

Superannuation – Carers’ Policy (Human Resources – Fiona Skene)

Synopsis of report:

To consider an amendment to the Carers’ Policy in respect of superannuation payments.

Recommendation:

That the proposed amendment to the Carers’ Policy as set out at paragraph 7 of Appendix ‘B’ to this report be considered.

1. Context of report

- 1.1 In May 2021, this Committee approved a new policy to support employees who are Carers. However, it was agreed to consider an amendment to the policy proposed by Councillor Robert King in respect of superannuation payments based on an assessment of costs over a 6-month period.
- 1.2 During this period no Carers altered their hours and therefore instead an assessment of potential costs was considered for employees at different pay levels. The estimated costs were considered by HR Member Working Party at their meeting in March. It was agreed at that meeting to propose an amendment to this policy to the Corporate Management Committee based on this exercise.

2. Report

What is the policy designed to do?

- 2.1 The policy is designed to explain the support the organisation gives to assist employees who are Carers so they can more easily combine this role with their employment role.
- 2.2 What amendment on Superannuation costs was proposed by Councillor Robert King and considered by the HR Member Working Party?
 - 2.2.1. The purpose of the proposed amendment from Councillor Robert King was to ensure that an employee did not lose out on pension benefit due to reducing their hours on a temporary basis due to being a Carer. This protection was proposed for a 6 month period with any further extension being at the discretion of the employee’s line manager.
 - 2.2.2 The Corporate Head of HR would conduct a costing review over a 6 month period which related to a situation where an employee who was a Carer reduced their hours, and therefore salary, on a temporary basis due to caring responsibilities and where the employer bore the costs of the difference between the superannuation costs on a full-time salary and on reduced hours subject to the employee doing the same in relation to an employee’s superannuation contributions. Depending on the outcome of this review this element might later be added to the Carer’s policy.
 - 2.2.3. During the 6 month assessment period, no employees did reduce their hours due to Carers’ responsibilities and therefore the Corporate Head of HR was requested by the HR Member Working Party to do a costing exercise based on an employee on a low, medium and high quartile salary. This exercise was done and considered by the HR Member Working Party at their meeting on 14th March 2022. What did this costing exercise illustrate?

- 2.2.4 The costing exercise is attached at Appendix 'A'. The costing exercise is based on a realistic example where an employee who suddenly becomes a Carer reduces his/her hours to 25 hours. This level of hours is realistic in relation to an employee who still needs to earn a reasonable salary to sustain themselves as well as to have some leeway to care for a newly disabled partner. These figures have been costed on a 6 and 12 month period.

3. Financial Implications

- 3.1 The costs to Runnymede based on the samples set out in Appendix 'A' would be as follows:

Level of Post	Cost to Runnymede	
	Annual	6 Months
Grade 7	£1,566	£784
Grade 10	£2,142	£1,071
SMA	£3,454	£1,727

- 3.2 These costs would already be budgeted for on the assumption that the post was operating at full time so there would not be any additional budgetary consequences unless the Council employed a temporary member of staff to cover the reduced hours and they too wished to join the pension scheme.

4. Liaison with Surrey Pensions

- 4.1 As part of the preparation of this report, the Corporate Head of HR liaised with the Service Delivery Manager of Surrey Pensions who administer the pensions of staff at Runnymede Borough Council. She explained that no other authorities had proposed to do this and that although it is possible for an employer to pay additional contributions for an employee for a period of time, we would need to do an Additional Pension contribution contract in respect of that person. Also that under the Pension Regulations an employee can only make additional contributions for themselves for a minimum of one year. This suggests that if Members wish to do this on the basis suggested by the HR Member Working Party (HRMWP), where the employee makes matching contributions, then we would need to support the difference for the employer's side contribution for one year and not six months. The proposed wording in the Carer's policy attached at Appendix 'B' has therefore been amended to reflect supporting the difference for one year.
- 4.2 The original proposed wording from the HRMWP is at paragraph 4.3 below. The revised wording to meet the requirements of the Pension regulations is at paragraph 4.4 below. Members' views on this proposed amendment set out at paragraph 7 of the Carer's policy attached at Appendix 'B' are requested.
- 4.3 What was the original proposed wording based on the discussions of the HRMWG?

This was

'Where an employee reduced their hours as a consequence of being a Carer on either a temporary or a permanent basis, the difference between the employers' superannuation contribution on a full-time salary and on the reduced hours would be paid by the Council for the first 6 months subject to the employee also bearing the difference in employee contribution cost. This would enable the employee to maintain their full-time pension benefit for this period. Any extension of this arrangement beyond 6 months up to a maximum of 12 months would be at the discretion of the manager.'

- 4.4 In order to meet the requirements of the Pensions regulations in respect of a minimum employee contribution period, the revised wording below is suggested for paragraph 7 of the policy:-

'Where an employee reduced their hours as a consequence of being a Carer on either a temporary or a permanent basis, the difference between the employers' superannuation contribution on a full-time salary and on the reduced hours would be paid by the Council for the first year subject to the employee also bearing the difference in employee contribution cost for a minimum of one year(which is required under the provisions of the Local Government Pension Scheme).'

5. **Legal Implications**

- 5.1 The Superannuation Act 1972 gave the Secretary of State the power to make regulations with respect to the pensions, allowances or gratuities which, subject to the fulfilment of such requirements and conditions as may be prescribed by the regulations, are to be, or may be, paid to persons, employed in local government service.
- 5.2 The Local Government Pension Scheme (LGPS) is what is termed a salary related scheme. The employee and employer pay contributions. As the amount of pension is linked to contributions if an employee reduces their working hours there will be an impact on the level of pension eventually paid.

(To resolve)

Background Papers

None stated