

<b>REPORT TO:</b>		Management Review Committee	
<b>DATE:</b>		23 April 2026	
<b>PORTFOLIO:</b>		<b>Councillor Vanessa Alexander - Resources and Council Operations</b>	
<b>REPORT AUTHOR:</b>		Kirsten Burnett, Head of Policy and OD Martin Dyson, Executive Director (Resources)	
<b>TITLE OF REPORT:</b>		Review of Employer Pension Discretions Policy	
<b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b>	<b>No</b>	Not applicable	
<b>KEY DECISION:</b>	<b>No</b>	If yes, date of publication:	

## 1. **Purpose of Report**

- 1.1 To agree a proposed updated Employer Pension Discretions Policy Statement.
- 1.2 To agree a change to the redundancy multiplier as part of the Council's wish to move towards pay equalisation pre-Local Government Review.

## 2. **Recommendations**

- 2.1 That Management Review Committee approves the Policy Statement.

## 3. **Reasons for Recommendations and Background**

- 3.1 This policy statement sets out the discretionary powers that Hyndburn Borough Council has under the Local Government Pension Scheme (LGPS) regulations. The Council is required by law to publish and keep under review its approach to certain areas where discretion is allowed. These discretions affect how pension benefits are applied in specific situations and can have financial implications for both the Council and scheme members. By setting out a clear and consistent policy, we aim to ensure fairness, transparency, and effective decision-making in the administration of the LGPS.
- 3.2 The current policy statement was agreed in 2015. A number of aspects of the pension rules require updating for clarity or to reflect the rules of the scheme itself.
- 3.3 In addition, the work being done to collate terms and conditions across all the Lancashire local authorities in preparation for LGR has identified continued discrepancy in how

redundancy pay is calculated. Some Councils apply a multiplier to the redundancy pay figure, with the highest being 2.2. Hyndburn does not apply any multiplier, which could mean two people in a future authority on TUPE-protected terms (one ex Hyndburn, another from a different local authority) both being made redundant with the same age, pay and length of service, with the Hyndburn employee getting a lower payment. It is therefore proposed to introduce a multiplier of 2.2, so that ex-Hyndburn staff would be no worse off than their new colleagues. The use of this multiplier would not be able to take the final amount of redundancy pay above a limit of £70k.

3.4 The proposed changes are incorporated into the attached draft document and are detailed in the table below.

### 3.5 Proposed changes / updates

<b>Section</b>	<b>Proposed change</b>
Introduction	Expanded introductory statement
Declaration / review dates	Brought to beginning rather than end
Index	New
General formatting	Moved into table form with discretions on left and employer policy on right, for ease of navigation and understanding
<b>Part A1</b>	
Power of scheme employer to award additional pension	Figures in discretion updated to 2025 amounts – these are updated each year
Power to contribute to cost of purchasing additional pension	Figures in discretion updated to 2025 amounts – these are updated each year
Flexible retirement	Employer’s policy – changed age 65 to normal pensionable age.
Flexible retirement	Employer’s policy – new paragraph to clarify people can only take flexible retirement benefits once. So any further reduction in hours, for example, would not lead to more pension payments.
Flexible retirement	Final paragraph of Consideration of Application section – added the word “approved” to “Any request for a reduction in grade should be accommodated within the Service”
Early retirement and waiving actuarial reductions	Section on 85 year rule in section (1) updated to reflect updated guidance from November 2020.
<b>Part B</b>	
Late Transfer requests	First sentence changed to be <i>or</i> rather than <i>and</i> , i.e. change to say will consider requests where there is no financial cost OR under exceptional circumstances. Currently means both things are needed.
New: Misconduct / fraud	Allows for the possibility of seeking to recover financial loss from pension benefit in case of fraud or gross misconduct.
New: Third Tier ill health review	Bringing Policy up to date with scheme rules on ill health retirement. Allows employer to seek repayment of benefits where someone has started “gainful employment”
New: Shared costs APCs to buy back lost pension	Relates to timescales for employee being able to buy additional pension contributions, e.g. after maternity leave.

	Propose policy limiting ability to go beyond 30 days to when there has been an admin error and they were notified late
<b>Part C1</b>	
Redundancy and compensation payments	Changing “will” of employer’s policy to “may” in first sentence
	Deletion of 3 <sup>rd</sup> bullet – one person leaving a part-time role would not necessarily mean we would terminate the other’s employment by reason of redundancy
	Final paragraph of employer’s policy, clarify that we will calculate redundancy payments based on actual weekly pay <i>before</i> any salary sacrifice.
	Include a new multiplier (as outlined in S3.3 of this report). The use of this multiplier would not be able to take the final amount of redundancy pay above a limit of £70k.

#### 4. **Alternative Options considered and Reasons for Rejection**

4.1 N/a – we are required to keep this under review and the last formal review was 2015.

#### 5. **Consultations**

5.1 The changes have been discussed and agreed at Corporate Management Team and via discussions with the Portfolio Holder.

#### 6. **Implications**

<b>Financial implications (including any future financial commitments for the Council)</b>	The policy sets out how the Council will exercise its discretionary powers under the Local Government Pension Scheme. While most discretions are rarely used, some carry potential cost implications. These are considered on a case-by-case basis and subject to appropriate business and financial justification. The revised policy helps ensure decisions are applied consistently and transparently.
<b>Legal and human rights implications</b>	The Council is required by the LGPS Regulations to formulate, publish, and keep under review a written policy on certain pension discretions. Updating the policy ensures continued compliance with these statutory duties. There are no identified breaches of human rights arising from the proposed changes.
<b>Assessment of risk</b>	Having an up-to-date and clearly defined discretions policy reduces the risk of inconsistent decision-making, challenge or

	<p>appeal, and potential reputational or financial harm. The updated policy supports good governance and improves clarity for officers involved in pension-related decisions.</p>
<p><b>Equality and diversity implications</b>  <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i></p>	<p><a href="#">A CFA is attached as Appendix 1.</a> The updated policy does not introduce any new provisions that disadvantage or favour particular groups and is based on existing legal discretions under the LGPS. Decisions made under this policy must comply with the Council's Public Sector Equality Duty. The policy provides a framework to support fair and non-discriminatory decision-making. No negative impacts on any protected characteristic groups have been identified. Individual cases will continue to be considered on their merits, with due regard to equality and diversity.</p>

**7. Local Government (Access to Information) Act 1985:  
List of Background Papers**

7.1 None.

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

## **Appendix 1: Customer First Analysis Employer Pension Discretions Policy Statement**

### **1. Purpose**

- What are you trying to achieve with the policy / service / function?

To update and clarify the Council's policy on how it exercises its discretionary powers under the Local Government Pension Scheme (LGPS) regulations.

- Who defines and manages it?

The policy is defined and managed by the Council's Management Team, with work led by the HR team. It operates in consultation with the relevant pension fund administrator and is subject to formal approval by elected members on the Council's Management Review Committee.

- Who do you intend to benefit from it and how?

The policy provides clarity for employees eligible for LGPS benefits and supports fair, transparent, and consistent decision-making.

- What could prevent people from getting the most out of the policy / service / function?

Lack of awareness, inconsistent application, or failure to consider individual circumstances could lead to misunderstanding or disadvantage.

- How will you get your customers involved in the analysis and how will you tell people about it?

The policy will be published on the Council's intranet and made available to staff upon request. The HR and Payroll teams will apply it with appropriate case-by-case support.

### **2. Evidence**

- How will you know if the policy delivers its intended outcome / benefits?

Through consistent and fair application of discretions and minimal number of disputes or appeals.

- How satisfied are your customers and how do you know?

Informal feedback from staff and union representatives; formal feedback where any complaints arise.

- What existing data do you have on the people that use the service and the wider population?

HR holds and reports on demographic data for the Council's workforce, including age, gender, and length of service.

- What other information would it be useful to have? How could you get this?

Data on uptake or request patterns for specific discretions by equality group. However, the numbers involved are so small that this would be unlikely to reveal any trends.

- Are you breaking down data by equality groups where relevant?

Not routinely for this policy, but equality data may be considered in individual cases, particularly those involving flexible retirement or compassionate grounds.

- Are you using partners, stakeholders, and councillors to get information and feedback?

Final decisions will go through the Council's formal committee structure.

### **3. Impact**

- Are some people benefiting more – or less - than others? If so, why might this be?

Some discretions (e.g. flexible retirement or early release of benefits) may be more relevant to older employees or those with caring responsibilities. These differences reflect legitimate business and personal circumstances rather than discrimination.

### **4. Actions**

- If the evidence suggests that the policy benefits a particular group – or disadvantages another – is there a justifiable reason?

Yes. The policy responds to situations covered under LGPS regulations (e.g. age-related benefits, compassionate grounds), with decisions made on a case-by-case basis with due regard to equality law.

- Is it discriminatory in any way?

No. The policy is designed to ensure lawful, consistent, and fair treatment for all eligible employees. Age-related distinctions within the pension scheme rules are expressly permitted in the Equality Act 2010.

- Is there a possible impact on relationships or perceptions between different parts of the community?

No community-wide impact is anticipated, as the policy applies only to LGPS-eligible staff.

- What measures can you put in place to reduce disadvantages?

Ensure the officers concerned are aware of the policy and their requirement to apply it fairly and consider equality issues.

- Do you need to consult further?

No. There is no requirement to undertake formal consultation.

- Have you identified any potential improvements to customer service?

Yes. Improved clarity and accessibility of the policy will help staff understand their rights and options.

- Who should you tell about the outcomes of this analysis?

Management Team, JNCC, Management Review Committee.

- Have you built the actions into your Business Plan with a clear timescale?

The policy update will implemented once given formal approval.

- When will this assessment need to be repeated?

Upon the next policy review or sooner if there are material changes to LGPS regulations or Council approach.

***Completed by:***

**Name:** Kirsten Burnett, Head of Policy and OD

**Dated:** 2 June 2025