



Meeting: Council

Date: 4 December 2014

Wards Affected: All wards in Torbay

Report Title: Torbay Council Annual Pay Policy Statement and Review of Pensions Discretions

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1. Purpose and Introduction

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a pay policy statement for each financial year. This is a statutory requirement. The pay policy statement must be approved formally by Council. The pay policy statement draws together the Council's overarching policies on pay and conditions and will publish them on the Council's Website and update them as necessary through the year.
- 1.2 Under the current Pensions Regulations, Torbay Council is able to exercise a range of discretions in regard to how the Local Government Pension Scheme is applied to its employees who are members of the Scheme.

2. Proposed Decision

- 2.1 That the Torbay Council Annual Pay Policy Statement 2015/16 as set out at Appendix 1 to the submitted report be approved.
- 2.2 That the proposal to amend the Employers Pensions Discretions, specifically Regulation **R30(6) Flexible Retirement and Regulation R30(8) Waiving of Actuarial Discretion**, as set out in Appendix 2 to the submitted report be approved.

3. Reason for Decision

- 3.1 The Annual Pay Policy Statement 2015/16 must be approved by the Council in order for the Council to be compliant with Section 38 (1) of the Localism Act 2011.
 - 3.2 To allow the Council flexibility in being able to agree and apply the above discretions under the Pensions Regulations 2014.
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Supporting Information

4. Position

- 4.1 The publication of the Annual Salary Statement is a Statutory requirement under Section 38 (1) of the Localism Act 2011. If Council does not approve the Salary Statement then there is a significant risk that the Council will be in breach of the legislation from 1 April 2014.
- 4.2 See attached Pay Policy Statement for full details.
- 4.3 The position has not significantly changed from last year, Pay Policy Statement 2014/15. There are changes to the Salary Levels (referred to under Appendix 1) and Multiplier (Appendix 2), in regard to job titles and structure changes since last year. A positive change is also noted in the ratio between the highest and lowest paid grade within the Council due to an increase in the National Minimum Wage on 1st October 2014. Employee Pension contribution rates have also changed to reflect the changes in the Local Government Pension Scheme Regulations 2014.
- 4.4 Changing the discretions regarding Flexible Retirement and Waiving Actuarial reduction (on flexible retirement), will allow a greater opportunity for staff aged 55 or over to flexibly retire and draw immediate payment of their pension benefits.
- 4.5 Currently, flexible retirement is only agreed where there is no cost to the employer, however, this stance is inflexible and does not allow the Council to be able to allow requests where it would be mutually beneficial. Enabling flexibility in the approval of requests will enable the Council to retain key skills, where employees would ordinarily feel that they have no choice but to resign in order to achieve a better work/life balance. Also, it will enable the Council to address periods of change with more options.
- 4.6 Requests will be considered by the Head of Paid Service and/or Council, dependent upon the seniority of the role and the cost.

5. Possibilities and Options

The proposed changes to the Pensions Discretions will enable the Council greater flexibility in managing periods of change and the options that are available for both the Council and the employee.

6. Fair Decision Making

- 6.1 Consultation is currently being undertaken with Trade Union representatives.

7. Public Services (Social Value) Act 2012

- 7.1 Both decisions will not relate to the above Act as there are no associated services or goods that need to be purchased or hired.

8. Risks

- 8.1 Non-Compliance with Section 38 (1) of Localism Act 2011. It is currently not determined as to whether there would be a financial penalty for non-compliance. However, it is advisable for the Council to publish in terms of its legal obligations, and reputation.
- 8.2 In amending the Flexible Retirement and Waiving of Actuarial Reduction discretions, there is the risk that the Council will incur pension related employer 'strain' costs. This is because some scheme members will have protection under the 85-year rule. In cases where this is agreed, there will be a pension cost to the Council, it is not possible to predict what this cost will be due to the fact that the cost of flexible retirement is based on the scheme member's age, length of service and their protection under the 85-year rule.

9 Appendices

Appendix 1 – Torbay Council's Pay Policy Statement April 2015/16

Appendix 2 - Torbay Council Pension Discretions

Additional Information

Copies of Torbay Councils associated Pay Policies will be made available upon request. All current policies are held on the HR Intranet pages:-

<http://insight/humanresources>

The following documents/files were used to compile this report:-

Localism Act Pay Policy Guidance from the Local Government Association

<http://www.local.gov.uk/localism-act>