



# **LOCAL GOVERNMENT PENSION SCHEME STATEMENT ON EMPLOYER DISCRETIONS**

## 1. INTRODUCTION

- 1.1 The Local Government Pension Scheme Regulations 2103 require that the College publishes the College's Statement of Policy, setting out the criteria it will consider when reaching a decision on a discretion.

## 2. KEY PRINCIPLES

- 2.1 Any discretion must be exercised reasonably and must:

- Not be exercised for any ulterior motive
- Be decided having due regard for all relevant factors (e.g. costs must be balanced against the benefits to the College)
- Only be used when there is a real and substantial benefit to the College in return for the associated cost
- Be properly recorded when used.

## 3. MANDATORY DISCRETIONS

DISCRETION	CITY OF BRISTOL COLLEGE POLICY DECISION
<p><b>Regulation R16(2)e &amp; R16(4)(d): Shared Cost Additional Pension Scheme</b></p> <p>An employer can choose to pay for or contribute towards a member's Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC).</p>	<p>It is City of Bristol College's policy not to pay for or contribute as the costs to the College of exercising this right are potentially extremely high.</p> <p>It would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, have the discretion to consider this option.</p>
<p><b>Regulation R30(6) and TP11 (2): Flexible Retirement</b></p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>City of Bristol College would consider this option on a case by case basis.</p> <p>It would only be granted if there are no pension costs accruing to the College arising from the employee's Flexible Retirement. (Pension estimates for Flexible Retirement from Avon Pension Fund will reflect this policy.)</p> <p>An employee wishing to exercise this right should apply under the College's Flexible Working Policy.</p>

**Regulation R30(8), TP3(1), TPSch2, Para 2(1), B30(5) and B30 (A)(5):  
Waiving of actuarial reduction**

Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members benefits paid on the grounds of flexible retirement.

Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits for deferred member's benefits and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.

Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60 and on or after age 60 and before Normal Pension Age (NPA).

It is City of Bristol College's policy not to waive any actuarial reduction on flexible retirement, ill health retirement or for members who choose to voluntarily draw benefits or age 55 and before age 60.

It would only be granted in exceptional circumstances and on a case by case basis.

The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, has the discretion to consider this option.

**Regulation TP1(1)(c)Sch2  
Power of employing authority to 'switch on' the 85 Year Rule (excludes flexible retirement) upon voluntary early payment of benefits**

The 85-year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60.

An employer can therefore choose whether to switch on the 85-year rule for members:

1. who voluntarily draw their benefits on or after age 55 and before age 64 and,
2. former members who ceased active membership between 1 April 2008 and 31 March 2014 and choose to voluntarily draw their suspended tier 3 ill health pension (on or after 14 May 2018) on or after age 55 and age 60.
3. former members who ceased active membership between 1 April 1998 and 31 March 2014 and elect for voluntary

It is City of Bristol College's policy not to exercise this right as the costs to the College are potentially extremely high.

It would only be granted in exceptional circumstances and on a case by case basis.

The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, have the discretion to consider this option.

early payment of any deferred benefits.	
<p><b>Regulation R31: Power of employing authority to grant additional pension</b></p> <p>An employer can choose 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 efficient (by up to the amount specified under Pensions Increase orders and reviewed each April).</p>	<p>It is City of Bristol College's policy not to grant additional pension as the costs to the College of exercising this right are potentially extremely high.</p> <p>It would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, have the discretion to consider this option.</p>

#### 4. NON MANDATORY DISCRETIONS

DISCRETION	CITY OF BRISTOL COLLEGE POLICY DECISION
<p><b>Shared Cost Additional Voluntary Contribution Arrangement (SCAVC) R17 (1) and TP15 (2A) and A25 (3) and definition of SCAVC in RSch 1</b></p> <p><b>An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC).</b></p> <p>An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.</p>	<p>It is City of Bristol College's policy not to contribute or pay for Additional Voluntary Contribution as the costs to the College of exercising this option are potentially extremely high.</p>
<p><b>Extend the time limit for member to elect for a Shared Cost Additional Pension Contribution (R16(16))</b></p> <p>An employer can decide to extend the 30-day deadline for a member to elect to purchase additional pension by way of a Shared Cost Additional Pension Contribution (SCAPC) upon return from a period of unpaid absence (other than because of illness or injury, relevant child-related leave or reserve forces service leave).</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>

<p><b>Extend the 12-month time limit for transfer of pension rights (R100(6))</b></p> <p>An employer can decide to extend the 12-month time limit for a member to elect to transfer pension rights from another registered pension scheme into the LGPS, if an election has not been made within 12 months of joining the LGPS in that employment.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>Extend the 12-month time limit for a member to elect not to aggregate Post 31 March 2014 deferred benefits (R22(7) and (8))</b></p> <p>An employer can extend the 12-month time limit for a member to elect not to aggregate their Post 31 March 2014 (or combinations of Pre &amp; Post 2014) deferred benefits with their new LGPS employment (or ongoing concurrent LGPS employment), if an election has not been made within 12 months of joining the LGPS in that employment (or within 12 months of ceasing the concurrent membership).</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>Extend the 12-month time limit for a member to elect to aggregate Pre 1 April 2014 deferred benefits</b></p> <p>(TP 10(6) as amended by A27 (2018)) Employers can decide whether to extend the 12-month time limit for a member to elect to aggregate their Pre-1 April 2014 deferred benefits with their new LGPS employment that commenced on or after 14 May 2018 in order to purchase earned pension.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>

<p><b>How an employee's contribution band will be initially determined and thereafter reviewed</b></p> <p>(R9 and R10) Employers must decide how the pension contribution band to which an employee is to be allocated on joining the Scheme will be determined and reviewed at each subsequent April.</p> <p>Circumstances in which the employer will review the pension contribution band will also need to be determined. For example, following a material change which affects the member's pensionable pay during the Scheme year (1 April to 31 March)</p>	<p>From 1 April 2014 the appropriate contribution rate is to be determined by the employer estimating the annual equivalent of the actual pay to be received in a full Scheme year (1<sup>st</sup> April to 31<sup>st</sup> March) and no longer the Full Time Equivalent salary. This means the College's Support Staff employees are to pay contributions according to the contribution bandings set by LGPS based on their actual pensionable pay.</p> <p>This discretion will generally be exercised by Payroll Officer who is allocated duties relating to administration of the Scheme by the Executive Director of Finance and Funding.</p>
<p><b>Whether to include a regular lump sum payment when calculating assumed pensionable pay (APP)</b></p> <p>(Reg 21(4)(a)(iv), 21(4)(b)(iv) and 21(5)) When calculating assumed pensionable pay, employers can decide to include the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred.</p> <p>A 'regular lump sum payment' is a payment for which the employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>Whether to substitute a higher level of pensionable pay when calculating assumed pensionable pay</b></p> <p>(R21(5A) and 21(5B) backdated to 1 April 2014 by A7 2018) When calculating assumed pensionable pay (APP), an employer can decide to substitute a higher level of pensionable pay if, in their opinion, the pensionable pay received in the 3 months/12 weeks before the commencement of APP, is materially lower than the level of pensionable pay the member would have normally received.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>

## 5. LGPS PRE-2014 DISCRETIONS

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014.

<p><b>‘Switch on’ the 85-year rule</b> <b>TPSch 2, para 1(1)(c) &amp; 1(2)</b></p> <p>The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members.</p> <p>This also applies to members with deferred benefits or a suspended tier 3 ill health pension who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>Waive actuarial reductions to members benefits</b></p> <p>B30(5), TPsCh 2, para 2(1) B30A(5) An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p>	<p>It is City of Bristol College’s policy not to waive any actuarial as the costs to the College of exercising this right are potentially extremely high.</p> <p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, have the discretion to consider this option.</p>

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008.

<p><b>Grant application for early payment of deferred benefits</b></p> <p>R31(2) LGPS Regulations 1997 Employers can decide whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>‘Switch on’ the 85-year rule upon the voluntary early payment of deferred benefits</b></p> <p>TPSch 2, para 1(2) &amp; 1(1)(f) &amp; R60 The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations. An employer can decide to “switch on” the 85-year rule in full for a member with deferred benefits voluntarily drawing benefits (on or after 14 May 2018) on or after age 55 and before age 60.</p>	<p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.</p>
<p><b>Waive actuarial reductions to members benefits</b></p> <p>(R31(5) 1997 &amp; TPSch 2, para 2(1) An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.</p>	<p>It is City of Bristol College’s policy not to waive any actuarial as the costs to the College of exercising this right are potentially extremely high.</p> <p>This discretion would only be granted in exceptional circumstances and on a case by case basis.</p> <p>The Principal and Executive Director of Finance and Funding, in conjunction with the Chair of Governors, have the discretion to consider this option.</p>

Discretions to be exercised on and after 1 April 2014 in relation to members who ceased active membership before 1 April 1988.



**Grant application for early payment of deferred benefits (TP3(5A)(vi), TL4, L106(1) 1997 Transitional & D11(2)(c) 1995 Regs)**

Employers can decide whether to grant applications early payment of deferred pension benefits on or after age 50 and before normal retirement age on compassionate grounds.

This discretion would only be granted in exceptional circumstances and on a case by case basis.

The Principal and Executive Director of Finance and Funding, in conjunction with the Director of Human Resources and Organisational Development, have the discretion to consider this option.

**4. REVIEW OF POLICY**

4.1 The policy will be reviewed annually in line with the LPGS regulations.

Version	
<b>Approved by:</b>	Corporation
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<b>Lead Officer:</b>	Director of HR and OD
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