

Local Government Pension Scheme – Employer Discretions Policy

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1 Purpose

- 1.1 The College, as a Local Government Pension Scheme (LGPS) Employer, is legally required to: i) provide a written policy regarding how it will exercise the various discretions provided by the scheme, and ii) to keep it under review and to revise it as necessary.

2 Scope

- 2.1 In formulating and reviewing this policy the College must have regard to the extent to which the exercise of its discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service and must be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

3 Policy

- 3.1 This policy provides clear guidance on how the College will exercise its discretions. In doing so, the College has sought to provide fair and affordable benefits
- 3.2 Where an employee ceases to be employed by the College by reason of voluntary severance, redundancy or business efficiency, the College's discretionary powers in relation to the LGPS may be exercised. The College will give proper consideration to the exercise of its discretionary powers, including the consideration of the circumstances of the employee concerned, the financial position of the College and the long- term effects on the College, its employees and learners. The College will exercise its discretional powers impartially and in a consistent and reasonable manner.
- 3.3 The Principal will consider all the circumstances when any decision has to be made about the exercise of the College's discretionary powers as outlined below and prepare a report for the Finance Working Group to make a final decision.
- 3.4 If you require further information or have any queries about this policy, please contact the Payroll function.
- 3.5 The College acknowledges the importance of supporting its employees to complement existing support systems, policies and procedures.

4 Discretions

Name	Discretion	Regulation	Previous policy/practice	Comments/changes
Granting additional pension	Whether to grant additional pension to an active member, or within 6 months of ceasing to be an active member for reason of redundancy or business efficiency (up to £6,500 pa)	R31	Augmentation of pensions is expensive, and will generally only be of benefit to the individual involved. It is therefore unlikely that the college will be able to agree to augmentation or the award of additional pension	The College will not normally grant extra annual pension. Any such payment would only be granted in exceptional circumstances where there are compassionate grounds or in the College's business interests.
SCAPCs	Whether, where an active scheme member wishes to purchase extra annual pension (up to £6,500), to contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contributions (SCAPC).	R16(2)(e) & R16(4)(d)	The College will pay Shared Cost AVC contributions where an employee has elected to pay AVCs by salary sacrifice. The amount of these employer Shared Cost AVC contributions will not exceed the amount of salary sacrificed by the employee. This is a discretion of the College 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.	The College will not normally contribute to the cost of purchasing extra pension. Any such payment would only be granted in exceptional circumstances where there are compassionate grounds or in the College's business interests.
Flexible retirement	Whether all, part or none of the pension benefits can be paid if an active member aged 55 or over reduces their hours or grade.	R30(6) & TP11(2)	Any member employee wishing to take advantage of this may apply to the college for its agreement. Any such application should be made in writing and contain a full statement explaining their reasons. For those joining the scheme after 30.9.06, benefits will be reduced for early payment. For those contributing to the scheme on 30.9.06 benefits may not be reduced if they are covered by the rule of 85 protection in the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.	The College will consider member's request to take flexible retirement on a case by case basis after ensuring the following conditions: - The reduction must be at least 1 day per week (or equivalent), and - The manager is able to accommodate the reduction in hours, and - Confirmation that no costs will be incurred by the College.

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			The College will consider applications in the context of the financial situation of the College and current staffing needs.	
	Whether to waive, in whole or in part, the actuarial reduction to benefits paid on flexible retirement before normal pension age.	<i>R30(8)</i>	The College will not normally exercise this discretion. Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will normally be actuarially reduced. The amount of reduction to the pension and lump sum is determined by an actuarial.	The College will not normally waive any actuarial reductions applied to benefits taken on flexible retirement, but consideration may be given in exceptional circumstances where there are compassionate grounds, or in the College's business interest.
Waive reduction	Whether to waive, in whole or in part, the actuarial reduction to benefits paid on early retirement (age 55+) – for both active or deferred members and suspended tier 3 ill-health pensions.	<i>R30(8)</i>	<p>Where an employee seeks College consent to take early retirement, the College will assess the request on its merits, taking into account any capital costs of early retirement, and the individual circumstances,</p> <p>Whilst the college will give all consideration to any such request received, there may be circumstances when it will not be possible to give the consent either immediately or at all. The college will give due consideration to any reasons raised by the individual and will also take into account the needs of the college at the time of the application.</p> <p>The college will consider these matters, and if there are considered to be compassionate grounds, the college will then consider whether, in view of the existing financial situation of the college, and the current staffing needs, it is possible to offer any assistance.</p>	The College will not normally waive any actuarial reductions but consideration may be given in exceptional circumstances where there are compassionate grounds, or in the College's business interest.
85 year rule	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits at or after age 55 and before age 60.	<i>TPSch 2, paras 1(1)(c), 1(2) and 2(2)</i>		The College will not normally 'switch on' the 85 year rule nor waive actuarial reductions at the College's cost, but consideration may be given in exceptional circumstances where

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				there are compassionate grounds or in the College's business interest.
Joining LGPS membership	Whether to extend the 12 month option period for a member to elect that previous LG service should not be aggregated with a new employment	<i>R22(8)(b)</i>	<p>The college will exercise its discretion when a member of staff makes a request, if the member of staff meets the following criteria:</p> <ul style="list-style-type: none"> - Prior to joining the college they had been continually employed by a public sector employer and a member of their pension scheme that is broadly similar to the Local Government Pension Scheme, offering similar benefits that are index-linked against inflation. - The member of staff only has one deferred pension pot with a previous public sector employer - If there has been a break in service, this was for career break purposes. - The member of staff has not left a previous public sector employer due to redundancy, ill-health, retirement or dismissal. - The member of staff is able to provide adequate reason for making such a request outside of the 12-month transfer period. <p>Each request will be considered on an individual basis and the college reserves the right to decline the requests even if they meet the above criteria.</p>	The College will not extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.
Employee contribution rate	How the pension contribution band to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band to which an employee has been	<i>R9(1) & R9(3)</i>	<p>All active members of the Local Government Pension Scheme will be allocated to a contribution band based on their full-time equivalent pensionable pay.</p> <p>The contribution band ranges will increase on 1 April each year by the rise in the Consumer Price Index.</p> <p>All active members of the Local Government Pension Scheme will be allocated to the</p>	Employee's contribution rates will be assessed on an annual basis on the 1st April each year, or at the start of their employment if in-year. Contribution rates will not be re-assessed/changed at any other times of the year, after incremental rises, cost of living increases and variations to contracts.

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	allocated following a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March)		relevant contribution band on 1 April each year or at the commencement of their employment with the college.	
Transferring in non-LGPS pension rights	Whether to extend the 12 month period to allow transfer-in of non-LG pension rights	<i>R100(6)</i>	The college will not exercise this discretion. The college will only use its discretion in relation to requests to transfer-in previous Local Government, or broadly similar public sector pensions.	The College will not accept a transfer value beyond 12 months of joining the LGPS.

Regulations: Prefix R – The Local Government Pension Scheme Regulations 2013

Prefix TP – The Local Government Pension Scheme (Transitional Provision, Savings and Amendment) Regulations 2014.