

St Brendan's Sixth Form College

How St Brendan's Sixth Form College (the "College") exercises discretion under the Local Government New Look Pension Scheme (LGPS) 2007.

Introduction

Support staff employees of the College are entitled to join the Local Government Pension Scheme. The LGPS is an excellent occupational pension scheme which is called the Avon Pension Fund in our area. The College encourages employees to take advantage of the opportunity to join the LGPS.

The general framework of the LGPS is determined nationally by the Department of Communities and Local Government and is set out in legislation. This covers all major aspects of the scheme such as

- Who can join;
- Contribution rates;
- Type and level of Benefits;
- When benefits are payable or can be claimed.
- What happens to a leaver's accrued benefits.

Within the legislation, there is provision in specific areas for the employer to exercise discretion over the entitlements of its current or past employees. The employer must publish a written statement of how it intends to exercise such powers.

This document summarises how the College has decided to exercise its discretionary powers and the College's policies in relation to pension matters.

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. Only in exceptional circumstances will a longer period be allowed so long as there is no known reason or prospect of the employee having access to their pension within the next 12 months.

Contribution Bands

Employees are to pay contributions according to the following table based on their whole-time equivalent pensionable pay (salary plus contractual payments) as follows.

Band	Range (2008/09)	Contribution Rate
1	£0 - £12,600	5.5%
2	£12,601 - £14,700	5.8%
3	£14,701 - £18,900	5.9%
4	£18,901 - £31,500	6.5%
5	£31,501 - £42,000	6.8%
6	£42,001 - £78,700	7.2%
7	more than £78,700	7.5%

These bands will be enhanced by the cost of living (Retail Price Index) each year. Employees will be reassessed at the 1 April annually to determine any re-allocation to a new band is necessary.

Existing manual workers who pay contributions at the protected 5% contribution rate will be brought into line with all other Scheme members from 1 April 2011. Their contributions will rise from 5% to 5.25% on 1 April 2008, to 5.5% on 1 April 2009, and from 1 April 2010 the lower of 6.5% and the figure from the contribution table. On 1 April 2011 they will then pay on the standard bands as shown.

For ease of administration and implementation and to ensure a fair and consistent transition to the new rates, the College, has determined the following arrangements will apply for 2008/09.

- a. Existing Scheme members will be placed into one of the above bands on the basis of their actual pensionable pay as at 1 April 2008.
- b. New joiners to the Scheme on or after 1 April 2008 will be placed into a band based on their known pensionable salary as at their date of joining the Scheme.
- c. Scheme members, who have an increase in salary part way through the year as a result of a change in post or regrading that takes them into a higher band, will be moved into the higher band from the 1st April following the effective date of the change in salary.
- d. Scheme members, who have a decrease in salary that places them in a lower band, will be moved to the lower band with immediate effect. This will not apply to someone who has a reduction in salary through working fewer hours as their whole-time equivalent pay will not have changed.
- e. The contribution band for a part-time employee will be assessed with reference to their whole-time equivalent pay, normally based on a 37 hour week.
- f. Term-time members will be placed in a band based on their full-time equivalent term-time pay (not grossed up to 52 weeks pay). A term time only employee is an employee who has a contract which states that they are term time only (i.e. the College requirement for them to be employed is term time only), as identified by the College at the point the contract was established.

Power of employing authority to increase total membership of active members (Benefits Regulation 12)

Increasing (i.e. augmenting) total membership is a power which employers may use, for example, to attract scarce people with key skills from outside local government. St Brendan's Sixth Form College has no intention of making a general use of this power but may wish to consider its use in exceptional cases in the future.

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

The College may resolve to award a member additional pension of not more than £5,000 a year. With the exception of early retirements, which are explained below, the College has no intention of making use of this power in the foreseeable future.

Members of the Avon Pension Fund may choose to enhance their pension benefits by purchasing additional pension up to a maximum of £5000 (in multiples of £250) by paying Additional Regular Contributions (ARCs).

To grant widower's pensions for service between 1972 and 1988

Previous Regulations did not allow married female employees to count their service between 1972 and 1988 for a widower's pension unless they paid for it by additional contributions or loss of lump sum. The College has used its discretion under more recent Regulations to effectively grant this entitlement to female employees with such service at no cost, thus bringing their position in line with married male employees.

Early retirement discretions

Normal retirement age under the LGPS is 65 years and benefits are paid automatically from this age. Individuals who choose to retire at any time from age 60 years may elect to receive their accrued pension benefits early. However, unless the member has protected benefits under the "rule of 85", their pension benefits will be actuarially reduced.

Persons under the age of 60 will only gain access to their pension benefits early under the following circumstances:

- Permanent ill-health (any age);
- Voluntary retirement with the approval of the College (age 50 or over, age 55 from 1 April 2010 and new joiners from 1 April 2008) ;
- Compassionate Grounds (age 50 or over, age 55 from 1 April 2010 and new joiners from 1 April 2008);
- Redundancy (age 50 or over, age 55 from 1 April 2010 and new joiners from 1 April 2008);
- Retirement in the interests of efficiency (age 50 or over, age 55 from 1 April 2010 and new joiners from 1 April 2008)

A brief description of each of these routes is set out below, highlighting the discretions which the College may exercise. These are complex situations and it is essential that any individual who may possibly be involved in one of them seeks early and detailed advice from the Finance Manager, HR Manager and the Avon Pension Fund.

Permanent ill-health

The College has made arrangements for professional and independent occupational health advice from an external provider, currently Bristol City Council. If the Occupational Health Doctor certifies that an employee is **“permanently incapable of discharging efficiently the duties of their relevant local authority employment because of ill-health or infirmity of mind or body and, if so, whether that condition is likely to prevent the employee from carrying out other gainful employment within a reasonable time of leaving local government employment**

or, as the case may be, before reaching normal retirement age (NRA, which is 65 years)”, the employee will be entitled to the immediate payment of their accrued pension benefits, without abatement, together with additional benefits as laid down in the LGPS regulations. There are no specific age restrictions on an ill-health retirement, however members must have retired by the day before their 75th birthday.

Separate arrangement for Payment to Staff in the event of death or permanent disablement arising from assault are detailed in the Support Staff Handbook, drawn up between Sixth Form Colleges Forum and recognised Trade Unions.

Voluntary early retirement between the ages of 55 and 59 (Benefits Regulation 30)

An employee aged 55 or over (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008) but not yet 60, who wishes to voluntarily resign, may apply to the College for approval to the early payment of accrued pension benefits. The College has decided that such applications will only be accepted where it can be demonstrated as being in the College's interests or where there are compassionate grounds for the early release of pension benefits.

If the College agrees to permit early retirement with the immediate payment of pension benefits for reasons other than compassionate, an actuarial reduction will be applied to the person's accrued pension benefits. (For employees born before 1 April 1956, if the sum of their age and pensionable service is 85 or more, pension benefits are paid without an actuarial reduction for early payment, if they retire before 1 April 2016.)

If the College agrees on compassionate grounds, the accrued pension entitlement is paid without an actuarial reduction for early payment, but with no augmentation or enhancement.

As a general rule, the College will only agree to the early release of pension benefits on compassionate grounds if it can be demonstrated that the person is unable to continue working or resume employment due to circumstances outside of their control, for example to look after and care for a dependant spouse. Financial reasons alone will not normally be considered sufficient grounds for the early release of benefits.

Redundancy

If the College terminates an employee by reason of redundancy, the employee, if aged 55 (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008) or over, becomes automatically entitled to the immediate payment of accrued pension benefits without any reduction for early payment.

In addition, the College has decided not to grant any additional pension (Benefits Regulation 13)

As regards the Redundancy payment, the College has decided that all employees with 2 or more years service, will receive a redundancy payment based on actual earnings and twice the number of weeks pay required under the Employment Rights Act.

Retirement in the interests of efficient exercise of Local Authority Function (RIEELAF)

If the College terminates an employee by reason of RIEELAF, the employee, if aged 55 or over (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008), becomes automatically entitled to the immediate payment of accrued pension benefits without any reduction for early payment.

The College has the discretionary power to increase (i.e. augment) an employees total membership (Benefits_Regulation 12); and/or to award up to £5000 additional pension (Benefits Regulation 13) in such cases. However, since such cases are likely to be infrequent, the College has decided to consider the question having regard to the individual circumstances of any case which comes forward.

Flexible Retirement (Benefits Regulation 18)

An employee who is aged 55 or over (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008), can request the College to allow him/her to access pension benefits whilst still remaining employed by the College.

This would only be in situations where the employee wishes to reduce hours and/or move to a lower graded post, and must be agreed by the College.

Flexible Retirement is aiming to assist a more gradual move into retirement over a period of years, by allowing an employee to work fewer hours and/or in a less demanding job, whilst at the same time drawing their pension. This may be of benefit to the employee, and also the College in terms of retaining the services of the employee.

The key factors in this scheme are:-

The acceptability to the employee of the level of pension he/she would receive.

The willingness of the College to agree to the specific flexible retirement requested.

The College's policy on Flexible Retirement is that an application will only be approved where:-

There are no pension costs to the College arising from the employee's flexible retirement. (Pension estimates for Flexible Retirement from Avon Pension Fund will reflect this policy).

The Flexible Retirement will provide benefits to the College, for example financial savings or the facilitation of organisational or staffing changes and will not result in any detriment to the level of service.

If the request is to work reduced hours, the College's assessment must be that there would be no operational problems caused, or recruitment difficulty anticipated, in making up the reduced hours.

If the request is for a move to a lower graded post, this would be subject to an appropriate vacancy arising and the operation of the College's normal recruitment procedures in filling the post.

Given the above policy, it is anticipated that in practice Flexible Retirement is likely to be more applicable to those employees aged 60 and where there is no "strain on the fund" pension costs to the College.

Forfeiture of pension rights after conviction of employment-related offences - Regulation 72, 73, 74 & 76 – Administration Regulations

There are provisions whereby 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. The College reserves the right to exercise this discretion in wholly exceptional circumstances.

Ex-employees

Ex-employees of St Brendan's Sixth Form College who have Deferred Benefits which are preserved benefits in the Avon Pension Fund, may apply to the College for the early release of their benefits by reason of permanent ill-health or on compassionate grounds. Such applications are dealt with on the same basis as for current employees. However, in the case of permanent ill-health the pension scheme does not provide for benefits to be enhanced as it does for current employees.

<i>Useful contacts</i>	
<i>Avon Pension Fund</i>	<i>01225 – 477000</i>