

HERTFORDSHIRE COUNTY COUNCIL

**EMPLOYMENT COMMITTEE
MONDAY 10 JULY 2017 AT 2.30PM**

<u>Agenda Item</u> <u>No.</u>
1

**PENSION SCHEMES – ANNUAL UPDATE REPORT ON LOCAL
GOVERNMENT PENSION SCHEME AND FIREFIGHTER PENSION SCHEMES
EMPLOYER DISCRETIONS USAGE**

Report of the Director of Resources

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Executive Member: David Williams, Resources, Property & the Economy

1. Purpose of report

- 1.1 To provide an annual update on the use of the Local Government Pension Scheme (LGPS) employer discretions policy and the Firefighters Pension Schemes (FPS) employer discretions policies.

2. Summary

- 2.1 As part of the pension reforms, new pension discretions were developed for LGPS and FPS, which were approved by Full Council. It was agreed that an annual report would be submitted to Employment Committee providing an update on pension changes and on the use of LGPS and FPS employer pension discretions

3. Recommendations

- 3.1 That Employment Committee notes the content of the report.

4. Background

- 4.1 There have been no changes to the LGPS and FPS since the report to Employment Committee on 20 June 2016.
- 4.2 The County Council continues to operate the LGPS and FPS employer discretion policies approved by Full Council. There are two main discretions that have been used this year under the LGPS discretions policy; requests for flexible retirement and requests to allow the transfer in of pension after the 12 month cut-off date. There is one discretion that has been used this year under the FPS discretions policy; election to purchase additional pension benefits in the 1992 scheme.

5. LGPS Discretions

- 5.1 As part of the 2014 changes, new pension discretions were developed. These were approved by Full Council on 15 July 2014. It was agreed that an annual report would be submitted to Employment Committee providing an update on pension changes and on the use of LGPS employer pension discretions.
- 5.2 The LGPS Policy on Exercise of Employer Discretions can be found on HCC's LGPS website and the Intranet. The power to exercise and to take any decision in relation to the each of the discretions is delegated to the Assistant Director, HR. A summary of the discretions exercised from 1 April 2016 to 31 March 2017 is as follows;
- 5.3 **Discretion 2 - Flexible Retirement Requests**
Flexible retirements are only agreed in exceptional circumstances and are employer initiated. Flexible Retirement is where an employee continues to work for an agreed, limited period and can start to draw their pension at the same time. Their hours or salary however need to reduce to help offset the cost of the early payment of pension. There have been 4 Flexible Retirements requests. Of these, 3 were accepted (1 in Resources, 2 in schools) and 1 was rejected as did not meet the criteria of the role being in a shortage skill area.
- 5.4 **Discretion 3 - Waiving of Actuarial Reduction to Pensions**
The waiving of any reduction that would otherwise be made on the early payment of a pension to a former employee from age 55 are only agreed where there is no cost to the Council or in cases of exceptional hardship or on compassionate grounds. The Council received one request which was rejected as there were no exceptional circumstances.
- 5.5 **Discretion 9 – Inward transfer of Pension Rights**
The Council received 24 requests for the late transfer in of pension benefits. These are requests from employees to transfer pensions into the LGPS over 12 months from their start date at the Council. Of these, 20 were rejected and 4 were accepted. In the 4 cases which were accepted, the employees had completed the requests as part of the starter process but these were not actioned due to administration errors. These errors have been raised with the administrators of the scheme.

6. FPS Discretions

- 6.1 As part of the 2015 changes, new pension discretions were developed. These were approved by Full Council on 23 February 2016.
- 6.2 The FPS Policy on Exercise of Employer Discretions can be found on the HFRS FPS website and the Intranet. The power to exercise and to take any decision in relation to the each of the discretions is delegated by

Hertfordshire County Council to its Director of Resources who may sub-delegate the power to another officer. A summary of the discretions exercised from 1 April 2016 to 31 March 2017 is as follows;

6.3 1992 Scheme Discretion 17- Election to Purchase Increased Benefits

Firefighters are able to purchase increased benefits in the 1992 scheme and the Council will usually require the firefighter to undergo a medical at their own expense to check they are in good health before agreeing the request. The Council received 2 requests to purchase increased benefits; both cases were agreed without requesting a medical as the firefighters had a recent service medical assessment on file confirming their good health. These were agreed by the Deputy Assistant Chief Fire Officer.

7. Financial Implications

7.1 A number of the discretions above will have an impact on the pension funds. Each decision is made on a case by case basis including an assessment of cost.

8. Equalities Implications

8.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.

8.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

8.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

8.4 There are no equality implications. Each decision is made on a case by case basis as part of the individual assessment for the use of the discretion.