



**Hinckley & Bosworth
Borough Council**

Forward timetable of consultation and decision making

Ethical Governance and Personnel Committee

8 June 2022

Wards affected:

All Wards

Revision of Pension Discretionary Policies

Report of Director (Corporate Services)

1. Purpose of report

1.1 To propose a change to one of the employer pension discretions in relation to the Local Government Pension Scheme (LGPS).

2. Recommendation

1.2 That members:

- Note the proposal to introduce an AVC salary sacrifice scheme.
- Approve the revision of the wording within the discretion policy 'Regulation 17 - Shared Cost Additional Voluntary Contribution Facility' at Appendix 1.

3. Background to the report

Introducing a Shared Cost Additional Voluntary Contributions (SSAVCs) scheme

3.1 Local Government employees currently have the facility to make additional payments to their retirement over and above their standard pension deductions, called Additional Voluntary Contributions. Employees can opt to have an amount deducted from their salary and achieve savings via tax relief. The Council is planning to introduce a new Shared Cost Additional Voluntary Contributions (SCAVCs), a salary sacrifice scheme which will allow employees to have the opportunity to make further savings via National Insurance Contributions as well as Income Tax. The scheme is recognised by the Local Government Pension Scheme (LGPS); it is important to note that

there are no additional costs to the employer which is simply facilitating the scheme and NI savings will be achieved for both employee and employer.

- 3.2 If it is determined that the council will offer salary sacrifice SCAVCs, the employer must specify in the employee's contract of employment that the employer contribution to the SCAVC is a pensionable emolument, and pensionable pay is calculated using the pre salary sacrifice level of pay. This means member contributions; employer contributions and CARE pension build-up continue to be based on the pre salary sacrifice level of pay.
- 3.3 The employer will also need to amend its discretions policy and ensure that it meets HMRC requirements for running a salary sacrifice scheme. Any salary sacrifice scheme must be properly implemented, and employers should seek professional advice. The council has chosen to work with a third party to assist with the introduction, communication and ongoing management of this salary sacrifice arrangement.
- 3.4 At present there are ten discretions in force for council employees and these are set out in detail at Appendix 1. It is proposed to change the policy wording for one discretion, Regulation 17 - Shared Cost Additional Voluntary Contribution Facility. 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 the remaining nine discretionary policies.
- 3.5 The current wording on the existing policy is

LGPS Regulations 2013 – Regulation 17 - Shared Cost Additional Voluntary Contribution Facility

This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.

Employer's Policy

The Council has not adopted this discretion. This will not have any effect on the existing AVC facility available where the employee only is able to make such contributions.

It is recommended to adopt the discretion with the revised policy wording to state:

Employer's Policy

The council will pay SCAVC contributions where an employee has elected to pay AVCs by salary sacrifice. The amount of these employer SCAVC contributions will not exceed the amount of salary sacrificed by the employee. This is a council discretion which is subject to the employee meeting the council's conditions for acceptance into the salary sacrifice shared cost AVC scheme and may be withdrawn or change at any time. This does not have any effect of the AVC facility available where the employee only is able to make such contributions.

3.6 It is proposed to launch the scheme to staff in May and June this year.

4. Exemptions in accordance with the Access to Information procedure rules

4.1 Open session.

5. Financial implications [DW]

5.1 The scheme would result in savings to the Council's Employers' National Insurance Contributions as the level at which it would be levied would be reduced by any salary sacrifice reduction.

5.2 Any Employers' NI savings made as a result of implementing the AVC scheme would be partially reduced as a % management fee based on salary sacrifice deductions made would be payable for the on-going management of the scheme to our scheme provider. As it is expected that take up will be low any net savings generated are expected to be minimal.

5.3 The level of Employers' pension contributions payable will remain unchanged as these will still be based on the gross pay before any salary sacrifice deduction.

5.4 As the level of gross pay would be reduced by any AVC salary sacrifice deductions for the purposes of calculating the amount payable for the Apprenticeship Levy the levy payable would reduce accordingly. However as the take up is expected to be low the amount involved would be minimal.

6. Legal implications [MR]

6.1 Set out in the report.

7. Corporate Plan implications

7.1 Contributes to all aims.

8. Consultation

8.1 The recognised Trades Unions will be consulted prior to rollout of the scheme.

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.

10. Knowing your community – equality and rural implications

10.1 This scheme is open to all staff.

11. Climate implications

11.1 N/A

12. Corporate implications

12.1 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

Background papers: None.

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