

REPORT TO CABINET

REPORT OF: Chief Executive

REPORT NO. CEX349

DATE: 7th August 2006

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| TITLE: | Clarification of Minor Amendment to South Kesteven District Council's deposited Local Government Pension Scheme |
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | Councillor Teri Bryant |
| CORPORATE PRIORITY: | Change Management Action Plan issue |
| CRIME AND DISORDER IMPLICATIONS: | N/A |
| FREEDOM OF INFORMATION ACT IMPLICATIONS: | N/A |
| BACKGROUND PAPERS: | None |

1. INTRODUCTION

Under the Local Government Pension Scheme regulations, the employing authority (South Kesteven District Council) is required to make some policy decisions relating to the discretionary elements of the statutory scheme and to notify the County Council Pension Fund who administer the scheme on behalf of the Council.

2. RECOMMENDATIONS

That the deposited scheme is amended in accordance with the proposals outlined in this report and that all request for early release of pension and employer consents are dealt with on the following basis:

“the usual position will be to acquiesce subject to the Council being satisfied that the retirement of an employee is in the interests of efficiency of the service”.

3. DETAILS OF REPORT

As a result of recent discussions over proposed changes to the national scheme, I have reviewed the scheme deposited with the County Council on the 3rd February 1998 and noted an anomaly between the deposited scheme and reports to the Finance and Personnel Committee. I am therefore recommending an amendment to the deposited scheme to remove this anomaly.

The full scheme will need a comprehensive review which can only be conducted when the national changes have been made known.

The anomaly I refer to concerns discretion 5 which is the ability to grant early retirement between the age of 50 and 59, commonly referred to as "The Rule of 85". The current scheme deposited with the County Council states that South Kesteven will adopt this discretion and apply the following criteria:

"the discretion will not be exercised sparingly and the usual position will be to acquiesce but the Council reserves the right to decline in cases where the employee has limited service with South Kesteven (perhaps below 10 years)."

In the report and minutes of the Finance and Personnel Committee it is stated that our policy on early retirements (known then as "the loyalty scheme") should be associated with the interests of efficiency.

To clarify the situation I would propose that we amend the criteria attached to discretion 5 within the deposited scheme to state the following:

"the usual position will be to acquiesce subject to the council being satisfied that the retirement of an employee is in the interest of efficiency of the service."

As a result this will be the only means by which the Council will determine pension release, both in accordance with "the interests of efficiency" and "employer consent".

4. COMMENTS OF SECTION 151 OFFICER

In fulfilling my fiduciary responsibility to the local community I recommend the Cabinet approve the recommendation and request myself to deposit the revised scheme with the County Council. In 1998 it was resolved that reporting arrangements be introduced in respect of early retirements, I recommend that the existing arrangements are strengthened by reporting to Cabinet on a half yearly basis.

5. COMMENTS OF THE CORPORATE HEAD OF CORPORATE AND CUSTOMER SERVICES

If the cabinet agree to this change it will be necessary to publish the amended policy. Consultation with the unions has already taken place at the JNCG meeting on Wednesday the 26th July.

Duncan Kerr
Chief Executive