

Report on	Policy Amendment - Employer Discretions under Local Government Pension Scheme (NI) 2014 Regulations and other related Regulations
Date of Meeting	11 th January 2023
Reporting Officer	Marissa Canavan, Strategic Director Organisational Development, Strategy and Performance
Contact Officer	Geraldine Dyson, Head of Human Resources Philip Moffett, Assistant Director Organisational Development

Is this report restricted for confidential business?	Yes	
If 'Yes', confirm below the exempt information category relied upon	No	x

1.0	Purpose of Report
1.1	To seek approval for the revisions to Council's Policy Statement in respect of Employer's Pension Discretions (LGPS) (NI), within Appendix A of this report.
2.0	Background
2.1	It has been necessary to make some procedural amendments to the Council's pension's discretion policy arising from revisions made by the Northern Ireland Local Government Superannuation Committee (NILGOSC) affecting discretions 1 and 2, together with the Council's approval to enter a 'Shared Cost AVC' following a decision taken at June 2022 Committee. Minute reference PR124/22 refers.
2.2	Amendments, as necessary have been made as follows: <ul style="list-style-type: none"> Revision of Discretions 1 and 2 in line with NILGOSC's annual revisions for maximum amounts specific to granting extra annual pension (discretion 1) and contributing towards cost of purchasing extra pension (discretion 2) and pension contribution bands as notified by with effect from 1st April each year. Revision of Discretion 6 to now allow the Council to enter into a Shared Costs Additional Voluntary Contribution (SCAVC). It was agreed at the June 2022 Policy & Resources Committee to recommend to Council that it enter into a Shared Cost AVC arrangement and that the pension policy discretion be amended to allow for this. This was subsequently agreed by June Council.
3.0	Main Report
3.1	Council Officers have now reflected on the relevant elements of the current pensions discretion policy and made the relevant amendments to incorporate the necessary revisions as documented at 2.2 above. The appropriate advices have been sought, received from NILGOSC and incorporated.

<p>3.2</p> <p>3.3</p>	<p>Shared Cost AVC</p> <p>By way of background the current AVC arrangement which employees have the option of entering into, enables employees to avail of tax relief on their Additional Voluntary Contributions. The revision and update of pension Discretion 6 to reflect the decision of June 2022 will now allow employees (and Council) to enter into a Shared Cost AVC scheme with the benefit of reducing National Insurance as well as employees benefiting from tax savings.</p> <p>AVC Wise is the managing agent for the proposed Shared Cost AVC as agreed at June 2022 Council. The Council will pay the managing agent, a management fee of approximately 4.5% (plus VAT) with estimated typical savings on National Insurance contributions for Council of 9.8%.</p>
<p>4.0</p>	<p>Other Considerations</p>
<p>4.1</p> <p>4.2</p> <p>4.3</p>	<p>Financial, Human Resources & Risk Implications</p> <p>Human Resources: Entry into this Shared Cost AVC arrangement is optional. The Council's exercise of Discretion 6 is subject to the contract of employment of the relevant employee(s) wishing to participate in the approved Scheme. This amendment will reflect the fact that the employer contribution to the Scheme is a pension emolument, and the relevant employee(s) has formally confirmed in advance their participation in the scheme. Information sessions on the Scheme will be provided before its introduction.</p> <p>This is a fully managed Shared Cost AVC Scheme to Council. Staff and Trade Unions have been informed of the policy revisions.</p> <p>Financial: - Council will only pay Shared Cost AVC contributions in circumstances where legislative provisions allow it to maintain the current nil cost to it in terms of both direct contribution of funds (i.e. will only pay employer superannuation contributions on the amount of salary sacrificed) and the net cost for the management of the scheme (i.e. management fees and costs do not exceed employer national insurance cost savings accruing to the Council as a result of the employee participating). The managing agent fees will be paid by the Council from employer National Insurance contribution savings.</p> <p>Risk Management: Amendments to the policy are to the extent of reflecting decisions already taken by Council to enter a Shared Cost AVC and necessary changes arising from NILGOSC notifications on Discretions 1 and 2</p>
<p>4.4</p>	<p>Screening & Impact Assessments</p> <p>Equality & Good Relations Implications: N/A</p> <p>Rural Needs Implications: N/A</p>

5.0	Recommendation(s)
	That Members consider approval of the revised policy that now reflects:
5.1	<ul style="list-style-type: none"> the updated necessary annual monetary amendments as referenced at 2.2 above to Pension Discretions 1 and 2, as notified by NILGOSC.
5.2	<ul style="list-style-type: none"> changes to Pension Discretion 6 to allow the council to enter a Shared Costs AVC arrangement, with it being the option for relevant employees and Council to participate in an HMRC approved scheme.
5.3	<ul style="list-style-type: none"> the annual revisions to the pension contribution bands from 1 April 2022, as contained within the Council's Policy Statement Employer Discretions under the Local Government Pension Scheme (NI) 2014 Regulations & other related Regulations, as notified by NILGOSC.
6.0	Documents Attached & References
	Appendix A - Mid Ulster DC Pension Discretions Policy Statement – Employer Discretions under the LGPS (NI) 2014 Regulations and other related Regulations