Ormiston Academies Trust

(Academy Name)  
Local Government Pension Scheme Discretionary policy

Policy version control

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| Author  In consultation with | Claire Lovell, OAT Finance |
| Approved by | Joanne Dawson, National Director for Finance June 2022 |
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| Review | Policies will be reviewed in line with OAT's internal policy schedule and/or updated when new legislation comes into force |
| Description of changes | Full change and update |

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1. Policy statement and principles
   1. Every Local Government Pension Scheme employer must have a discretions policy in place.

* 1. This document outlines Ormiston Academies Trust’s policy on employer discretions specified in the Local Government Pension Scheme Regulations 2013, which came into effect from 1 April 2014.

1. Procedures
   1. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. The report made clear that change was needed to “make public service pension schemes simpler and more transparent, [and] fairer to those on low and moderate earnings”.
   2. As a result, it was decided that the Local Government Pension Scheme (LGPS) should be reformed so that, from 1 April 2014, benefits accrue on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
   3. The provisions of the CARE scheme, together with the protections for members’ accrued pre 1 April 2014 final salary pension rights, are contained in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.
   4. As a result of the changes, and as a scheme employer participating in the LGPS, the Trust is required to formulate, publish and keep under review a statement of policy on certain discretions under the LGPS which the Trust has the power to exercise on and from 1 April 2014 in relation to members of the CARE scheme.
   5. The relevant regulations are:

* Local Government Pension Scheme Regulations 2013 (“LGPS 2013”)
* Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (“TP 2014”).
  1. There are five areas of discretion under which the Trust, as a scheme employer, must publish a policy under LGPS 2103 and TP 2014:
* LGPS 2013 Regulation 31: Power of employer to award additional pension to an active member of ceasing within 6 months to be an active member by reason of redundancy or business efficiency.
* LGPS 2013 Regulation 16(2)(e) and 16(4)(d): Funding of additional pension contributions - shared cost.
* LGPS 2013 Regulation 30(6): Flexible retirement.
* LGPS 2013 Regulation 30(8): Waiving of actuarial reduction.
* Schedule 2 to the TP 2014: Switching on rule of 85.

1. Discretionary policies

| **Discretion** | **Regulation reference** | **DPF**  **Guidance**  **Reference** | **Ormiston Academies Trust Discretions Policy** |
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| **Discretions relating to current contributing employees and leavers after 31/03/2014:** | | | |
| Whether, how much, and in what circumstances to contribute to a shared cost APC scheme. | R16(2)(e) & R16(4)(d) | 1.1 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether, at full cost to the Scheme employer, to grant extra annual pension of up to £7,194 (20/21) 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. | R31 | 1.2 | Ormiston Academies Trust will not normally grant any additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age on compassionate grounds. | R30(8) | 2.1 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to waive any actuarial reduction on pre and/or post April 2014 benefits paid early on compassionate grounds. | TP3(1), TPSch 2, paras 2(1) | 2.2 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60. | TPSch 2, paras 1(2) and 2(2) | 3 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether a member who is aged 55 or over and with their employer’s consent reduces their hours and/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment. In all cases a business case needs to be prepared and approved. | R30(6) & TP11(2) | 4 | Ormiston Academies Trust has agreed to release pension where there is no cost and not to waive any reduction. Members must reduce their hours by a minimum of 40% and/or reduce their job by 1 grade.  Ormiston Academies Trust may however allow the release of pension where there is a cost or waive reduction in a potential redundancy situation, where a reduction may occur through redeployment, or in other exceptional circumstances supported by a business case. |
| Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement. | R30(8) | 4 and/or 2.1 | Ormiston Academies Trust will not normally waive the actuarial reduction for routine flexible retirements. |
| Whether to extend the 12 month limit a member has in which to elect to transfer other pension rights into the LGPS. This has to be with the agreement of the Administering Authority. | LGPS Regulations 2013 - Regulation 100 (6) |  | Ormiston Academies Trust will normally allow an extension of the 12 month limit, but each case will be considered individually.  Extenuating circumstances may apply and this would include;   * Where evidence exists that an election was made within 12 months but his was not received by the administering authority * Where evidence exists that the member was not aware of the 12 month limit due to maladministration |
| Whether it allows the Employer to determine which contribution band is allocated on joining the scheme and at each April. It also determines the circumstances when an employee’s band may be reviewed. | LGPS Regulations 2013 - Regulation 9 – allocation of contribution band |  | Ormiston Academies Trust will base pay on actual pay in April each year. |
| **Discretions relating to leavers 01/04/2008 to 31/03/2014:** | | | |
| Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30. | B30(5), TPSch 2, para 2(1) | 2.2 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A for a suspended tier 3 member. | B30A(5), TPSch 2, para 2(1) | 2.2 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to “switch on” the 85 year rule for a deferred member voluntarily drawing benefits on or after age 55 and before age 60. | TPSch 2, paras 1(2) and 1(1)(c) | 3 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |
| Whether to “switch on” the 85 year rule for a suspended tier 3 member voluntarily drawing benefits on or after age 55 and before age 60. | TPSch 2, paras 1(2) and 1(1)(c) | 3 | Ormiston Academies Trust will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer. |