.

4. CONSULTATION

- 4.1 None

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The Employment Panel is asked to:
1. Note the implementation of a shared cost salary sacrifice scheme with AVC Wise.
 2. Note the current Pensions Discretions.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 The Statement of Policy on Pension Discretions exists to provide Members and the general public with a transparent framework in which pension, redundancy, compensatory and discretionary payments are awarded to members and to instill confidence in the public sector.

Contact Officer: Sue Kaveney

Ext: 7071

Appendices **Appendix A – AVC Wise example**
attached to report: **Appendix B – Pension Discretions**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS:

LEGAL – The changes proposed in the Report are to ensure the Council complies with the Local Government Pension Scheme 2013. Within the regulations there are discretions open to the Council as to how its policy will operate.

FINANCE – As set out in the report, a net saving of £4,600 could be achieved based upon current contributions/take up of the scheme.

EQUALITY – Not applicable

INFORMATION GOVERNANCE – Not applicable

STANDARD AVC's

A CCC Employee who is a basic rate tax payer elects to pay standard AVC's to Prudential at the rate of £75pcm.

This Employee would receive tax relief on the payment so the net cost to the Employee would be £60 albeit Payroll would deduct and send to Prudential £75.

The Employee would decide which of the Prudential investment options they would like (each of these funds carries an annual management charge which can be found in the Prudential guide to fund options).

AVC Wise

A CCC Employee who is a basic rate tax payer elects to pay SSSCAVC's to Prudential at the rate of £75pcm. This Employee would receive tax relief and national insurance savings as follows:-

Of the £75, £74 would enjoy both tax and national insurance savings, £1 would receive tax relief only.

£74 minus 20% tax and 12% NIC then £1 minus 20% tax = £51 – this is the net cost to the Employee.

In addition, CCC would save c £10.12 in their Employers NIC on the £74 sacrificed.

The full £75 is sent to Prudential and the Employee would decide which of the Prudential investment options they would like (each of these funds carries an annual management charge which can be found in the Prudential guide to fund options).

EMPLOYER DISCRETIONS – STATEMENT OF POLICY

EMPLOYER NAME: Carlisle City Council

The employer stated above has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the above regulations.

PART A – Mandatory policy statements – Formulation of policy in accordance with:

Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013
Paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014
Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008
Regulation 106 of the Local Government Pension Scheme Regulations 1997

PART A1 – Discretions from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of Scheme employer to award additional pension (Regulation 31 of the LGPS Regulations 2013)

An employer can grant extra annual pension of up to a maximum £6,822 (figure at 1 April 2018) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. This maximum figure that can be initially awarded will be index linked and the level increased on the 1st April each year.

Employer's policy:

Extra annual pension will not normally be granted except where the employee elects to convert their discretionary payment under redundancy and early release in the interests of efficiency of the service to additional pension (additional pension by conversion). The discretionary payment will also be used to fund any additional actuarial strain liability. The cost of awarding additional pension will therefore be cost neutral to the authority under the Council's current Redundancy and Early Release Scheme Policy.

Additional pension will not be granted except as above.

Power of Scheme employer to contribute towards the cost of a member purchasing additional pension

(Regulation 16 (2) (e) and 16 (4) (d) of the LGPS Regulations 2013)

Where an active Scheme member wishes to purchase extra annual pension of up to £6,822 (figure at 1 April 2018) by making Additional Pension Contributions (APCs), the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution. This maximum figure that can be initially purchased will be index linked and the level increased on the 1st April each year.

Employer's policy:

Carlisle City Council will not offer a shared cost APC arrangement for those members who purchase additional pension. That is, Carlisle City Council will not contribute to any additional pension contribution arrangement on behalf of an employee, but this does not prevent employees taking out an APC arrangement and contributing in their own right.

Flexible retirement

(Regulation 30 (6) and (8) of the LGPS Regulations 2013, Regulations 3 (5), 11(2), 11(3) and para.,2 (1A) of sch 2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

The Local Government Pension Scheme allows scheme members who have attained the age of 55 to draw all or part of their retirement benefits under flexible retirement arrangements even though they have not retired providing that:

- the employer consents, and
- there has been a reduction in hours, or
- a reduction in grade.

Specifically, where the employer consents to flexible retirement then, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), the employer can also allow the member to choose to draw all, part or none of the pension benefits they accrued after 31 March 2008.

However, benefits taken on flexible retirement will be subject to a potential actuarial reduction if they are being drawn earlier than the members' normal retiring age (flexible retirement provisions may be operated for members potentially up to a member's 75th birthday). The reductions applied will be in accordance with guidance issued by the government actuary. Employers can if they choose, waive in whole or in part, any reductions that might apply.

Employer's policy:

Members can elect to draw their pension from age 55 while remaining in employment, but only if at the same time:

- ~ the employee takes up a lower graded job, OR
- ~ there is a minimum 20% reduction in their working hours.

AND

- ~ Carlisle approves the flexible retirement and will normally only be agreed when it is in the organisation's best interests.
- ~ The employee's earnings, including pension payment are not more than their earnings before the flexible retirement took effect (excluding any cost of living awards).

Carlisle City Council will not normally waive any reduction in pension benefits arising as a result of the flexible retirement unless there is a strong business case for doing so.

Once Flexible Retirement has been agreed, Carlisle City Council will not normally allow the employee to work additional hours (on a permanent or temporary basis).

It should be noted that this facility does not replace the Early Retirement and Voluntary Redundancy Schemes. It is merely an additional provision.

Early retirement and waiving actuarial reductions

(Schedule 2 paragraphs 1(1) (c), 2(1), 2(2) and Regulation 3 (1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 30(8) of the LGPS Regulations 2013 and regulation 30(5) and 30A (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

If a member leaves a local government employment before he is entitled to the immediate payment of retirement benefits, then if he is aged 55 or more (or having attained age 55 and have previously been awarded deferred benefits after 01 April 2014) he may choose to receive payment of them immediately.

Any benefits payable may be reduced as appropriate in accordance with guidance issued by the Government Actuary.

A policy decision is required to be made in respect of each of the following discretions:

- (1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so on or before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employee exercise this discretion, the employer must pay to the fund a pension strain payment.
- (2) In addition, employers can, if they choose, waive in whole or in part any reductions that might apply and the employer must pay to the Pension Fund a sum representing the capital cost of waiving those reductions. Due to the complexity in the level of protected benefits that now apply to different members, establishing what level of benefits can be waived

can be difficult. **Appendix 1** lists the options available to employers in terms of the level of reductions that can be waived and the grounds under which they may be waived.

Employer's policy:

The actual date to satisfy the 'Rule of 85' will not be required.

The waiving of any reduction and the cost of the reduction associated with the early payment of benefits, after age 55, will only normally be granted on compassionate grounds and where it can be demonstrated to be in the employer's interest. Appendix 1 will be used to support this decision.

PART A2 – Discretions in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (excluding councillor members)

Power of Scheme employer to award additional membership

(Regulation 3 (10) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 12 of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An employer can within 6 months of the date of termination grant extra membership in the pension scheme to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency. Note that this is a time limited discretion which expires on 30 September 2014 for those whose employment is terminated on 31 March 2014.

Employer's policy:

No longer applicable

Early release of deferred benefits

(Regulations 30(2), (5), 30A(3) and (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and reg.3 (5A) (c), para.1 (1) (aa) and para. 2 (1) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

Prior to 14 May 2018, members who left the scheme between 1 April 2008 and 31 March 2014 with deferred benefits (or suspended tier 3 benefits) who make an application to release benefits on or after age 55 and before age 60 required the former employer's consent. From 14 May 2018, this is no longer the case.

A policy decision is required to be made in respect of each of the following discretions:

- (1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so on or before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to

be used. This will have the effect of reducing the actuarial reduction. Should an employee exercise this discretion, the employer must pay to the fund a pension strain payment.

- (2) In addition, employers can, if they choose, waive on compassionate grounds all of the actuarial reduction. If an employer does so, it must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Employer's policy:

The actual date to satisfy the 'Rule of 85' will not be required.

Early release of deferred benefits and any waive of actuarial reduction will be considered, on compassionate grounds, and will be assessed on an individual basis in accordance with Appendix 1.

PART A3 – Discretions in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008 and active councillor members and councillor members who ceased active membership on or after 1 April 1998

Early release of deferred benefits with employer consent

(Regulations 31(2) and (5) of the LGPS Regulations 1997 and reg.3 (5A) (b), para.1 (f) and oara.2 (1) of sch.2 of the LGPS (transitional Provisions, Savings and Amendment) Regulations 2014)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits and councillor members who left after 1 April 1998 who make an application to release benefits on or after age 50* and before age 55.

Prior to 14 May 2018, members who left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits (and councillor members) who make an application to release benefits on or after age 55 and before age 60 required the former employer's consent. From 14 May 2018, this is no longer the case.

A policy decision is required to be made in respect of each of the following discretions:

- (1) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so on or before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employee exercise this discretion, the employer must pay to the fund a pension strain payment.
- (2) In addition, employers can, if they choose, waive on compassionate grounds all of the actuarial reduction. If an employer does so, it must

pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an 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 5 April 2006.

Employer's policy:

The actual date to satisfy the 'Rule of 85' will not be required

Early release of deferred benefits and any waive of actuarial reduction will be considered, on compassionate grounds, and will be assessed on an individual basis in accordance with Appendix 1.

PART A4 – Discretions in relation to scheme members who ceased active membership before 1 April 1998

(Regulation D11(2) (c) of the LGPS Regulations 1995)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme before 1 April 1998 who make an application on compassionate grounds to release benefits on or after age 50* and before age 60. Under these rules the sole discretion for an employing authority is that they may determine on compassionate grounds that benefits are to become payable on an unreduced basis.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, a Scheme sanction charge will not be payable.

Employer's policy:

Consideration, on compassionate grounds, will be assessed on an individual basis.

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

There are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013. There is, however, no requirement to have a written policy in respect of these. However, the following areas of discretion would be useful for scheme members, in order for them to establish the clear policy intention that the employers hold in these particular areas.

Shared Cost Additional Voluntary Contributions (SCAVCs)

(Regulation 17 of the LGPS Regulations 2013)

An active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004.

An employer can, at its discretion, contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions arrangement (SCAVC). An employer should establish whether, how much and in what circumstances to either continue with an existing SCAVC or enter into a new SCAVC.

Employer's policy:

Carlisle City Council will not offer employees who contribute to the Local Government Pension Scheme, shared cost AVC arrangements. That is, Carlisle City Council will not contribute to any additional voluntary contribution contract on behalf of an employee, but this does not prevent employees taking out an AVC arrangement and contributing in their own right.

Late transfer requests

(Regulation 100(6) and 22(7) and (8) of the LGPS Regulations 2013) and reg.10 (6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

The Local Government Pension Scheme Regulations allow for the acceptance of transfer value payments into the fund (subject to the Pension Fund administering authorities approval) to enable members to transfer pension rights accrued prior to joining the scheme into the LGPS, and thereby count additional pension. This election should be made within 12 months of first joining the LGPS in the employment.

The discretion allowed under regulation 100(6) relates to the acceptance of transfers relating to non LGPS membership, where the member makes a request after the expiry of the first 12 months of joining the LGPS.

In most situations, previous LGPS rights are automatically aggregated unless an election to keep those accrued benefits separate is received. Regulations 22 (7) and (8) allow an employer 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) to elect not to have the deferred benefits aggregated with their new LGPS employment (or on-going 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).

Regulation 10 (6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 allows a member to elect to aggregate a deferred benefit in respect of membership which ceased before 1 April 2014. Under this provision, the member would be awarded additional CARE benefits under the 2014 Scheme. The member must make the elections to do so

within 12 months of joining the 2014 Scheme (or such longer time as the employer may allow).

Employer's policy:

A member must elect within 12 months of employment to amalgamate any previous service. This time limit will only be extended in exceptional circumstances.

Contributions payable by active members

(Regulation 9 and 10 of the LGPS Regulations 2013)

An active member shall make contributions to the Scheme at the relevant contribution rate, from his pensionable pay, in each employment in which he is an active member. The contribution rate to be applied to his pensionable pay in any financial year is the rate determined by the employer with reference to the tiered contribution pay bands stated in the regulations.

Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.

Employer's policy:

Contributions will be calculated, at the date of change, based upon the member's pensionable pay in line with the regulations.

Assumed Pensionable Pay

(Regulation 21(4), (5), (5A) and (5B) of the LGPS Regulations 2013)

Employers have the following 2 discretions:

- (1) 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
 - is absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or
 - is 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. A 'regular lump sum payment' is a payment for which the member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.

- (2) Where the pensionable pay received in the relevant 3-month period or, as the case may be, 12-week period, was, in the opinion of the employer, materially lower than the level of pensionable pay that the member normally receives, the employer has discretion to replace the actual pensionable pay received with a higher level of pensionable pay to reflect the level of pensionable pay that the member would normally have received. An employer must have regard to the level of pensionable pay received in the previous 12 months when working out what level of pensionable pay the member normally receives.

Employer's policy:

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| Assumed Pensionable Pay will be calculated in accordance with regulation 21 of the LGPS Regulations 2013. |
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Shared-cost APCs to buy back lost pension

(Regulation 16 (16) of the LGPS Regulations 2013)

Members on the following types of leave which are not covered by APP are able to enter into an APC contract to buy back the lost CARE pension. If they make the election within 30 days of return, the employer must fund two-thirds of the cost. The employer has discretions to extend the 30-day deadline.

- Additional maternity leave during which no pensionable pay is received
- Additional adoption leave during which no pensionable pay is received
- Shared parental leave during which no pensionable pay is received
- Authorised unpaid leave (excluding strike leave)

If the individual leave period lasted longer than 36 months, the employer is only required to share the cost in relation to the first 36 months of leave.

Employer's policy:

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|---|
| A member must elect within 30 days of return to enter into an APC contract. This time limit will only be extended in exceptional circumstances. |
|---|

PART C – Mandatory policy statement* – Formulation of policy in accordance with:

Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006
Regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000
Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

*The mandatory requirements for a written policy under these regulations do not extend to employers whose employees are members of the LGPS by virtue of an admission agreement however as the provisions still apply it would be deemed appropriate for a policy statement to be in place

PART C1 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Redundancy and Compensation Payments

(Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

These regulations provide a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks), inclusive of any redundancy payment made. This applies to any member who terminates their employment on the grounds of redundancy, efficiency or in the case of a joint appointment (not job shares) where termination arises because the other holder of the joint appointment has left it.

The provisions apply to all employees who are eligible for participation in the LG Pension Scheme, whether or not they are current members of the scheme.

There is also a discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

Employer's policy:

Calculation of a redundancy payment will be based on the employee's contractual weekly earnings, and not the statutory redundancy payment ceiling.

Redundancy:

Carlisle City Council will make a discretionary redundancy payment of 1.5 times the statutory entitlement in addition to the statutory requirement (giving a payment of 2.5 times statutory entitlement) (based on the employee's actual pay as above).

Early retirement in the Interest of the Efficiency of the Service:

Where an employee is granted early retirement in the interest of the efficiency of the service Carlisle City Council will not normally make any discretionary compensatory payment; however, where it decides to do so, this will be 1.5 times the statutory number of weeks that they would have received if they had been made redundant. Based on actual pay.

Members leaving Carlisle City Council through redundancy or early release in the interests of efficiency of the service may elect to convert discretionary payments received to additional pension.

Where at the sole discretion of Carlisle City Council an employee is made redundant or granted early retirement in the interests of the efficiency of the

service, the award should depend on there being a clear value for money case. The Council will take into account the full effects of the strain on the pension fund from the early payment of benefits as well as any additional costs.

PART C2 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Redundancy and Compensatory Added Years payments

(Regulation 17,19,21 and 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000)

Prior to the 2006 discretionary regulations employers could award employees additional service following a redundancy or efficiency retirement where that employee was over age 50. Although this facility is no longer available to current active employees, there are still discretionary decisions to be made in respect of employees who are already in receipt of additional service. These include:

- How to apportion any surviving spouse's or civil partners annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.
- How the annual added years will be apportioned amongst any eligible children.
- Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be ignored i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid or if the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation.
- Whether and to what extent to reduce or suspend the member's annual compensatory added years payment during any period of re-employment in local government and how to reduce the member's annual compensatory added years payment following the cessation of a period of re-employment in local government.

Employer's policy:

The Council will apportion any surviving spouse's annual compensatory added years where the deceased is survived by more than one spouse or civil

partner in such proportions as, at its sole discretion, it sees fit (based upon the merits of the individual cases).

The Council will apportion any eligible children's payments equally.

The Council will continue to pay the Compensatory Added Years payment in cases of remarriage or a new civic partnership. The Council does not apply the normal suspension rules, so this element is not applicable.

The Council will fully suspend any Compensatory Added Years payment during any period of re-employment in Local Government.

PART C3 – Discretions in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Injury Allowance payments

(Regulations 3 to 7 of the Local Government (Discretionary Compensation) (Injury Allowances) Regulations 2011)

Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Scheme employers must formulate, publish and keep under review a policy on:

a) whether or not to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:

- suffer a reduction remuneration, or
- cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or
- die leaving a surviving spouse, civil partner or dependant, and

b) if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid

Employer's policy:

The Council has not adopted a discretionary injury allowance scheme.

Declaration

It is understood that the above discretions are applicable to all eligible members of the Scheme. In respect of the mandatory policy requirements, a written statement should be published indicating the policy which is being applied by that employer in the exercise of its functions. A copy of the scheme employer's policy decisions should be sent to Your Pension Service within one month of the date the policy is revised.

Any change to the discretions exercised under the LGPS Regulations can take immediate effect from the date the Scheme employer agrees the change.

Any change to the discretions exercised under the Discretionary Compensation Regulations 2000, the Discretionary Compensation Regulations 2006 or the Injury Allowances Regulations 2011 cannot take effect until one month after the date the Scheme employer publishes a statement of its amended policy.

The policies made above:

- i. Must have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- ii. Will not be used for any ulterior motive;
- iii. Will be exercised reasonably;
- iv. Will only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise;
- v. Will be duly recorded when applied.

Signed on behalf of the Employing Authority:



Name in Block Capitals: SUE KAVENEY

Position: INTERIM HR SUPPORT

Employing Authority: CARLISLE CITY COUNCIL

Date: 11 FEBRUARY 2019

Signed on behalf of the Employing Authority:



Name in Block Capitals: ALISON TAYLOR

Position: CORPORATE DIRECTOR OF FINANCE AND RESOURCES

Employing Authority: CARLISLE CITY COUNCIL

Date: 11 FEBRUARY 2019

Appendix B

Appendix 1 – if voluntarily retiring

If there is an actuarial reduction regarding the particular tranche of membership, the employer has the right to –

| | Group 1 | Group 2 | Group 3 | Group 4 |
|----------------|---|---|---|---|
| Part A | Waive all or none on compassionate grounds. | Waive all or none on compassionate grounds | Waive all or none on compassionate grounds. | Waive all or none on compassionate grounds. |
| Part B1 | Waive all or none on compassionate grounds. | Waive all or none on compassionate grounds. | Waive all or none on compassionate grounds. | Waive all or none on this on compassionate grounds. |
| Part B2 | Waive all or none on compassionate grounds. | Waive all or none on compassionate grounds. | Waive all, some or none on any grounds. | Waive all, some or none on any grounds. |
| Part C | Waive all, some or none on any grounds. | Waive all or none on compassionate grounds. | Waive all, some or none on any grounds. | Waive all, some or none on any grounds. |
| Part D1 | Waive all, some or none on any grounds. | Waive all, some or none on any grounds. | Waive all, some or none on any grounds. | Waive all, some or none on any grounds. |

Part A = membership to 31 March 2008

Part B1= membership 1 April 2008 to 31 March 2014

Part B2 = membership 1 April 2014 to 31 March 2016

Part C = membership 1 April 2016 to 31 March 2020

Part D1 = membership 1 April 2020 onwards

Group 1 member = a member who was an active member prior to 1 October 2006 and who was born on 31 March 1956 or earlier

Group 2 member = a member who was an active member prior to 1 October 2006, was born between 1 April 1956 and 31 March 1960 inclusive, and who would reach their CRA by 31 March 2020

Group 3 member = a member who was an active member prior to 1 October 2006 and who is not a Group 1 or Group 2 member

Group 4 member = a member who was not a member prior to 1 October 2006.

If member retires on flexible retirement, the employer may waive all, some or none of any reduction on any grounds.

