



CITY of BRISTOL
COLLEGE

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Principal: Brian Styles

Our ref: LC/FL

19 AUG 1998

13 August 1998

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Dear Tony,

Employer Discretions

At their meeting of the 21 July 1998, the City of Bristol College Corporation Board endorsed the proposed discretions with regard to the employer discretions and married female employees in membership between 1 April 1972 and 5 April 1998. A copy of the relevant minute is attached.

I can also confirm -

1. The relevant trades unions have been consulted and no comments were received.
2. The College's policy on discretions will be sent to staff in membership this month.

Yours sincerely,

Les Caunce

Les Caunce

Head of Human Resources

City of Bristol College Centres: Brunei Centre at Ashley Down
South Bristol Centre at Bedminster
South Bristol Centre at Hartcliffe

CITY OF BRISTOL CORPORATION BOARD

21 July 1998

Minute

16/6 LOCAL GOVERNMENT PENSION SCHEME CHANGES 1998

The Principal presented a paper outlining the changes in the Local Government Pension Scheme since 1998 and the discretionary powers which the College could exercise.

The Governors endorsed the draft Policy Statement and resolved that service of married female staff in the pension scheme from 1 April 1972 to 5 April 1988 be treated as service in determining the amount of a widower's pension.

REPORT TO PRINCIPALSHIP

Report of the Head of Human Resources

LOCAL GOVERNMENT PENSION SCHEME CHANGES 1998

1 Introduction

- 1.1 With effect from 1 April 1998 changes have been introduced in the Local Government Pension Scheme which is offered to support staff and manual workers employed by the College. The new regulations provide for a number of discretionary powers available to employers to exercise. The College is obliged to produce a policy statement covering each discretion.
- 1.2 The policy statement, when agreed by the Board of Governors, will be communicated to staff and sent to the administrator of the Avon Pension Fund by 30 June 1998.
- 1.3 The new regulations extend significantly the powers of discretion and, given that some are potentially costly they need to be considered in the light of the costs and benefits accruing to the College. The purpose of this report is to recommend policies which, subject to consultation with the relevant trades' unions, in this case UNISON and IGWU, will go to the Board of Governors for consideration.

2 Discretions

- 2.1 The policy statement should decide on the following discretions:
 - a) whether to allow an early payment of pension benefits if support staff leave aged 50 or more and below aged 60. This discretion does not apply when member of staff is made redundant or retires in the interest of efficiency or as a result of ill-health retirement. In cases of redundancy or efficiency staff are entitled under the scheme regulations to immediate pension benefits; if they are aged 50 or over. At aged 60 a member of the scheme could retire, but there will be an actuarial reduction to the pension if Rule 85 is not satisfied. The discretion, therefore, seeks to cover those that apply for retirement between the age of 50 and 60 on a voluntary basis. However, in some cases there will be a financial cost to the College where the Rule 85 applies. *all cases*
 - b) whether the College will award extra reckonable years of up to 6.2/3 years where a member of staff leaves after the age of 50. There is no discretion with regard to ill-health retirement and staff found to be permanently unfit to carry out their duties will receive additional years as an entitlement.
 - c) whether the College will award extra reckonable years to new members of staff; this could be an incentive to join the College, but forfeited if the member of staff left the College prior to age 50. This would be essentially a "golden hello".

- d) whether the College will establish a shared cost AVC scheme.
- e) whether the College will waive/reduce the level of employee contributions in cases where an employee reaches 40 reckonable years. This discretion might be used to encourage a valuable member of staff to stay with the College.

3 Widowers' Pensions

- 3.1 In the case of widowers' pensions the 1995 Regulations do not allow married female employees to count their reckonable service between 1 April 1972 and 5 April 1988 unless they elect to pay for it in some way, usually by additional contributions, or by electing to take a reduction in their lump sum on retirement. This is clearly seen as discriminatory because married male employees can count these years for a widower's pension without having to pay for it. The 1997 Transitional Provisions encourage employers to rectify this by requiring them to pass a resolution treating it as service when calculating a widowers' pension. The way this can be done is to agree that all married women who have not yet elected to count their service, will have deemed to have done so. The College has until 30 April 1998 if it does not wish to accept that all married women are treated as having elected to count their service.
- 3.2 The cost of this decision which will remove the discrimination, will be approximately an extra 0.07% to the College's contribution.

4 Recommendation

- a) In order that the College give proper consideration to these changes, the Board of Governors be asked to endorse the attached Policy Statement with regard to the new discretionary powers.
- b) To ensure the anomaly surrounding widowers' pension be resolved with regard to the LGPS, the Board of Governors be asked to pass a resolution stating that service of married female staff in the pension scheme from 1 April 1972 to 5 April 1988 be treated as service in determining the amount of a widowers' pension.

DRAFT POLICY STATEMENT

Discretionary Powers under the Local Government Pension Scheme Regulations 1997

Introduction

This document sets out the policy of the City of Bristol College with regard to its powers under regulations 31 and Part III of the Local Government Pension Scheme Regulation 1997. The policy will take effect from 1 April 1998 and be reviewed by 31 March 2001.

Regulation 31

1. Allowing the early release of pension benefits between the age of 50-59 (this excludes cases of redundancy or in the interest of the efficiency where release is mandatory).

Policy

The College will not normally give consent for early release of pension benefits because of the cost to the College and the consequent inability to offer it to all staff

Regulation 52

2. Allowing the award of extra reckonable years of service (up to 6.2/3 years) where a member of staff leaves after the age of 50.

The College will not normally make use of this discretion, because of its cost to the College and the consequent inability to offer it to all staff.

Regulations 53

3. Allowing the award of extra reckonable years to new members of staff.

The College is unlikely to make use of this discretion.

Regulation 15

4. Waive or reduce employee contributions for a member of staff with 40 + reckonable service in the pension scheme.

In view of the small number of cases likely to arise, the College will waive contributions in these circumstances.

Regulation 67

5. Allowing a shared cost AVC Scheme.

The College does not intend to establish such a scheme in the foreseeable future.