



Local Government Pension Scheme (LGPS) Employer Discretions Policy

Applicable to:	✓	All individual academies within NEAT Academy Trust
	✗	Specified academies only
	✓	Central team within NEAT Academy Trust
Approval body:	NEAT Academy Trust Board of Directors, which may be delegated	

Status:

Statutory policy or document	Yes under LGPS regulations
Review frequency	As determined by the Board
Approval by	As determined by the Board

Publication:

Statutory requirement to publish on website	No
If not, agreed to publish on website?	Yes – trust

Version Control:

Revision Record of Issued Versions			
Author	Creation Date	Version	Status
Central Support Manager (SH)	19 October 2017	1.0	Agreed by directors for implementation in schools and central team
Changed by	Revision Date	Version	Status
Director of HR and Governance (SH)	4 October 2018	2.0	Agreed by directors following annual review – no changes to discretions.
HR Manager (KF)	15 July 2020	3.0	Approved by COFO on behalf of NEAT Board of Directors following annual review. Very minor amends to reflect Scheme of Delegation and to wording to improve clarity about Scope.
Head of Governance and Corporate Affairs (SH)	11 March 2021	4.0	Very minor amendments approved by COFO on behalf of the Board to reflect company name change and correct list of mandatory discretions.

Review Date	
Frequency	Next Review Due
Annually	April 2022 (or earlier if new guidance or legislation issued and/or business need for earlier review identified)

1 Purpose

The purpose of this policy is to set out how the trust will exercise its discretions as an employer within the regulations of the Local Government Pension Scheme (LGPS).

2 Scope

This policy applies to active members of the LGPS and employees who become deferred members of the scheme.

3 Roles and responsibilities

The NEAT Academy Trust Board of Directors will monitor the application of this policy, particularly to ensure that practices comply with it and are not discriminatory. Responsibility for decisions made under this policy are delegated in accordance with the Scheme of Delegation agreed by the Board.

4 Legal considerations

LGPS regulations require each employing authority to prepare a written statement of its policy in relation to the exercise of the following discretions:

- whether to grant extra additional pension;
- whether to share the cost of purchasing additional pension (SCAPS);
- whether to permit flexible retirement;
- whether to “switch on” the 85 year rule (excluding flexible retirement) upon the voluntary early payment of deferred benefits; and
- whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise (excluding flexible retirement).

The other discretions in this policy are not mandatory and are included to provide transparency and ensure consistency of decision-making.

5 Policy statement

Regulation	Policy decision
Regulation R16 (2)(e) and R16 (4)(d) Shared Cost Additional Pension Scheme An employer can choose to pay for or contribute towards a member’s Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC)	The employer will not contribute to a shared cost contribution scheme.
Regulation R17(1) & TP15(1)(d) & A25(3) Shared Cost Additional Voluntary Contribution Arrangement An employer can choose to pay for or contribute towards a member’s AVC arrangement entered into before, on or after 1st April 2014 via a shared cost AVC	The employer will not contribute to a shared cost AVC arrangement.

Regulation	Policy decision
<p>Regulation R30(6) & TP11(2) Flexible Retirement 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. 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>Each application will be considered individually and a decision made on the merits of each case. Applications will only be approved where there is a suitable post that the employee can “step down”* into and it can be demonstrated that this is in the interests of the trust and/or there is no extra financial cost. * The employee must reduce their salary by at least 40% by either reducing their contractual hours and/or their pay grade.</p>
<p>Regulation R30(8) Waiving of actuarial reduction Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits paid on the grounds of flexible retirement. Employers may also waive, on the compassionate grounds, the actuarial reduction (in whole or in part) applied to member's benefits for deferred members 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 the active members of benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60.</p>	<p>Applications will only be considered on compassionate grounds in cases of severe financial hardship. Each application will be considered individually and a decision made on the merits of each case. The following factors will be taken into account:</p> <ul style="list-style-type: none"> • the merits of the applicant’s case and whether the applicant has clearly demonstrated and evidenced a) the compassionate grounds and b) severe financial hardship; • the financial cost to the trust; and • the impact of approving the application taking into account in the interests of the trust.
<p>Regulation TPSch 2, para 2(2) & 2(3) Power of employing authority to 'Switch on' the 85 Year Rule An employer can choose whether to "switch on" 85 year rule for members who voluntarily retire on or after the age of 55 and before age 60. Qualifying members are those whose age and service adds up to 85 or more.</p>	<p>This discretion may only be exercised in exceptional circumstances where it is clearly evidenced in a business case that it is in the interests of the trust and the costs associated with the early release of pension benefits are affordable.</p>
<p>Regulation R31 Power of employing authority to grant additional pension 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 efficiency (by up to £6,500* per annum). (* the figure of £6,500 is increased each April under Pensions Increase orders).</p>	<p>The employer will not grant additional pension.</p>

Regulation	Policy decision
<p>Regulation 22 Policy Decision R22(8)(b) Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.</p>	<p>Employees must transfer in pension rights from other pension schemes within 12 months of being employed by the Trust, except where:</p> <ul style="list-style-type: none"> • the employee applies to transfer the pension scheme to the LGPS within the 12 month period but there are delays with the administrative process which are not the fault of the employee e.g. determining the transfer value; <p>OR</p> <ul style="list-style-type: none"> • the employee was initially employed on a fixed-term contract or regular casual basis and was unsure that employment would continue and therefore did not make the request within the 12 month period.

General

This policy is at the discretion of the employer and can be varied at any time. Decisions will be based on the version of the policy in force at the time an event takes place. In the event of any conflict with primary legislation or statutory regulations, the legal provisions will have precedence over this policy in all cases.