



Report To:	Full Council
Date:	28 January 2026
Subject:	Review of HR Policies
Purpose:	To seek Council's approval for the revised HR policy (Pensions & Pensions Discretions Policy).
Key Decision:	N/A
Portfolio Holder:	Councillor Craig Leyland, Leader of the Council.
Report Of:	James Gilbert, Assistant Director - Corporate
Report Author:	Rachel Robinson, Group Manager – Organisational Development
Ward(s) Affected:	N/A
Exempt Report:	No

Summary

HR policies require regular review to ensure they are within the legal framework and reflect best practice. This report brings forward the Pensions & Pensions Discretions Policy for review. The Policy has been developed by Public Sector Partnership Services, as the Councils' HR provider; with input from a Readers' Panel consisting of Officers and Trade Union Representatives (Local and Regional). The Readers' Panel has confirmed that operationally the policy is practical to implement.

The Policy has been reviewed by the Overview Committee and the panel is supportive of the policy.

Recommendation

- That Council approves the HR policy (Pensions & Pensions Discretion Policy) appended to this report.

Reasons for Recommendations

HR policies need to be regularly updated to ensure they reflect best practice and are within the legal framework. This review has provided the opportunity to seek consistency in HR policy across the Partnership.

Other Options Considered

None

1. Background

- 1.1 It is important HR Policies are regularly reviewed to ensure they remain appropriate, reflect legislation and best practice and enable the Head of Paid Service to effectively manage the workforce.

2. Report

- 2.1 Having a single set of shared HR Policies will ensure consistency and simplify the way the Partnership's workforces are managed. There is also a benefit to Public Sector Partnership Services of a single HR policy set for each of the three Councils as it means rather than HR advisors administering three different policy sets, they only need to administer one.
- 2.2 This report brings forward a Pensions and Pension Discretions Policy (Appendix A) which outlines the Councils approach to administering the Local Government Pension Scheme (LGPS) and the application of employer discretions in accordance with statutory requirements.
- 2.3 The LGPS is governed by a series of regulations, including the LGPS Regulations 2013 and the LGPS Transitional Regulation 2014. Employers participating in the LGPS are legally required to prepare, publish and keep under review a written policy statement on how they will exercise certain discretionary powers under these regulations.
- 2.4 The policy, as presented at Appendix A, has been reviewed by an internal Reader's Panel of officers from across the Partnership, trade unions, the Senior Leadership Team and Overview Committee. The policy has their support.
- 2.5 The tables below provide a summary of the mandatory discretions that an employer must have, and recommended non-mandatory discretions, the current provision and the recommendations as covered by the Policy.

The following discretions are mandatory:

Discretion	Regulation	ELDC Current Policy (2014)	Recommendation
<p>Whether, how much, and in what circumstances to contribute to a Shared Cost APC scheme</p> <p>This discretion is whether the council contributes to some or all of the purchase of additional pension by an active member, either by regular contributions or lump sum. Where a council contributes to some of the purchase, this is often known as a shared cost APC (SCAPC). Employers can choose to contribute to the cost of Additional Pension Contributions purchased by an employee.</p> <p>Note: This does not include instances where the employee is paying for lost pension via an APC where the election was made in the first 30 days (or longer if the employer allows) – in this circumstance the employer must pay two-thirds of the cost of such purchase there is no discretion (R15(5)).</p>	<p>R16(2e) & R16(4d)</p>	<p>The Council reserves the right to exercise this discretion will deal on case by case basis taking into account financial implications.</p>	<p>The Council will reserve the right to exercise this discretion and will deal with it on a case-by-case basis except where required under R15(5) Rationale to manage financial exposure while supporting employees. The council will take into account any financial implications. The cost of this would fall on the employer so expectation is this discretion will only be exercised in exceptional circumstances and would be subject to any current maximum annual value set by LGPS or HMRC.</p>
<p>Award of Additional Pension: Whether to award additional pension (of up to £8,903* pa at 1 April 2025) to; an active member, or within 6 months of ceasing to be an active member on the grounds of redundancy or business efficiency.</p> <p>*this figure is revalued annually</p>	<p>Regulation 31</p>	<p>The council will not exercise this discretion.</p>	<p>The council will not exercise this discretion due to financial implications.</p>
<p>Whether to allow Flexible Retirement: Employers can allow employees aged 55+ to draw pension benefits while continuing to work (with reduced hours or grade) .</p>	<p>Regulation 30(6) Regulation 11(2)</p>	<p><u>Separate policy:</u> Employee must reduce their salary or hours by 30% or more. Approved by Line manager.</p>	<p>The Council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial and operational implications. Requests will only be considered where the reduction in hours would</p>

Employers must decide whether to allow this.			result in at least 30% reduction in gross pay and or a reduction of at least a grade. This discretion may only be used where the employing department can demonstrate that there is no adverse impact to services.
<p>Flexible Retirement - Whether to allow the member to choose to take</p> <p>a. part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014, and / or</p> <p>b. all, part or none of the pension benefits they built up after 31 March 2014</p>	Reg (30 (8)	The council will reserve the right to exercise this discretion as previously determined in the councils 2008 discretionary statement.	The Council will reserve the right to exercise this discretion and will deal with it on a case-by-case basis taking into account any financial implications. The cost of this would fall on the employer so expectation is this discretion will only be exercised in exceptional circumstances
<p>Whether to waive, in whole or in part, any actuarial reductions which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction either fully or in part - the cost of waiving any actuarial reduction, in whole or in part, would have to be met by, and paid to the Pension Fund by, the Scheme employer. Please be aware, if you allow members to retire under flexible retirement, and they meet the 85 year rule between the ages of 55 and 60, there may be a cost to the employer as there is no option to switch the 85 year rule off in this instance.</p>	R 30 (8)	The council will reserve the right to exercise this discretion as previously determined in the councils 2008 discretionary statement.	The Council will reserve the right to exercise this discretion and will deal with it on a case-by-case basis taking into account any financial implications. The cost of this would fall on the employer so expectation is this discretion will only be exercised in exceptional circumstances
<p>Whether to waive, in whole or in part, any actuarial reductions on benefits which a member voluntarily draws before normal pension age (excluding flexible retirement).</p> <p>This employer may waive reductions on either:</p> <ul style="list-style-type: none"> • compassionate grounds • on any grounds 	Regulation 30(8), TP3(1), TPSch 2, para 2(1), B30(5) and B30A(5)	The council will reserve the right to exercise this discretion as previously determined in the councils 2008 discretionary statement.	<p>The Council will typically only exercise this discretion if:</p> <ul style="list-style-type: none"> • It is in the financial or operational interest of the employer. • There are compassionate grounds that justify it. • The costs of waiving the reduction can be justified and met.

<p>Employers can choose to waive some or all of the reductions applied to pension benefits when a member retires early (from age 55 onwards).</p> <p>If they do, the cost of doing so (called the strain cost) must be paid by the employer to the pension fund.</p>			
<p>Determination of Contribution Banding</p> <p>Employers must determine the appropriate contribution rate for each employee, based on pensionable pay.</p>	<p>Regulation: 9 (1) & 9(3)</p>	<p>The Council will use the contribution rate defined in the regulations and apply it to employees who are members of the Pension scheme in accordance with their pensionable pay. Where an employee changes their employment within the Council and there is a material change to their pensionable pay during a year, the council will change the employees contribution rates when the material change takes effect.</p>	<p>The Council will use the contribution rate defined in the regulations and apply it to employees who are members of the Pension scheme in accordance with their pensionable pay. Where an employee changes their employment within the Council and there is a material change to their pensionable pay during a year, the council will change the employees contribution rates when the material change takes effect.</p>

The following discretions are Non-Mandatory

Discretion	Regulation	ELDC Current Policy (2014)	Recommendation
<p>Whether, how much and in what circumstances to contribute to a shared cost AVC arrangement.</p> <p>It gives employers the discretion to contribute to an employee's AVC arrangement, making it a shared cost AVC.</p>	<p>Regulation 17(1) and (2)(e)</p>	<p>This discretion will not be exercised</p>	<p>This discretion will not be exercised</p>
<p>Whether to extend the 30 day deadline for member to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise</p>	<p>R16(6)</p>	<p>Not captured</p>	<p>This discretion will not be exercised.</p>

than because of illness or injury, relevant child-related leave or reserve forces service leave).			
<p>Forfeiture of Pension Rights Whether to apply to the Secretary of State for a forfeiture certificate following a relevant criminal conviction.</p>	Regulation 91(1)	The council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial implications.	The council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial implications.
<p><i>Interim Payments Direction</i> Whether to suspend or withhold pension payments pending a forfeiture decision.</p>	Regulation 92	The council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial implications.	The council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial implications.
<p>Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.</p> <p>The Rule of 85 allows some LGPS members to retire early without full pension reductions, if their age + years of service = 85 or more. However, if a member retires between ages 55 and 60, the Rule of 85 doesn’t automatically apply—even if they qualify. In this case, the employer has the discretion to “switch it on,” meaning they can choose to allow the protection and reduce or remove the early retirement penalty.</p> <p>If the employer does agree to ‘switch on’ the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before 60 where the member has already met the 85 year rule or will before age 60.</p>	TPSch 2, paras 1(1) C	The Council will reserve the right to exercise this discretion as previously determined in the Council’s 2008 discretionary statement.	This Council has a policy of ‘switching off’ the rule on a case by case basis. This will allow those staff who wish to retire under the 85 year rule and take the actuarial reduction themselves (at no cost to the council) to do so.

<p>Late transfer requests Whether to extend the 12 month time limit for a member to elect to transfer previous pension rights into LGPS.</p>	<p>Regulation: 100(6)</p>	<p>The Council will reserve the right to exercise this discretion and will deal with it on a case by case basis taking into account any financial implications.</p>	<p>Requests made outside the 12 month period will not be considered unless: 1) no previous option was given to the member due to a clear administration error; 2) Where there has been an administrative delay in processing the initial request, which was received within the 12 month of active membership, or 3) there is clear evidence they had not been informed of or could not have reasonably known the time limit.</p>
<p>Assumed Pensionable Pay (APP) Whether to include certain payments in the calculation of APP when a member is on reduced or nil pay.</p>	<p>Regulation 22(7)(b)</p>	<p>Not captured</p>	<p>The Council will include in the Assumed Pensionable Pay (APP) calculation any regular lump sum payments where it is judged that it is reasonable to assume they would have been paid.</p>
<p>This discretion allows an employer to issue a certificate of protection of pension benefits on behalf of a member if the member fails to request one themselves, in situations where:</p> <ul style="list-style-type: none"> • The member's pay is reduced or restricted, and • They are entitled to final salary protections (typically for service before 1 April 2014). <p>The certificate helps ensure that the member's final salary benefits are calculated using the higher pay they previously earned, rather than the reduced pay.</p>	<p>LGPS (Transitional Provisions) Regulations 2014, specifically related to final salary protections.</p>	<p>Not captured</p>	<p>The Council reserves the right to exercise this discretion and will deal with it on a case by case basis.</p>

3. Conclusion

- 3.1. This report presents the Pensions & Pension Discretions Policy for consideration by Council. The policy has been developed to provide guidance to employees and managers, ensure legal compliance, reflect best practice, and support consistent workforce management across the South and East Lincolnshire Councils Partnership.
- 3.2. The policy has been reviewed and endorsed by a Readers' Panel comprising officers, trade union representative and the Senior Leadership Team. Their feedback confirms the practicality and relevance of the proposed changes.
- 3.3. The Policy has been reviewed by the Overview Committee and the panel is supportive of the policy.

Implications

South and East Lincolnshire Councils Partnership

The adoption of a unified set of HR policies will enhance consistency in workforce management and simplify HR service delivery across the Partnership.

Corporate Priorities

The policy supports workforce planning which aims to make the Council more efficient and effective.

Staffing

The Policy will have a direct impact on the management of the workforce. The policy has been developed in line with legislation and best practice and are designed to support positive workforce management.

Workforce Capacity Implications

None

Constitutional and Legal Implications

The policy ensures compliance with statutory obligations under the LGPS Regulations, transparency and consistency in the application of pension-related decisions, fairness in how discretions are applied to individual cases, and clarity for employees and managers.

Data Protection

There are no direct data protection implications arising from the content of the report, but data relating to staff is protected under data protection laws. The Council has suitable technical and organisational measures in place to protect such data.

Financial

There are no immediate financial implications of implementing the policy. Any financial implications of exercising pension discretions must be carefully considered on a case-by-case basis as outlined within the policy. The Council reserves the right to exercise discretions ensuring that any associated costs are justified and sustainable. This approach supports prudent financial management and protects the Council from undue strain on resources, while maintaining flexibility to support workforce and business needs where appropriate.

Risk Management

Failure to adopt and maintain a current pensions and pension discretions policy would result in non-compliance with LGPS regulation, inconsistent decision-making, lack of clarity for employees and HR, inability to demonstrate transparency and fairness, and a missed opportunity to align policies across the SELCP.

Stakeholder / Consultation / Timescales

The Policies have been reviewed by a Readers' Panel including officers, trade union representatives, the Senior Leadership Team and the Overview Committee. Their feedback has been incorporated into the final draft.

Reputation

The Council recognises the importance of supporting its workforce and managing the workforce in a positive way. The policy aims to achieve that, thereby enhancing the reputation of the Council as an employer.

Contracts

None.

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

All pension-related decisions will be applied fairly and consistently in accordance with the Equality Act 2010. The policy supports inclusive workforce practices and promotes equal access to pension benefits.

Health and Wellbeing

The Council acknowledges the role that pension flexibility can play in supporting employee health and wellbeing, particularly in relation to flexible retirement options. By allowing employees to reduce working hours or responsibilities while accessing pension benefits, the policy supports a healthier work-life balance and enables staff to transition into retirement in a way that suits their personal circumstances. This contributes to a support working environment and aligns with the Council's broader wellbeing approach.

Climate Change and Environment Impact Assessment

