

REPORT TO PERSONNEL COMMITTEE EMPLOYER PENSION DISCRETION POLICY STATEMENTS



Report Reference P-22-11
Meeting Date 17th January 2023
Agenda Item 5
Prepared by Town Clerk

1.0 BACKGROUND

The council's pension provider is the Cheshire Pension Fund, which is part of the Local Government Pension Scheme. The Fund has advised it is required for councils to adopt policy statements on five discretionary areas. The Town Council does not presently have policy statements for these discretions.

Draft policy statements are detailed in section two. These are based on statements adopted by other councils and broadly set the council's position as not exercising its discretionary powers to pay additional contributions.

2.0 PENSION DISCRETIONS POLICY STATEMENTS

Ability to contribute to a shared cost additional pension contribution (APC) scheme

The council will not contribute to a shared cost Additional Pension Contribution for an employee who is working as normal.

Ability to award flexible retirement & waive actuarial reduction

The council has a flexible retirement policy that is reliant upon a sound business case being made for the granting of flexible retirement with immediate access to all or part of the member's benefits. To this end the council will consider requests on a case-by-case basis, but there must be no net cost to the council. The council will not waive any reduction that will be applied to the members benefits.

Ability to waive some or all of early retirement reduction on benefits if a member retires before Normal Pension Age (NPA) – For both active and deferred members

As a consequence of flexible retirement there may be a reduction to the benefit paid where the employee does so before the Normal Pension Age. Knutsford Town Council will not fund the reductions applied

Power of employing authority to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60

The council will not consider switching the 85 rule on for this group of members where it will result in a direct net cost to the Council. Switching the 85 year rule back on in full might be a mechanism the

Council would wish to consider to encourage members to retire early to, for example, help achieve a balanced age profile within the workforce or to avoid possible redundancies later, which have attendant greater costs.

Ability to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency

The council will not consider awarding additional pension to a member.

In determining this policy, the Council are aware that an implication of the Equality Act 2010 and the Equality Act (Age Exceptions for Pension Schemes) Order 2010 is that all staff should be treated equally regardless of their age, unless different treatment can be objectively justified and would not wish to be open to challenge on age or gender discrimination grounds. (as those not in the pension scheme tend to be younger employees and part-time female workers). An implication of the Equality Act 2010 and the Equality Act (Age Exceptions for Pension Schemes).

3.0 DECISION REQUIRED

It is recommended that the committee approves the policy statements.