


## Local Government Pension Scheme Discretions Policy

<b>Date approved by Trustees of Ventrus Multi Academy Trust</b>	<b>20 January 2021</b>
<b>Review Period</b>	<b>2-yearly</b>
<b>Next Review Date</b>	<b>December 2022</b>
<b>Signed by Chair of Trustees Hugh Whittaker</b>	

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# 1. Introduction

- 1.1. This Policy sets out how the Trust will exercise its discretionary functions under the Local Government Pension Scheme (LGPS), which is administered by Peninsula Pensions.
- 1.2. This policy covers the regulations where a written policy must be in place in relation to the exercise of its discretion, which are:
  - 9. Determine rate of employees’ contributions
  - 16. Shared Cost Additional Pension
  - 17 & TP15. Shared Cost AVC arrangement
  - 22. Whether to extend the 12-month option period for a member
  - 30. Flexible retirement
  - 30. Choice of early payment of pension according to the Benefits Regulation
  - 31. Power of employing authority to grant additional pension
  - TPSch 2. Power to ‘switch on’ the 85-year rule.

# 2. Definition

- 2.1. For the purpose of this document:
  - Members, Trustees/Directors and Governors are referred to as Trustees;
  - Ventrus Multi Academy Trust is referred to as The Trust;
  - Staff refers to all staff employed by Ventrus Multi Academy Trust

# 3. Legal Framework

- 3.1. All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pension Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

# 4. Policy Decisions Table

Regulation R16 (2)(e) and R16 (4)(d)	Policy Decision
<p><b>Shared Cost Additional Pension Scheme</b> An employer can choose to pay for or contribute towards a member’s Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC)</p> <p><i>*(Current maximum allowed is £7,194)</i></p>	<p>The employer will not contribute to a shared cost contribution scheme.</p> <p>This discretion is exercised only in the circumstances where a scheme member has a period of approved unpaid leave and wishes to pay additional contributions to fund the lost pension due to reduced pensionable pay, has not made the election within 30 days of returning to work, but has done so within 30 days of the notification of the option to pay. The total cost is funded by scheme member at 1/3rd of cost and employer at 2/3rd of cost.</p> <p>In any other circumstances any additional pension contributions will be funded in full by scheme members.</p>

**Regulation R17(1) & TP15(1)(d) & A25(3) and definition of SCAVC in RSch 1**

**Policy Decision**

**Shared Cost Additional Voluntary Contribution Arrangement (SCAVC)**

The employer will not contribute to a shared cost contribution scheme.

An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC). An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.

**Regulation R30(6) & TP11(2)**

**Policy Decision**

**Flexible Retirement**

Under the regulations, once an employee reaches age 55, they may remain in employment and draw their retirement benefits.

Ventrus will only consider release of benefits where there is a reduction in employee's gross pay of at least 25% and, will only agree where there is no cost to the employer.

However, there are certain conditions that must be met:

A flexible retirement may be considered on:

- a) The employer must agree to the release of the pension.
- b) The employee must reduce either their hours, and/or their grade.

- Reduction of hours and/or grade, or
- Reduction of hours and/or grade with the release of pension benefits, or
- Appointment to new continuing employment within the Trust on reduced hours and/or grade, with or without the release of pension benefits

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.

Flexible retirement will be subject to:

- Reduction in salary similar to the level of pension to be received, and
- A minimum period of employment of 12 months in the reduced grade and/or hours following Flexible Retirement, and
- No return to the higher hours/grade

Employees must be therefore be made aware that where a Flexible Retirement request has been approved, any actuarial reduction will be borne by them.

In some cases, employer "strain" cost may apply. The trust can only consider Flexible Retirement where there is no cost to the trust. An employee is not able to pay the cost of the employer "strain" cost.

<b>Regulation R30(8), TP3 (1), TPSCH2, Para 2(1), B30(5) and B30 (A) (5)</b>	<b>Policy Decision</b>
<p><b>Waiving of actuarial reduction</b></p> <p>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.</p> <p>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 and on or after age 60 and before Normal Pension Age.</p>	<p>This may be considered in exceptional circumstances where there are demonstrable business benefits.</p>
<b>Regulation TP1(1)(c) Sch 2</b>	<b>Policy Decision</b>
<p><b>Power of employing authority to 'Switch on' the 85 Year Rule (excludes flexible retirement) upon the voluntary early payment of benefits</b></p> <p>The 85- year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can therefore choose whether to "switch on" the 85 year rule for members:</p> <ol style="list-style-type: none"> <li>1) who voluntarily draw their benefits on or after the age of 55 and before age 60 and</li> <li>2) Former members who ceased active membership between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2014 and choose to voluntarily draw their suspended tier 3 ill health pension (on or after 14 May 2018) on or after age 55 and before age 60 and,</li> <li>3) Former members who ceased active membership between 1<sup>st</sup> April 1998 and 31<sup>st</sup> March 2014 and elect for voluntary early payment of any deferred benefits</li> </ol>	<p>This may be considered in exceptional circumstances where there are demonstrable business benefits.</p>
<b>Regulation R31</b>	<b>Policy Decision</b>
<p><b>Power of employing authority to grant additional pension</b></p> <p>An employer can choose to grant additional pension to an active member or within 6 months of ceasing to be an active member on the grounds of redundancy or business efficiency (by up to £7,194* per annum). (* the figure of £7,194 will be increased each April under Pensions Increase orders).</p>	<p>This may be considered in exceptional circumstances where there are demonstrable business benefits.</p>

**Regulation 22, 27 & R100(6)****Policy Decision**

**R22(7) and (8)** Whether to extend the 12 month option period for a member to elect that post 31 March 2014 deferred benefits should not be aggregated with an ongoing concurrent employment **R22(7)(b)**/Whether to extend the 12 month option period for a member to elect that post 31 March 2014 deferred benefits should not be aggregated with a new employment. **R22 (8)(b)**

The employer will not extend the 12 month period where a 'strain' cost may apply.

**R27** Whether to extend the 12 month time limit within which a member (who has not elected to be treated as a member who, in the same employment, was contributing to the Scheme on both 31 March 2014 and 1 April 2014) who has a deferred LGPS benefit in England or Wales following the cessation of employment before 1 April 2014, to elect to aggregate their deferred benefits with their new LGPS employment that commenced on or after 14 May 2018, to purchase earned pension

**R100 (6)** Extend normal time limit for acceptance of a transfer value beyond 12 months from joining LGPS.

**Regulation 9 (1) & (3)****Policy Decision**

Contributions payable by active members. Determine the rate of employees' contributions and when the contribution rate will be assessed

The employer has determined the rates of contribution on entry to the scheme and subsequently where there is a change in employment, or a material change which affects the member's pensionable pay, with the contributions payable being the applicable rate dependent on the relevant earnings banding in which the members pensionable pay falls.

**Pre LGPS 2008  
DISCRETIONS**

**Regulation 30(5), TP2(1) Sch2, Reg 30A(5)  
TP2(1) Sch 2**      **Policy Decision**

**Early payment of benefits**

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65

This may be considered in exceptional circumstances where there are business benefits.

**Regulation 31(2). 31(5). 31(7A) of the LGPS  
Regulations 1997 and paragraph 2(1) of  
Schedule 2 to the LGPS (TP) Regs2014**      **Policy Decision**

**Early payment of benefits**

Employers can allow the early payment of deferred benefits to former members of the LGPS between the ages of 50 and 55.

Employers can also choose, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65

These may be considered in exceptional circumstances where there are business benefits.

**Regulation D11(2)(c) of the LGPS Regulations  
1995 In relation to members who ceased active  
membership before 1 April 1998:**

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds

**Regulation 31 (7) of the LGPS Regs 1997  
In respect of a member who opted out of the  
scheme after 31 March 1998 and before 1 April  
2008:**

Where a member who opted out of the scheme continues to be employed by a Scheme employer, the member is only entitled to receive their benefits at NRD if their employer consents to them doing so.

## 5. Flexible Retirement Additional Policy

<b>Flexible Retirement (Regulation R30(6) &amp; TP11(2))</b>	<b>Policy Decision</b>
<p>You will need to consider; -</p> <ol style="list-style-type: none"><li>1. The minimum reduction in hours or grade required</li><li>2. Whether the employee should commit to a reduction in hours or grade for a minimum period</li><li>3. Whether the employee should commit to remaining in employment with the employer for a minimum period</li></ol> <p>You should also state;-</p> <ol style="list-style-type: none"><li>1. Whether, in addition to the benefits the member has accrued prior to 1<sup>st</sup> April 2008 (which the member must draw) to permit the member to choose to draw;<ul style="list-style-type: none"><li>• All, part, or none of the benefits they accrued after 31<sup>st</sup> March and before 1<sup>st</sup> April 2014 and/or,</li><li>• All, part, or none of the benefits accrued after 31<sup>st</sup> March 2014, and</li><li>• Whether to waive, in whole or in part, any actuarial reduction which would normally be applied to the benefits for Flexible retirement taken before normal retirement age</li></ul></li></ol>	<p>Ventrus will only consider release of benefits where there is a reduction in employee's gross pay of at least 25% and, will only agree where there is no cost to the employer.</p> <p>Flexible retirement will be subject to:</p> <ul style="list-style-type: none"><li>• Reduction in salary similar to the level of pension to be received, and</li><li>• A minimum period of employment of 12 months in the reduced grade and/or hours following Flexible Retirement, and</li><li>• No return to the higher hours/grade</li></ul>

## 6. Internal Dispute Resolutions Procedure (IDRP)

- 6.1. Peninsula Pensions operate an Internal Dispute Resolution procedure for when an employee raises a complaint against a decision made in accordance with this policy.

## 7. Policy Implementation

- 7.1. This policy confers no contractual rights. The Trust as the employer retains the right to change this policy at any time, and only the version of the policy which is current at the time that a relevant event occurs to the employee/scheme member will be the one applied to that employee/member.
- 7.2. Before the expiry of the period of one month beginning with the date any such revisions are made, the Trust will send a copy of its revised statement to each relevant administering authority and will publish the revised policy.



## **8. Policy Circulation**

- 8.1. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule.
- 8.2. The Trustees are responsible for overseeing, reviewing and organising the revision of the LGPS Discretions Policy.

## APPENDIX 1: POLICY HISTORY

Policy Date	Summary of change	Contact	Version/ Implementation Date	Review Date
May 2019	Regulation numbers updated on page 3 for Flexible Retirement and Choice of Early of pension according to the Benefits Regulation	Lynne Hyland	December 2020	
May 2019	Current maximum additional amount updated	Lynne Hyland	December 2020	
May 2019	Wording for R22 (7) and (8) updated	Lynne Hyland	December 2020	
May 2019	Wording for R27 updated	Lynne Hyland	December 2020	

Ventrus Limited has made every effort to ensure that this policy does not have the effect of discriminating, directly or indirectly against employees, on grounds of race, age, nationality, ethnic (or national) origin, gender, sexual orientation, marital status, religious belief or disability. This policy will apply equally to full or part time employees.

If you require any support or help in understanding or interpreting this policy please speak to our HR department, face to face or via email at [hr@ventrus.org.uk](mailto:hr@ventrus.org.uk)