

Meeting: Cabinet/Council **Date:** 14 July/24 July 2025

Wards affected: All wards in Torbay

Report Title: Torbay Council Pensions Discretions

When does the decision need to be implemented? September 2025

Cabinet Member Contact Details: Cllr Alan Tyerman, Cabinet Member for Housing and Finance, alan.tyerman@torbay.gov.uk.

Director/Divisional Director Contact Details: Matthew Fairclough-Kay, Director of Corporate Services, (01803) 207449, matthew.fairclough-kay@torbay.gov.uk

1. Purpose of Report

- 1.1 Under the current Local Government Pension Scheme Regulations, Torbay Council can exercise a range of pension discretionary policies which apply to its employees who are members of the scheme. The current discretions were agreed at Council in February 2025.
- 1.2 There is a requirement to amend the current discretions to introduce a Shared Cost Additional Voluntary Contribution arrangement (SCAVC).
- 1.3 An employer can choose to contribute towards a member's Additional Voluntary Contribution via a shared cost arrangement (SCAVC) where an employee has elected to pay AVC's by salary sacrifice. The amount of these employer shared cost AVC's will not exceed the amount of salary sacrificed by the employee. The proposals in this report provide benefits for both the Council and employees.

2. Reason for Proposal and its benefits

- 2.1 Torbay Council will pay shared cost AVCs where an employee has elected to pay AVCs by salary sacrifice. The amount of these employer shared cost AVCs will not exceed the amount of salary sacrificed by the employee. This is a discretion of the Council which is subject to the employee meeting the conditions for acceptance into the salary sacrifice shared cost AVC scheme and may be withdrawn or changed at any time.
- 2.2 The benefit of this proposal is that both the Council will pay less National Insurance and Employee will pay less in Tax and National Insurance contributions, it will also encourage employees to save more for their pension.

3. Recommendation(s) / Proposed Decision

3.1 That Cabinet recommends to Council:

That the amended Employers Pensions Discretions as set out in Appendix 1, to the submitted report, which now include the Shared Cost Additional Voluntary Contribution Scheme be approved.

Appendices

Appendix 1: Torbay Council Pension Discretions

Background Documents

Copies of Torbay Councils associated Policies will be made available upon request. All current policies are held on the Council's MyView system:-

<https://myview.torbay.gov.uk/dashboard/dashboard-ui/index.html#/landing>

1. Introduction

- 1.1 Under the current Local Government Pension Scheme Regulations, Torbay Council can exercise a range of pension discretions which apply to its employees who are members of the scheme. The Employers Pensions Discretions must be reviewed and approved by Council annually in line with the LGPS regulations. The current discretions were agreed by Council in February 2025.
- 1.2 It is now requested that they are amended to include the SCAVC arrangement.
See Pensions Discretions, Appendix 1, for full details of the existing and recommended discretions.
- 1.3 There are currently only 10 employees in a historical non-salary sacrifice AVC scheme. These scheme members will have the option to move to the new scheme. The remainder of the workforce will be invited to join the new scheme should they wish.

2. Options under consideration

- 2.2 There are no other options under consideration.
- 2.3 The Employers Pensions Discretions were last approved by Council in February 2025. There were no changes at this time.
- 2.4 Approval is now sought to amend the discretions to include an SCAVC scheme.

3. Financial Opportunities and Implications

- 3.1 The introduction of a Shared Cost AVC will bring savings in Tax and National Insurance for scheme members and National Insurance savings for the Council. However, the level of savings will be dependent on the number of employees who participate in the SCAVC scheme.
- 3.2 There is no cost to the Council for a Shared Cost AVC as the employee will be sacrificing an element of their salary which will then be used by the Council to pay for the employer contribution to the SCAVC. For example: if an employee elects for a £50.00 per month SCAVC, their contribution will be £1.00 per month, and the Council will pay £49.00 per month. However, the employee will be sacrificing £49.00 per month of their pay, which will in effect pay for the Council's contribution. The Council will make NI savings on the sacrificed amount of £49.00 per month.

- 3.3 There are no additional costs to the Council to the provider to implement this scheme, however, the provider will impose a 5% charge on the total amount of SCAVC payable which will be neutralised by the savings being made by National Insurance by the Council.

4. Legal Implications

- 4.1 The Council is required to review and publish its LGPS discretions annually in line with the LGPS Regulations, including any amendments to the discretions. Changes can be made to the discretionary pension policies at any time, but any amendments made must be published for one month before any new decisions can be exercised.

5. Engagement and Consultation

- 5.1 There will be a communication and engagement exercise with all members of staff once the scheme is introduced to invite employees to join the scheme if they wish, it is optional.
- 5.2 Trade Unions have been informed of our intention to introduce the scheme at the Torbay Joint Consultative Committee.
- 5.3 Agreement has been sought from the Director of Finance/Section 151 Officer to implement this scheme.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 The proposed provider for the SCAVC Scheme has been procured through the appropriate Procurement process.

7. Tackling Climate Change

- 7.1 There are no climate change implications associated with these proposals.

8. Associated Risks

- 8.1 There are no associated risks with this proposal. The decision to join the SCAVC scheme is optional for employees, and they will be provided with the information necessary through the Engagement and Communication exercise to decide whether to join the scheme based on their personal circumstances.

9. Equality Impact Assessment

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
Age	18 per cent of Torbay residents are under 18 years old. 55 per cent of Torbay residents are aged between 18 to 64 years old. 27 per cent of Torbay residents are aged 65 and older.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Carers	At the time of the 2021 census there were 14,900 unpaid carers in Torbay. 5,185 of these provided 50 hours or more of care.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Disability	In the 2021 Census, 23.8% of Torbay residents answered that their day-to-day activities were limited a little or a lot by a physical or mental health condition or illness.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Gender reassignment	In the 2021 Census, 0.4% of Torbay's community answered that their gender	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
	identity was not the same as their sex registered at birth. This proportion is similar to the Southwest and is lower than England.			
Marriage and civil partnership	Of those Torbay residents aged 16 and over at the time of 2021 Census, 44.2% of people were married or in a registered civil partnership.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Pregnancy and maternity	Over the period 2010 to 2021, the rate of live births (as a proportion of females aged 15 to 44) has been slightly but significantly higher in Torbay (average of 63.7 per 1,000) than England (60.2) and the South West (58.4). There has been a notable fall in the numbers of live births since the middle of the last decade across all geographical areas.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Race	In the 2021 Census, 96.1% of Torbay residents described their ethnicity as white. This is a higher proportion than the			Human Resources

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
	South West and England. Black, Asian and minority ethnic individuals are more likely to live in areas of Torbay classified as being amongst the 20% most deprived areas in England.			
Religion and belief	64.8% of Torbay residents who stated that they have a religion in the 2021 census.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Sex	51.3% of Torbay's population are female and 48.7% are male	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Sexual orientation	In the 2021 Census, 3.4% of those in Torbay aged over 16 identified their sexuality as either Lesbian, Gay, Bisexual or, used another term to describe their sexual orientation.	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Armed Forces Community	In 2021, 3.8% of residents in England reported that they had previously served in the UK armed forces. In Torbay, 5.9 per cent of the population	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
	have previously served in the UK armed forces.			
Additional considerations				
Socio-economic impacts (Including impacts on child poverty and deprivation)		There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Public Health impacts (Including impacts on the general health of the population of Torbay)		There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Human Rights impacts		There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources
Child Friendly	Torbay Council is a Child Friendly Council and all staff and Councillors are Corporate Parents and have a responsibility towards cared	There are no equality considerations, the amendment to the pension discretions applies to all employee groups equally.		Human Resources

Protected characteristics under the Equality Act and groups with increased vulnerability	Data and insight	Equality considerations (including any adverse impacts)	Mitigation activities	Responsible department and timeframe for implementing mitigation activities
	for and care experienced children and young people.			

10. Cumulative Council Impact

10.1 None.

11. Cumulative Community Impacts

11.1 None.