



**Hinckley & Bosworth  
Borough Council**

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

ETHICAL GOVERNANCE AND PERSONNEL COMMITTEE

6 FEBRUARY 2019

WARDS AFFECTED: 'ALL WARDS'

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**REVIEW OF PENSION DISCRETIONARY POLICIES**

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**Report of Director (Corporate Services)**

1. PURPOSE OF REPORT

- 1.1 To review the employer pension discretions in relation to the Local Government Pension Scheme (LGPS) to ensure they are fit for purpose.

2. RECOMMENDATION

- 2.1 Following a review of the pension discretions it is recommended to:

- 1) Maintain the existing discretions currently in place.
- 2) Adopt the two additional discretions in relation to pension scheme members who left the council between 1 April 1998 – 31 March 2014.

3. BACKGROUND TO THE REPORT

Current discretions

- 3.1 The council is required to determine its policy approach to a number of defined pension provisions in the LGPS, known as employer pension discretions. The council must publish and keep under review a statement of its policy to explain how it will apply certain discretions allowed under the LGPS Regulations. The council last undertook a review of its discretions in July 2014.
- 3.2 Whilst the purpose of the discretions is to assist both the employer and the employee in a variety of situations such as redundancy, efficiency or a lead in to retirement, the council policy should be clear of the councils intentions should those discretions be exercised. This allows the council to minimise the possibility of the council facing substantial pension capital costs in the future.
- 3.2 At present there are ten discretions in force and these are set out in detail at Appendix 1. Given the financial constraints facing local councils and the requirement

to control the impact of any capital costs moving forwards, it is proposed to not change these existing policies.

#### Recent legislative changes – New discretionary policies for former employees of the council

- 3.3 Since April 2014 members of the pension scheme who leave and are over the age of 55 may claim actuarially reduced pension benefits if they wish *without* the consent of the employer ('actuarially reduced' means that their pension benefits are reduced as they are retiring early and the employee has not contributed to the age of 65).
- 3.4 Recent changes in the LGPS regulations has expanded the period in which deferred leavers can access their pension and as a result this right has been further extended to employees who left the council between 1 April 1998 – 31 March 2014.
- 3.4 Due to the legislative changes councils are required to review its discretions which were applied prior to April 2014. These need to re-opened and re-visited, and the two discretions and associated policy decisions are proposed at Appendix 2.
- 3.5 It is recommended that the council does not adopt these discretions as both polices could incur capital costs to an employer if applied.
- 3.6 The council is required to produce and publish, under the Localism Act, an annual Pay Policy Statement. The Pay Policy Statement 2019/20 will be updated to reflect the changes if the proposals are agreed by Committee. The discretions will apply to all employees (and former employees) irrespective of their seniority within the workforce.

#### 4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 The report to be taken in open session.

#### 5. FINANCIAL IMPLICATIONS [IB]

- 5.1 No payments have been made over the last 15 years. Therefore it is proposed that no funding is set aside to fund payments. If a discretionary payment is endorsed the cost will require approval in accordance with financial procedure rules. Depending on the age and service of the employee these costs could be significant.

#### 6. LEGAL IMPLICATIONS [FA]

- 6.1 None arising directly from this report.

#### 7. CORPORATE PLAN IMPLICATIONS

- 7.1 The policy ensures that the council provides a safe and healthy workplace whilst meeting the obligations of the Data Protection Act 1998.

#### 8. CONSULTATION

- 8.1 The councils recognised Trade Unions have been given the opportunity to respond to the consultation on the proposals.

9. RISK IMPLICATIONS

9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

None.

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

10.1 None.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

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Background papers: None.

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