BRIEFING NOTE

To: Members of the Finance + General Purposes Committee (for meeting of 9 July 2015)

Re: Staff Pension Gratuity Scheme

1. The purpose of this Note is to seek the Committee's approval to the process of winding up the Staff Pension Gratuity Scheme and pay the funds to the affected members of staff, so that they can made additional contributions to their WSCC Pension Fund.

2. Background: The Staff Pension Gratuity Fund was established in July 2001 to provide a fund for members of staff. It was set up in accordance with prevailing guidelines from NALC for local councils who did not operate a Local Government Pension Scheme. The concept was to pay the beneficiary a lump sum on their retirement. If they left employment before their retirement date they were not permitted to transfer nor to take any sum. The amount was calculated as 3.75% of their total gross earnings during their employment. So far, payments have been made to two retiring members. The fund value (held as a NSI deposit) is £10,790.

3. Current position: A change in regulations (The Local Government (Discretionary Payments) Regulations 2011) came into force 16 January 2012 and had the effect of prohibiting the continued use of the scheme. It was, however, understood that staff who had the scheme within their conditions of employment would continue to benefit, but guidance has not been clear. *(Ref: NALC LTN 79 – 16 April 2012).* The Parish Council was mindful of the emerging employer obligations under the Workplace Pensions requirements, and the desire to ensure proper pensions for its permanent staff and resolved to enrol staff onto the Local Government Scheme administered by WSCC, effective 1 January 2015. The decision was also made to dissolve the Gratuity Scheme and distribute the funds to the new scheme. *(Ref: Council meeting 17 July 2014)*

4. Process: It has been presumed that the most appropriate process would be to apportion the fund in accordance to total gross earnings of the four affected members of staff, and then transfer the amounts to the individual pension WSCC LGPS funds, as an 'Additional Pension contribution'. *(Ref: WSCC email - West Sussex Capita Partnership – 27 April 2015; HP&SCPC email – SLCC – 28 April 2015)*. However, for this to be permissible the Council has to hold a suitable 'Discretions Policy' to enable it to make one-off payments. Detailed information on this matter is not clear but, as the Council has operated the Gratuity Scheme as a discretionary payment process, and has resolved to pay the Gratuity funds to the WSCC LGPS, it is considered that the Council has the necessary policy in place.

5. Apportionment of Gratuity Fund: A calculation has been carried out to apportion the fund amongst the four individuals, based on total gross earnings in their employment to 31 December 2014. This calculation is confidential as it is pertinent to individual circumstances. It is suggested that these payments are made to purchase additional pension contributions in the WSCC LGPS.

> **RECOMMENDATION: That the Gratuity Pension Scheme is dissolved and that the total amount is apportioned to the four members of staff who are members of the WSCC LGPS, in proportion to their total earnings in the Council's employment up to 31 December 2014, and that they are used to purchase Additional Pension contributions in the LGPS.**

(Ref:
WSCC email 28 January 2014 – LGPS;
WSCC email 29 November 2013 – LGPS;
Weblink: http://www.westsussex.gov.uk/your_council/pension_fund;
NALC LTN 79 October 2012.
NALC LTN 79 April 2012.)

Stephen Hoyles
CLERK TO THE COUNCIL
30 June 2015