

**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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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.
- 5.2 The LGPS Policy on Exercise of Employer Discretions can be found on Hertfordshire County Council'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 2019 to 31 March 2020 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 has been 1 Flexible Retirements request (within a school), which was agreed.
- 5.4 **Discretion 9 – Inward transfer of Pension Rights**
The Council received 25 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, 21 were rejected and 4 were accepted. Of those allowed, 3 cases were due to administrative errors, where requests had been made on joining the scheme, but not actioned. The fourth case was combining two LG pensions and resulted in no cost to the scheme.

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 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 2019 to 31 March 2020.

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 equality implications of the decision that they are making.
- 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 produced by officers.
- 8.3 The Equality Act 2010 requires the county 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.

Background Information:

County Council - 15 July 2014:

<https://democracy.hertfordshire.gov.uk/CeListDocuments.aspx?Committeeld=216&MeetingId=503&DF=15%2f07%2f2014&Ver=2>

County Council – 23 February 2016

<https://democracy.hertfordshire.gov.uk/CeListDocuments.aspx?Committeeld=216&MeetingId=511&DF=23%2f02%2f2016&Ver=2>