

EMPLOYMENT COMMITTEE: 18 SEPTEMBER 2025**REVIEW OF EMPLOYER DISCRETIONS - PENSION REGULATIONS****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****Purpose**

1. This report seeks the Committee's approval of certain policy decisions afforded to the County Council as a scheme employer under the provisions of the Local Government Pension Scheme (LGPS).

Background

2. The pension regulations require the County Council to formulate, publish and keep under review its policies in respect of certain areas of the Scheme where it may exercise its discretion. There are numerous mandatory discretions but the fall under four main areas:
 - (i) Additional pension;
 - (ii) Flexible retirement;
 - (iii) Switching on Rule of 85 (R85); and,
 - (iv) Waiving of Early Retirement Reductions actuarial reduction.
3. Details of the discretions and the Council's current policy in relation to how they are exercised are set out in Appendix 1. These were approved by the Committee at its meeting on 13 September 2018 following an update to Leicestershire Pension Fund Employer Discretions Guide (Appendix 2), and it is returning to Employment Committee given a decision to make a change to the Policy to allow the provision of Shared Cost Additional Voluntary Contribution via a Salary Sacrifice scheme. Shared Cost Additional Voluntary Contribution through a Salary Sacrifice scheme enables individuals to make extra contributions towards their pension, while also allowing both individuals and employers to save on tax and National Insurance contributions.
5. Whilst there is no requirement to have a written policy on all discretions, the report sets out a review of further three regulations (Appendix 3) which the Council has agreed, in order to provide clarity for LGPS members. These were also highlighted in the report to Employment Committee on 13 September 2018 and 26 September 2024, and no changes are proposed in relation to:
 - (i) Election to transfer and aggregate pension within 12 months;
 - (ii) Allocation of contribution pension band and review period;
 - (iii) Assumed pensionable pay.

6. In addition to the review of the mandatory and non mandatory discretions there is a position statement around Leicestershire County Council's operational approach to pension regulations (Appendix 4). It is not classed as a requiring the Employment Committee's approval, the Committee is asked to note that they are occasionally used in the spirit of being open and transparent around the operational use of LGPS Regulations. This specifically relates to:
- (i) Dismissal on the grounds of business efficiency.

Recommendations

7. The Committee is asked to:
- a) Approve of change to Leicestershire County Council pension mandatory discretion under Local Government Pension Scheme (LGPS) Regulations (Appendix 1) to allow payment of Shared Cost Additional Voluntary Contribution via a Salary Sacrifice Scheme;
 - b) Note non mandatory discretion under LGPS Regulations contained within Appendix 3 of the report; and,
 - c) Note Leicestershire County Council's operational approach to Pensions Regulations contained within Appendix 4 of the report.

Background Papers

8. LGPS Discretions Paper - 26 September 2024
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=212&MID=7425#AI80070>

Circulation under Local Issues Alert Procedures

9. None.

Equality Implications

10. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

There are no human rights implications arising from the recommendations in this report.

Appendices

Appendix 1 – Local Government Pension Scheme Regulations Policy statement on all eligible employees

Appendix 2 – Leicestershire Pension Fund Employer Discretions Guide

Appendix 3 – Non-Mandatory discretion under LGPS Regulations

Appendix 4 - LCC operational approach to Pensions Regulations

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