

Local Government Pension Scheme Discretionary Policy

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1.0 Introduction

- 1.1 The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits for service after 31 March 2014, build-up on a defined benefit career average revalued earnings (CARE) basis, rather than on a defined benefit final salary basis.
- 1.2 The provisions of the CARE scheme, together with the protections for members pre 1 April 2014 final salary rights, are contained in the Local Government Pension Scheme Regulations 2013 [SI 2013/2356] and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525].
- 1.3 Scheme employers participating in the LGPS must formulate, publish and keep under review a statement of policy on all mandatory discretions which they have the power to exercise in relation to members of the CARE Scheme and earlier schemes.
- 1.4 To ensure value for money and financial stability, the Trust has adopted an approach that befits the size, finances and current staffing levels of the Trust. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.
- 1.5 The Trust is committed to equality and this policy has been created in accordance with anti-discrimination laws, the Equality Act 2010 and with regard to Age Regulations.
- 1.6 In addition to the above, the Trust is required to adhere to a number of provisions and to create and implement effective procedures for administration of the LGPS scheme. These duties and procedures are detailed in this policy.
- 1.7 In line with the regulations, a copy of this policy will be sent to Trust's LGPS administering authorities.

2.0 Key roles and responsibilities

- The Board of Directors has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy at the Trust.
- The Board of Directors has responsibility for ensuring that the LGPS Discretionary Policy, as written, does not discriminate on any grounds, including but not limited to: age, ethnicity/national origin, culture, religion, gender, disability or sexual orientation.
- The Board of Directors has overall responsibility for handling complaints regarding this policy.
- In the first instance, complaints should be directed to the Chief Finance & Operations Officer.

- The Chief Finance & Operations Officer has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy at The Trust.
- Staff members enrolled on the LGPS will be responsible for following the LGPS Discretionary Policy.

3.0 Discretionary Decisions Overview

- 3.1 The Trust, as an LGPS Employer, is required to provide employees and LGPS scheme members with information regarding their decision to include or omit the following discretions in their LGPS scheme.

Mandatory discretions:

a Whether to grant extra annual pension (by up to £6,822 p.a.) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency (Regulation 31)

b Whether, where an active member wishes to purchase extra annual pension (by up to £6,822) by making additional pensions contributions (APC), to contribute towards the cost via a shared cost of additional pension contribution (SCAPC) (Regulation 16 (2)e and 16 (4)d)

c Whether to permit flexible retirement for staff aged 55 or over who wish to reduce their working hours or grade and if so:

- Whether to permit the member to choose to draw all, part or none of the pension benefits they have accrued after March 2008 and/or after March 2014- Regulation 30 (6)
- Whether to waive, in whole or part, any actuarial deduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA) - Regulation 30 (6)

d Whether to 'switch on' the 85-year rule (always excludes flexible retirement) upon the voluntary early payment of deferred benefits - Regulation 1 (1)c

e Whether to 'switch on' the 85-year rule upon the voluntary early payment of a suspended tier 3 ill health pension - Regulation 30 (5)

f Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise – Regulation 30 (5)

g Whether to waive upon the voluntary early payment of a suspended tier 3 ill health pension, any actuarial reduction on compassionate grounds – Regulation 30A (5)

- 3.2 The Trust has also opted to publish decisions for the following non-mandatory discretions.

Non-mandatory discretions:

h Whether to extend the 12-month time limit for a member to elect to transfer pension rights from another registered pension scheme into the Scheme - Regulation 100 (6)

i Whether to extend the 12-month period to separate previous local government service - Regulations 22 (7 & 8)

j How an employee's contribution band will be initially determined and thereafter reviewed - Regulation 9 & 10

k Whether to include a regular lump sum payment when calculating assumed pensionable pay (APP) – Regulations 21 (4&5)

l Whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP) – Regulations 21(5A&B)

4.0 Decisions

A Whether to grant extra annual pension to a member (by up to £6,822 p.a.) - Regulation 31

- The Trust may agree, at its own cost, to award a member an additional pension up to a maximum of £6,822 p.a. (this figure will increase each April under the Pension (Increase) Act 1971.
- The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

B Whether to share the cost of purchasing additional pension (SCAPC) - Regulation 16 (2)e and 16 (4)d

- The Trust will only consider this in exceptional circumstances.

C Whether to permit flexible retirement - Regulation 30 (6)

- The Trust may agree, at its own cost (if there is any) for a member aged 55 or over, who reduces their grade, hours of work, or both, to receive all or part of their LGPS benefits immediately, even though they have not left the Trust's employment.
- The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

D Whether to 'switch on' the 85-year rule (always excludes flexible retirement) upon the voluntary early payment of deferred benefits - TP Regulation 1 (1)c

- The Trust will only consider switching on Rule 85 if there is a clear financial benefit to the Trust in doing so.
- E Whether to ‘switch on’ the 85-year rule upon the voluntary early payment of a suspended tier 3 ill health pension**
- The Trust will only consider switching on Rule 85 if there is a clear financial benefit to the Trust in doing so.
- F Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise – Regulation 30 (5)**
- If the benefits on flexible retirement would normally be reduced for early payment the Trust may agree, at its own cost, to waive all or part of the reduction.
 - The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- G Whether to waive upon the voluntary early payment of a suspended tier 3 ill health pension, any actuarial reduction on compassionate grounds – Regulation 30A(5)**
- If the benefits on flexible retirement would normally be reduced for early payment the Trust may agree, at its own cost, to waive all or part of the reduction.
 - The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- H Whether to extend the 12-month time limit for a member to elect to transfer pension rights from another registered pension scheme into the Scheme - Regulation 100 (6)**
- The Trust will only allow an extension to the 12-month period to combine previous non-local government service where it can be shown that the member was not provided with the required information within 6 months of starting at the Trust, or where there is no financial cost to the Trust.
- I Whether to extend the 12-month period to separate previous local government service - Regulations 22 (7 &8)**
- The Trust will only allow an extension to the 12-month period where it can be shown that the member was not provided with the required information within 6 months of starting at the Trust.
- J How an employee’s contribution band will be initially determined and thereafter reviewed - Regulation 9 & 10**

- The Trust will only review an employees' contribution bands as at 1 April each year, except if the member has been promoted on a permanent basis.
- An employee's salary for the calculation of the contribution band will be the employee's total earnings within the Trust.
- Where an employee's earnings vary month by month an estimated average monthly salary will be calculated.

K Whether to include a regular lump sum payment when calculating assumed pensionable pay (APP) – Regulations 21 (4&5)

- The Trust will consider each case on its merits.

L Whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP) – Regulations 21(5A&B)

- The Trust will consider each case on its merits.

5.0 The LGPS Member Records

5.1 The Chief Finance Officer (CFO) is responsible for maintaining a clear and up to date record of all Trust staff enrolled in the LGPS.

5.2 The scheme will have details of each member's:

- Full Name
- National Insurance Number
- Current full time equivalent (FTE) salary
- Hours and Weeks worked
- Contact details for payroll and HR use
- Contribution Rate
- Service Start Date/Pension Start date (if different)
- Changes in contribution rate

6.0 Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006

6.1 Employers must also formulate, publish and keep under review a statement of policy on the following mandatory discretions relating to the above regulations:

M Whether to base redundancy payments on an actual week's pay where this exceed the statutory week's pay limit – Regulation 5

- The Trust will only pay at the statutory week's pay limit.

N Whether to award lump sum compensation of up to 104 week's pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment – Regulation 6

- The Trust will only consider in exceptional circumstances and where there is a clear financial or administrative advantage to the Trust.