

EAST AYRSHIRE COUNCIL

PERSONNEL AND PROPERTY SUB- COMMITTEE OF THE POLICY AND RESOURCES COMMITTEE - 2 APRIL 2001

LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND) REGULATIONS 1998 PROPOSALS FOR DEPENDANTS' PENSIONS

Joint Report by Depute Chief Executive/Director of Corporate Resources and Director of Finance

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek the Sub-Committee's support for the proposal to amend the Local Government Pension Scheme to introduce dependants' pensions.

2. BACKGROUND INFORMATION

- 2.1 The Employers Organisation, Local Government Pensions Committee, is keen, subject to cost, to ensure that the Local Government Pension Scheme meets the needs of employers and the scheme members. In recognition of the changes in social trends it commissioned a report from consultant actuaries to assess the cost of introducing dependants' pensions into the Local Government Pension Scheme.

- 2.2 The actuarial advice received is that this proposal will not result in an increase in the current level of employer contribution rates. In view of this the Local Government Pensions Committee endorsed the proposal that, in principle, an amendment to the Local Government Pension Scheme should be sought to enable a pension to be paid to a nominated dependant where there is no spouse.

- 2.3 It was recommended that the definition of a dependant should encompass the following:

- common law and same sex partners who are either dependent due to disability or who are financially interdependent at the date of the member's death.
- parents or siblings who are either dependent due to disability or who are financially dependent upon the member at the date of the member's death.

- 2.4 The Teachers Pension Scheme already permits an unmarried member to nominate a financially dependant parent or sibling to receive a dependant's pension upon the death of the scheme member.

3. COMMENT

- 3.1 The proposal to seek an amendment to the Scheme rules means that:

- the scheme will become more attractive to new local government employees.
- the scheme will reflect current Government policy in minimising poverty and social exclusion.
- the scheme will 'catch up' with the majority of private sector pension schemes by

recognising the change in social trends and will achieve this modernisation at no additional cost to the public purse.

- the scheme will remove the perceived inequity between the treatment of married and unmarried scheme members.
- there will be less likelihood of a challenge being lodged under the Human Rights Act 1998.

3.2 Public sector pension schemes can only introduce partner's pensions if employers agree to meet the cost. Accordingly, the Local Government Pensions Committee seek the support from local government employers for the proposal.

4. FINANCIAL IMPLICATIONS

4.1 The actuarial advice provided to the Local Government Pensions Committee is that introducing dependants' pensions will make no material difference to costs.

4.2 The Employers Organisation have asked employers to note that the introduction of dependant's pensions into the Local Government Pension Scheme will mean that:

- any savings accruing from fewer spouses' pensions being paid, as a result of the decline in the number of marriages, will be utilised to fund dependants' pensions.
- other 'strains' on employer costs could materialise through increasing membership longevity and the potential impact of the House of Lord's decision on part-timers.

5. POLICY/LEGAL IMPLICATIONS

5.1 The proposal is considered to support the Council's Equal Opportunities policy and is in line with the new EC anti-discrimination directive which will outlaw discrimination against people at work on the grounds of sexual orientation.

6. RECOMMENDATIONS

6.1 The Sub-Committee is asked to:

(a) support the proposal that an amendment to the Local Government Pension Scheme should be sought to permit non-married employees who are contributing to the Scheme to nominate:-

- (i) a partner who is either dependent due to disability or who is financially interdependent at the date of the member's death,
- (ii) a parent or sibling who is either dependent due to disability or who is financially dependent upon the member at the date of the member's death,

to receive a dependant's pension upon the death of the scheme member; and

(b) ask the Head of Personnel to advise Strathclyde Pension Fund of this Council's position on the matter.

Fiona Lees
Depute Chief Executive/Director of Corporate Resources

Alex McPhee
Director of Finance

16 March 2001

LIST OF BACKGROUND PAPERS

1. Employers Organisation Local Government Pensions Committee's paper on Proposal for Dependant's Pensions dated 26 January 2001.

Anyone wishing further information concerning this report should contact Graham Haugh, Head of Personnel, telephone (01563) 576092

AGENDA