

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	17 November 2021
Subject:	Pensions Discretions Policy
Report of:	HR and OD Manager and Finance Manager
Corporate Lead:	Head of Corporate Services
Number of Appendices:	One

Executive Summary:

The Council has a Pensions Discretions Policy which we have published on our website, available to our employees. We keep this policy under review however, this is an opportunity to streamline and simplify our policy statement.

It also seems an appropriate time to review the limits set out in the Constitution at which individual pension requests need to be considered by Members and to clarify the arrangements for review.

Recommendation:

- 1) To APPROVE the revised policy.
- 2) To delegate authority to the Borough Solicitor to make amendments to the Scheme of Delegation to increase the financial limit from £10,000 to £20,000 (or where the expenditure cannot be found within existing budgets) before it would be referred to Executive Committee. Requests below this level of expenditure to be delegated to roles clarified as Head of Paid Service and S151 Officer in consultation with the Lead Member for Finance and Asset Management.
- 3) To AGREE that the policy is reviewed annually but only brought back to Executive Committee for review every three years or when a change is required (whichever is sooner).

Reasons for Recommendation:

To ensure that our Pensions Discretions Policy is clear, fair and to make best use of Member and Officer time when dealing with individual requests.

Resource Implications:

There are no direct implications from this report as every decision will be evaluated by a business case on a case by case basis.

Legal Implications:

The authority is responsible under the Regulations to ensure that it has a fair and robust procedure in place to deal with its responsibilities when employees apply to access pension benefits.

Risk Management Implications:

In applying discretions there is a risk of inconsistency – the clarity of this policy reduces that

risk.

There is a risk to finances which is managed within the policy by clear parameters indicating the financial limit at which decisions should be referred to Executive Committee and to Council.

Performance Management Follow-up:

1. Amendment to the values outlined in the Scheme of Delegation in the Constitution.
2. Revised Pensions Discretions Policy published by HR & OD Manager on the intranet and sent to unions for information and the Pensions Team at Gloucestershire County Council.

Environmental Implications:

There are none in this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1 Almost all officers of the Council are eligible to be a member of the Local Government Pension Scheme (LGPS). The Council is required to have a Pensions Discretions Policy which is published so that staff can easily access it and review it regularly.
- 1.2 Employer decisions on the application of discretions can give rise to strain costs being payable by the employer to the fund. Strain costs are the capitalised financial value of the impact on the fund when a member draws their pension benefits before their Normal or State Pension Age.
- 1.3 Generally, where a strain cost arises due to an employer decision, such as waiving actuarial reductions or sharing the cost of buying additional pension, the strain costs will be met by the employer and not the Pension Fund.
- 1.4 The HR & OD and Finance Manager have reviewed the Pensions Discretions Policy and although the core of the policy remains unchanged, some revisions have been suggested.

2.0 KEY CHANGES

- 2.1 The streamlining of Section 6 which previously detailed internal processes not needed in this policy document.
- 2.2 The boundary for what needs to be referred to Members for approval is already in the Constitution, so the monetary value has been removed from this policy, instead referring back to the Constitution to ensure this document is always in line with the Constitution requirements. It does however add explicitly that any total severance package over £100,000 must be approved by Council, as required by government guidance.
- 2.3 The policy clarifies that for requests which fall above the limits set in the Constitution and/or where the expenditure cannot be found from within existing budgets, requests will need to be approved by the Executive Committee, whilst those which fall under the limit can be approved by the Head of Paid Service and S151 Officer in consultation with the Lead Member for Finance and Asset Management.

- 2.4** A review timeframe has been added for clarity, whereby the policy will be reviewed every three years, with changes to come to Executive Committee for approval.

3.0 FURTHER RECOMMENDATION

- 3.1** The Constitution currently sets the level at which individual pension requests need to come to Members for consideration at £10,000. This figure has not been changed for a number of years, and should be reviewed to keep in line with the change in salaries and inflation. It is recommended that a figure of £20,000 (or any figure where the expenditure cannot be found from existing budgets) is now a more appropriate limit to be set within the Constitution.

4.0 DECISION REQUESTED

- 4.1** The Executive Committee is asked to approve the revised draft Pensions Discretions Policy attached to the report at Appendix 1.
- 4.2** The Executive Committee is asked to approve an amendment to the Scheme of Delegation in the Constitution to raise the limit at which individual pension requests need to come to Executive Committee for approval to £20,000, including clarifying the officer roles authorised to approve expenditure below £20,000 and within existing budgets. The Borough Solicitor will have authority to make these amendments.
- 4.3** The Executive Committee is asked to approve the proposed triennial review schedule for this policy.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** Pay Policy Statement.
Tewkesbury Borough Council Constitution.

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1** None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

- 7.1** None.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

- 8.1** None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

- 9.1** All decisions with a financial impact under the discretions allowed under this policy will be subject to a business case demonstrating that it is in the interests of the council to approve. Financial impact beyond the limits set in the Constitution will be referred for an Executive Committee decision.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: Current [*Pensions Discretions Policy*](#)

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Appendices: 1. Draft Pensions Discretions Policy.