



Report subject	<b>BCP Council Discretions policy (pension)</b>
Meeting date	4 March 2026
Status	Public Report
Executive summary	<p>Through the implementation of Pay and Reward, BCP Council has further enhanced the employee benefits package.</p> <p>This report sets out the option for colleagues to access Shared Cost Additional Voluntary Contributions in addition to their normal LGPS pension. These are paid via salary sacrifice arrangement.</p>
Recommendations	<p><b>It is RECOMMENDED that Cabinet approves:</b></p> <ol style="list-style-type: none"> <li>1) the changes to the Pensions Discretion Policy relating to Regulation 17 &amp; 15(2A) [TP] as set out on Page 7 of the Policy.</li> </ol>
Reason for recommendations	<p>LGPS discretions are the Council's agreed choices on how certain pension rules are applied, so decisions are fair, consistent, and lawful.</p> <p>We must have a written policy so that:</p> <ul style="list-style-type: none"> <li>• Everyone is treated consistently</li> <li>• Decisions are fair, lawful, and transparent</li> <li>• Managers and officers don't make ad-hoc or contradictory decisions</li> <li>• Employees know what the Council will and won't do</li> </ul> <p>The policy sets out:</p> <ul style="list-style-type: none"> <li>• What discretion applies</li> <li>• What the Council's position is</li> <li>• Who makes the decision</li> <li>• Any limits or conditions</li> </ul> <p><b><u>What's changed/changing</u></b></p> <ol style="list-style-type: none"> <li>1. Section: Regulation 17 &amp; 15(2A) [TP] – Shared-Cost AVCs (SCAVC) as set out on Page 7 of the policy (Appendix 1).</li> </ol>

**Effective from 1 December 2025:**

The Council will pay shared-cost additional voluntary contributions (SCAVCs) where an employee has elected to pay AVCs via the Council's salary sacrifice AVC scheme.

- The amount of the employer SCAVC will not exceed the amount of salary sacrificed by the employee.
- Participation is subject to the employee meeting the scheme's eligibility conditions.

The Council may withdraw or amend the SCAVC arrangement at any time, following appropriate consultation and notice.

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Wards	Council-wide
Classification	For Recommendation

## 1. Background

1. The Council implemented a new Pay and Reward package for colleagues across the council on 1 December 2025. The employee benefits package was enhanced for colleagues to offer flexibility and choice, enabling colleagues to access a variety of employee benefits at various stages of their lives.

Colleagues are offered the ability to enhance their own pension through Additional Voluntary Contributions paid via a salary sacrifice scheme.

2. The employee must pay a fee of £1 per month (admin fee) to Prudential. This is automatically taken from the employees pay and paid directly to Prudential.
3. Whilst the introduction of the scheme was signed off by full Council, it is necessary to also make the appropriate changes to the Councils discretions policy. The advice from Dorset Local Government Pensions was that changes to the policy should not impact or delay the implementation date for the scheme but that amendments to the policy should follow thereafter.

## 4. Shared Cost Additional Voluntary Contributions (SCAVCs)

A SCAVC is a type of investment pot paid into alongside the main LGPS pension to increase retirement savings.

It is shared cost because it is set up so the employer can facilitate the salary sacrifice element of the transaction. If the employer doesn't facilitate this, it is effectively just an AVC.

Employees can choose to use SCAVCs to:

- Boost tax-efficient savings

- Build a lump sum
- Potentially convert to extra pension at retirement
- Take all or part as cash (subject to tax rules)

In short: SCAVC builds extra pension savings that the member chooses to put in.

Money Matters will be the coordinator and manage the shared cost AVC scheme, Prudential will hold the pension funds.

## 5. Summary of corporate financial implications

1. There are no initial set up costs for the My Money Matters platform
2. The employee must pay a fee of £1 per month (admin fee) to Prudential. This is automatically taken from colleague's monthly salary and paid directly to Prudential.
3. BCP Council will be invoiced by My Money matters monthly with an amount based on 5% of the value of salary sacrificed by employees through payroll (eg if colleague sacrifices £200, Money matters fee is 5% which is £10).
4. The 5% charge covers access to a dedicated platform, employee financial education and engagement resources, HMRC compliance process and fully managed support
5. As a result of the colleagues reduced salary, BCP Council will also make savings on the employers National Insurance contributions. The 5% cost to Money Matters would always be offset by the reduction in employer National Insurance contributions see example:
6. Example – colleague sacrifices £200 from their salary

Item	Amount
Employer NI saved (15%)	£30
My Money Matters fee (5%)	£10
Net organisation saving	£20

7. Finance will apply the same process used for the Cycle to Work and Tusker car-leasing schemes to collect the savings, which will then be held in a control account to pay the invoices.
8. The contract is not a fixed amount as it is a percentage based on the value of the SCAVCs contributions that are made. This will mean that the Council cannot have certainty of the total invoiced amount and this will grow as colleagues sign up to the employee benefit but the cost of the SCAVC will always be offset by the employers NI savings.

## 6. Summary of legal implications

1. Pension advisers from Dorset LGPS have been consulted

2. My Money Matters manage the change of employment contract which has the effect of reducing the colleagues gross pay. BCP Council will receive the appropriate signed form
3. Prior to implementation of the scheme, legal advice was sought from Mr David Leach from Sharpe Pritchard who are specialists in this field. Mr Leach was asked to:
  - Highlight any particular financial risk or concern for the council
  - Make us aware of any liability or general risks
  - Advise if there is anything missing in the contract that we need to add
  - Advise of any legal issues regarding the T&Cs, schedules and KPIs

From the advice given, the Council was satisfied that no specific legal concerns were arising.

## **7. Summary of human resources implications**

SCAVCS allow colleagues to increase their contributions to pension and colleagues have the flexibility to choose how much or how little they wish to invest into their own pension.

## **9. Summary of sustainability impact**

This section is not applicable to this report

## **10. Summary of public health implications**

This section is not applicable to this report

## **11. Summary of equality implications**

This section is not applicable to this report