

## **Education Authority discretionary policies under the Local Government Pension Scheme (Northern Ireland) Regulations and other related Regulations**

### **Summary**

1. This report makes recommendations for the Education Authority policies on discretions to be exercised:
  - i) under the LGPS Regulations (Northern Ireland) 2014 from 1 April 2015 in respect of members of the Career Average Revalued Earnings (CARE) scheme,
  - ii) under earlier LGPS Regulations (Northern Ireland) in respect of members of the LGPS who left prior to 1 April 2015, and
  - iii) under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 and earlier compensation regulations.

### **Background**

1. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. The report made clear that change was needed to “make public service pension schemes simpler and more transparent, fairer to those on low and moderate earnings”.
2. As a result, it was decided that the Local Government Pension Scheme (LGPS) in Northern Ireland should be reformed so that, from 1 April 2015, benefits accrue on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
3. The provisions of the CARE scheme, together with the protections for members’ accrued pre 1 April 2015 final salary pension rights, are contained in the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.
4. As a result of the changes, the Education Authority is required to formulate, publish and send to the Northern Ireland Local Government Officers’ Superannuation Committee by no later than 31 July 2015 a written Statement of Policy on certain discretions under the LGPS which the Education Authority has the power to exercise on and from 1 April 2015 in relation to members of the CARE scheme.
5. The Education Authority is also required to (or where there is no requirement, is recommended to) formulate, publish and keep under review a Statement of Policy on certain other discretions it may exercise:

- i) under earlier LGPS Regulations in relation to members of the LGPS who left prior to 1 April 2015, and
  - ii) under Discretionary Compensation Regulations 2003 and 2007 in relation to employees who are, or are eligible to be, members of the LGPS.
6. Any amended policy under paragraph 5(i) above must be published and sent to the Northern Ireland Local Government Officers' Superannuation Committee within one month of the date the revisions to the policy were made.
7. Any amended policy under the paragraph 5(ii) above must be published and, in the case of a change to the policy under the Discretionary Compensation Regulations 2003, it must be published within one month of the decision to amend the policy.
8. Overall, the Education Authority is:
  - i) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with:
    - regulation 66 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014,
    - paragraph 2(2) of Schedule 3 to the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014,
    - regulation 62 of the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009 (in respect of leavers between 1 April 2009 and 31 March 2015), and
    - regulation 108 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (in respect of leavers between 1 February 2003 and 31 March 2009);
  - ii) recommended to formulate, publish and keep under review a written Statement of Policy on one discretion under the Local Government Pension Scheme Regulations (Northern Ireland) 2000 (in respect of leavers before 1 February 2003);
  - iii) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with regulation 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007, effective from 1 October 2006; and
  - iv) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with regulation 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2003, operative from 24

March 2003 for terminations of employment on redundancy or efficiency grounds that occurred prior to 1 April 2007.

9. In formulating and reviewing its policies under the LGPS Regulations referred to in paragraphs 8(i) and (ii) above the Education Authority is required to consider whether and to what extent the policy might lead to a serious loss of confidence in the public service.
10. In formulating and reviewing its policies under the Discretionary Compensation Regulations referred to in paragraphs 8(iii) and (iv) above the Education Authority:
  - i) is required to have regard to the extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service, and
  - ii) must be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

### **Decisions required**

11. The Chief Executive was asked:
  - i) to approve the policies on the discretions to be exercised under the LGPS Regulations in relation to those employees who are active scheme members after 31 March 2015 and members who cease active membership after 31 March 2015, as set out in the table at Annex 1, and
  - ii) to approve the policies on the discretions to be exercised under the LGPS Regulations in relation to those scheme members who left prior to 1 April 2015, as set out in the table at Annex 2, and
  - iii) to approve the policies on the discretions to be exercised under the Discretionary Compensation Regulations, as set out in the table at Annex 2.

### **Consultation**

12. The Education Authority consulted internally (Association of Chief Finance Officers and Association of Chief Administrative Officers) and externally (NILGOSC) and (Trade Unions).

### **Effective date of policies**

13. The policies on discretions to be exercised under the LGPS Regulations (Northern Ireland) 2014 take immediate effect from the date the Education Authority agrees the policies, or from 1 April 2015 (if later). Any change to the policies on existing discretions to be exercised under the LGPS Regulations in

respect of pre 1 April 2015 leavers take immediate effect from the date the Education Authority agrees the policies.

14. Any change to the discretions exercised under the Discretionary Compensation Regulations 2003 or the Discretionary Compensation Regulations 2007 cannot take effect until one month after the date the Education Authority publishes a statement of its amended policy.

### **Non-fettering of discretions**

15. The recommendations contained within this report, if approved, will form the Education Authority policies on pension and compensation discretions. It should be noted that:
  - the policies will confer no contractual rights unless (and in any circumstances where) there is a Collective Agreement in place.
  - subject to paragraphs 13 and 14, the Education Authority will retain the right to change the policies at any time without prior notice or consultation but the Education Authority will endeavour to discuss changes with recognised Trade Unions on the Joint Negotiating Council with the exception of circumstances where a Collective Agreement is in place.
  - only the policy which is current at the time a relevant event occurs to an employee / scheme member will be the one applied to that employee / member.

---

**(Signed) CHIEF EXECUTIVE**

---

**(Date)**

01.07.15