

**HERTFORDSHIRE COUNTY COUNCIL**

**EMPLOYMENT COMMITTEE  
MONDAY, 18 JUNE AT 2.30PM**

<u>Agenda Item</u> <u>No.</u>  <b>1</b>
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**PENSION SCHEMES – ANNUAL UPDATE REPORT ON LOCAL  
GOVERNMENT PENSION SCHEME AND FIREFIGHTER PENSION SCHEMES  
EMPLOYER DISCRETIONS USAGE**

*Report of the Director of Resources*

Author: Emily Austin, HR Manager, Strategy & Reward (Tel: 01707 292751)

Executive Member: Ralph Sangster, Resources & Performance

**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 in 2014 and 2015, 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 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 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 have been no discretion requests this year under the FPS discretions policies.

**5. LGPS Discretions**

- 5.1 As part of the 2014 pension changes, 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 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 2017 to 31 March 2018 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 6 Flexible Retirements requests. Of these, 5 were accepted (1 in Music, 3 in schools, 1 in ACS) and 1 was rejected as business continuity could be achieved through other means.

5.4 **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, 2 were due to administrative errors, 1 was in-time taking into account bank holidays and 1 was in-time on a new contract.

**6. FPS Discretions**

6.1 As part of the 2015 changes, 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. No discretions were exercised from 1 April 2017 to 31 March 2018.

**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 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.