

HUMAN RESOURCES & COUNCIL TAX COMMITTEE

24 FEBRUARY 2022

REPORT OF ASSISTANT DIRECTOR (FINANCE & IT)

A.2 EMPLOYER DISCRETIONS UPDATE

(Prepared by Cathy Calder)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To update the Human Resources & Council Tax Committee on an amendment required to one of the Council's Employer Discretions, which relate to the Local Government Pension Scheme (LGPS) following the Officer Decision to introduce a new employee benefit, which is a Shared Cost, Salary Sacrifice, Additional Voluntary Contribution Scheme.

EXECUTIVE SUMMARY

Historically, employers had no discretions about how the scheme rules were applied, as this was dictated by LGPS, and implemented by the administering bodies, in the Council's case, Essex Pension Authority. When the scheme itself changed, in 2008 & 2014 some decisions were passed to the employing authorities themselves.

Under the LGPS (Administration) Regulations 2008, effective from 1st April 2008, all employers participating in the LGPS scheme were required to prepare and publish a written statement on how it will exercise the various discretions provided by the scheme.

The Council's current discretion relating to Additional Pension Contributions states that **no** shared cost arrangement is permitted, in order to protect the Council from any additional costs. However, if the Shared Cost AVC is achieved by introducing a Salary Sacrifice arrangement, then the amount of pay sacrificed is deemed to be the employer's contribution, and the direct contribution (of £1) is deemed to be the employee's contribution, hence it will not cost the Council more.

Indeed, by allowing employees to enter into a Shared Cost AVC, the Council will enable qualifying employees to save National Insurance contributions on the salary sacrificed amount, as well as reducing the National Insurance bill for the Council itself, as the Salary Sacrifice element will not be subject to deduction of neither employee, nor employer contributions.

RECOMMENDATION(S)

It is recommended that the Human Resources & Council Tax Committee approves the amendment to one of the Council's Employer Discretions.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
By introducing this employee benefit it will contribute to the following Corporate Priorities: Delivering High Quality Services – attraction and retention of staff. Strong Finance and Governance – 10 year financial plan.
FINANCE, OTHER RESOURCES AND RISK
No specific risks have been identified. Indeed, by offering this employee benefit the Council will save Employer National Insurance contributions.
LEGAL
The Council has a duty to ensure its Employer discretions document is up to date.
OTHER IMPLICATIONS
None.

PART 3 – SUPPORTING INFORMATION

Employer Discretions
The wording in the discretion should be amended to: <i>“The Council will pay shared cost AVC’s where an employee has elected to pay AVC’s by Salary Sacrifice. The amount of these employer shared cost AVC’s will not exceed the amount of salary sacrificed by the employee. This is a Council discretion which is subject to the employee meeting the conditions for acceptance into the Salary Sacrifice shared cost AVC scheme and may be withdrawn or changed at any time”.</i>
CONCLUSIONS
That the amended wording for this Employer discretion is agreed.
APPENDICES
Appendix A - Discretion amendment wording