

CITY OF BATH COLLEGE

LOCAL GOVERNMENT PENSION SCHEME POLICY & PROCEDURE

May 2008

LOCAL GOVERNMENT PENSION POLICY & PROCEDURE

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Title: Local Government Pension Policy & Procedure

1. Scope

This policy is applicable to all business support staff of City of Bath College.

2. Introduction

- 2.1 The Corporation recognises two pension providers in respect of staff pensions, the Teachers' Pension Scheme and the Local Government Pension Scheme.
- 2.2 This paper sets out details relevant to the provision of Local Government Pension Scheme for Business support staff of the College.
- 2.3 This document sets out the basis for consideration and guidance for premature retirement; redundancy added years; ill-health; flexible retirement and actuarially reduced pension benefits for Business support staff.

3. Local Government Pension Scheme

- 3.1 This document sets out the basis for consideration of premature retirement; ill-health retirement and flexible retirement and other discretionary pension for College Business Support Staff.
- 3.2 Membership into the scheme is automatic upon appointment. The scheme automatically covers full-time and part-time contracted business support staffs up to age 75 which have not opted out this pension scheme.
- 3.3 The College recognises a Minimum Pension Age of 65 in line with the Local Government Pension Scheme [LGPS] allowing members to access their unreduced pension at this point if they so wish.
- 3.4 The scheme changed to a 1/160th scheme from 1st April 2008, reckonable pensionable service prior to that date fall within the regulations of the LGPS pre-April 2008.
- 3.5 Members of the LGPS are responsible to contact Payroll Section at least 4 months prior to them wishing to access their pension to commence completion of the required pension forms.
- 3.6 College must prepare a written statement of its policy in relation to the exercise of its functions under the following Benefit Regulations:
 - regulation 12 (power of employing authority to increase total membership of active members),
 - regulation 13 (power of employing authority to award additional pension),
 - regulation18 (flexible retirement),
 - regulation 30 (choice of early payment of pension)

The statement must be published to members of the LGPS and copied to the Avon Pension Fund on the same date.

An employer must:-

- keep its statement under review
- make appropriate revisions following a change in its policy

If the statement is revised it must be published within one month of the date it is revised sent to members of the LGPS and a copy sent to the Avon Pension Fund within that month.

4. Power of employer to increase total membership of an active member (Benefits Regulation 12) Augmentation

This regulation relates to the augmentation provision which allows employers to award a member an additional period of membership at any time during active membership of the Scheme. The member's increase in membership under this regulation (including additional membership in respect of different employments) must not exceed 10 years.

The Corporation has no intention to make general use of the discretionary power under Regulation 12, but may wish to consider its use in exceptional cases.

The Corporation will have to be satisfied that in the all cases of enhanced severance payments, that the costs can be full justified and paid in the interest of the organisation and an acceptable use of public monies; as those costs are unfunded costs.

5. Power of employing authority to award additional pension (Benefits Regulation 13)

This regulation allows an employer to resolve to award a member additional pension of not more than £5000 a year payable from the same date as his / her pension payable under any other provisions of the Benefit Regulations.

Additional pension may be awarded in addition to any increase of total membership resolved under Benefits Regulation 12.

6. Flexible retirement (Benefits Regulation 18)

A member who has attained the age of 55 and with his / her employer's consent, reduces the hours he / she works, or the grade in which he / she is employed, may make a request in writing to the Avon Pension Fund to receive all or part of his / her benefits under the Benefits Regulations. However, payment of the benefits cannot be made without the employer's consent.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction.

The minimum retirement age is 55 for new scheme members from 1st April 2008 and 1st April 2010 for those who are members of the scheme on 31st March 2008. Therefore, from 1st April 2008 to 31st March 2010 the minimum retirement age will be 50 for those who are members of the scheme on 31st March 2008.

7. Choice of early payment of pension (Benefits Regulation 30)

When a member leaves an employment before he /she is entitled to the immediate payment of retirement benefits, once he / she has attained the age of 55 he / she may choose to receive payment of them immediately.

A choice made by a member aged less than 60 is ineffective without the consent of his / her employer or former employer.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction.

The minimum retirement age is 55 for new scheme members from 1st April 2008 and 1st April 2010 for those who are members of the scheme on 31st March 2008. Therefore, from 1st April 2008 to 31st March 2010 the minimum retirement age will be 50 for those who are members of the scheme on 31st March 2008.

Requests for early release of pension benefits must be made in writing to the Principal. The College Pension Panel will consider all applications before requesting approval of the Corporation.

The Corporation will then consider staffing needs of the College at the time of the application, additional costs to the College and any previous transfer into the scheme or where there are compassionate grounds for the early release of pension benefits.

An indication of benefits may be provided by Payroll but such indication is for information only and provision of the financial information does not constitute an offer of early release of retirement benefits. Full financial details will be obtained from Avon Pension Fund. The provision of financial details may take a considerable time subject to the level of demand.

Once the employee has reached the age of 60, the payment of pension benefits become an entitlement and does not need the consent of the former employer, although these benefits may suffer a reduction.

8. Discretionary Policies

8.1 Extending the time limit for members to pay contributions following a period of absence - Regulation 22 - Administration

A scheme member may elect **to pay optional contributions to cover a period of absence from duty providing the option is made within 30 days of return to work/cessation of employment or such longer period as the employer allows.**

8.2 Exclusion of rights to a return of contributions - Regulation 47 administration

A scheme member who meets the normal criteria for a refund of pension contributions is not entitled to such a refund if he / she left his / her employment because of:

- a) Any offence of a fraudulent character – unless the employer directs that a total or partial refund may be made to the member.
- b) grave misconduct - unless the employer directs that a total or partial refund may be made to the member, his / her spouse, civil partner, nominated cohabiting partner or any dependant of his / her.

9. Forfeiture of pension rights after conviction of employment-related offences - Regulation 72 & 73 - Administration:

If a scheme member is convicted of, and ceases employment as a result of, an offence in connection with his/her employment which was gravely injurious to the State or liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the issue of a forfeiture certificate. If a certificate is issued the employer may direct that any of the person's rights be forfeited.

Interim payments directions – Regulation 73 - Administration

Where the Secretary of State has issued a forfeiture certificate but the employer has not applied the certificate nor notified the scheme member of an award of benefits under the LGPS the employer may direct that interim payments are made out of the Pension Fund until such time as it decides to apply the forfeiture certificate or to make an award of benefits

10. Recovery or retention where former member has misconduct obligation - Regulation 74 - Administration:

Where a member

- (i) ceases employment in consequence of a criminal, negligent or fraudulent act or omission in connection with that employment and
- (ii) has incurred a monetary obligation arising there-from to the employer and
- (iii) is entitled to pension benefits under the LGPS, the employer may recover the amount of the monetary obligation or the value of the members pension rights, if less (other than transferred in pension rights) from the Pension Fund and reduce the members benefits accordingly.

11. Transfers of sums from the pension fund to compensate for member's misconduct – Regulation 76 - Administration:

Where

- (i) a member ceases employment in consequence of an offence involving fraud or due to grave misconduct in connection with that employment, and
- (ii) the employer has suffered a direct financial loss resulting there-from, and
- (iii) the member is entitled to benefits under the LGPS and a forfeiture certificate has been applied, or the member is entitled to a refund of pension contributions

the employer may direct that the amount of the direct financial loss (or the refund of contributions, if less) be recovered from the Pension Fund.

12. Inward transfers of pension rights – Regulation 83(8):

If a scheme member wishes to transfer pension rights into the LGPS he/she must opt to do so within 12 months of joining the LGPS or such longer period as the employer may allow.

13. Additional Information and Guidance

INCOME TAX BENEFITS

- 13.1 The Lump Sums payable by the Local Government Pension Scheme or Department of Education and the Corporation and the Redundancy Payment are tax free up to certain limits set by HM Revenue & Customs, Annual Pensions are assessed for income tax as earned income.

INDEX LINKED PENSIONS

- 13.2 For staff aged over 55 years the pension will be indexed linked. If retirement is before the age of 55 then normally the individual would have to wait until attaining the age of 55 before a pension is drawn. At that time, the pensions would include increases awarded since retirement increases are awarded in April of each year.

14. Discretionary powers must: -

- 14.1 The Corporation has determined that this policy should be reviewed annually.
- 14.2 Staff should always seek independent financial advice when making decisions which may affect their pension.
- 14.3 The Corporation must ensure that this Policy is to be exercised reasonable, be used with regard to all relevant factors listed below:
- The cost to tax payers must be balance against the benefit of the employer
 - Only be used where there is a real and substantial future to the employer in return for incurring the extra costs
 - Be duly recorded when used
 - Applying the discretions reasonably
 - Not fettered i.e. being used in such a way that individual circumstances cannot be considered or usual practice rigidly followed
 - The Corporation will have to be satisfied that in the all cases of either premature retirement on its own, or premature retirement with Discretionary Compensation,


that the costs can be full justified as these are long-term unfunded costs to the organisation.

- 15.4 The Corporation has decided that as a matter of policy, staff granted premature retirement will not be offered other full-time or fractional, permanent or fixed term contract; casual or self-employed posts with the College following premature retirement.
- 15.5 The information in this document is for guidance only and cannot override the statutory provisions of the Local Government Pension Scheme Regulations (LGPSR) of 1997; 2008 (plus subsequent amendment) or regulations.
- 15.6 The information in this document is cannot override the statutory provisions of the (Compensation for Redundancy and Premature Retirement) Regulations 1985; 1997; amendment 2006 and the Redundancy Payments (Local Government Modification) order 1983; 2008 (plus any subsequent amendment).

16. Associated Documents

<u>Associated Documents for related processes:</u> Pay Policy and Procedure Redundancy Policy and Procedure

17. Approval

Reviewed by	Payroll Section	May 2008
Approved by	SLG	May 2008
Approved by	Corporation	May 2008
Due for review by	Payroll Section	May 2009
Equality Impact Assessment attached	 Equality Impact Assessment.xnk...	