
Title of Policy/Procedure LGPS Discretions Policy

Reviewer(s): Head of HR

**To be read in conjunction
with the following policies:**

Consultation Process Policy to be agreed with TU's at The Blue Kite
Academy Trust JCC

Policy Date: 1 April 2021

Review Date: 1 April 2023

**This policy is to be ratified
by:** Finance, Personnel and Resources Committee

1.0 Introduction

This Policy statement sets out how The Blue Kite Academy Trust will exercise its discretionary functions under the Local Government Pension Scheme (LGPS) 2014 regulations and guidance on how they apply to different retirement options.

2.0 Aims and scope of policy

To operate pension's discretions in a way that is fair and equitable to employees and that manages the liabilities of the pension fund in the overall interests of its members and of the Trust.

The policy statement applies to all members of staff who are eligible to be members of the LGPS, as defined in the regulations

3.0 Principles

The Trust will treat any individual retirement case and decisions on its merits. Decisions relating to retirement will be made with regard for the business case and implications for the academy/Trust including: financial implications, employment law considerations, the pension regulations and the specific legality of each case. It may also have regard for long term savings, affordability, skills retention and impact on delivery of a particular function within the academy/Trust. Each decision will be made free from discrimination on the grounds of any protected characteristics or any other personal criteria.

The Trust's decisions relating to retirement and the release of pension benefits will be in line with the current pension regulations. These regulations may be updated from time to time and the Authority will default to the regulations if the policy is not explicit on any current or future regulation.

Decisions relating to the release of deferred benefits to former employees will refer to the relevant pension policies applicable at the time of their employment. In such cases, the decision as to the release of deferred benefits will be on a case by case basis and will have regard for the criteria detailed in these principles.

The exercise of discretions outside the general approach will be subject to a decision of the Board of Trustees delegated to the Finance, Personnel and Resources Committee. Guidance may be sought from the pension administrators as required.

Mandatory Discretion/Explanation	Regulation	Decision
<p>Whether, how much and in what circumstances to contribute to a shared cost APC scheme</p> <p>An employer can choose to pay for, or contribute towards, an active members Additional Pension Contributions via shared Cost Additional Pension Contributions</p>	<p>R16(2)(e) & R16(4)(d)</p>	<p>The Trust will only exercise this discretion in very exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>Must be supported by a business case</p>
<p>Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)</p> <p>Employers may permit a member from age 55 onwards to draw all or part of the pension benefits they have already built up whilst still continuing in employment under reduced hours or grade.</p> <p>If flexible retracement is granted to an employee under Normal Pension age pension benefits will be reduced in accordance with actuarial tables except where a member has protected rights, or where the employer waives actuarial reduction on compassionate grounds.</p>	<p>R30(6) & TP11(2)</p>	<p>The Trust will only exercise this discretion in exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>Any additional cost to the Trust (payments to the Pension Fund) will be offset by the potential savings from the reduction in hours and/or grade.</p> <p>Employees should be aware that where a Flexible Retirement request is approved, the Board will not waive any actuarial reduction in whole or in part so any actuarial reduction will be borne by the employee.</p> <p>If granted this will be a permanent contractual change</p>

<p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement</p> <p>The employer can choose whether to waive any actuarial reduction (in whole or in part) on compassionate grounds or otherwise</p>	<p>R30(8)</p>	<p>The Trust will only exercise this discretion in very exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>The Board may consider individual cases on their merits having regard to the compassionate grounds of individual members and to the financial strain on the Trust.</p>
<p>Whether to Switch on the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement)</p> <p>For members who voluntarily retire on or after the age of 55 and before age 60, an employer can choose whether to "switch on" 85 year rule in full. An employer can also choose whether to waive, on compassionate grounds, the actuarial reduction applied to benefits for a member voluntarily drawing benefits on or after age 55 and before age 60</p>	<p>TPSch 2 para 1 (2) & 1(1)(c)</p>	<p>The Trust will only exercise this discretion in very exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>Must be supported by a business case</p>
<p>Whether to waive an actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership)</p> <p>The employer can choose whether to waive any actuarial reduction (in whole or in part) on compassionate grounds or otherwise</p>	<p>TP3(1),TPSch 2para,2(1), B30(5) & B30A(5)</p>	<p>The Trust will only exercise this discretion in very exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>The Board may consider individual cases on their merits having regard to the compassionate grounds of individual members and to the financial strain on the Trust.</p>

<p>Whether 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 £6500 pa - this figure is inflation proofed annually)</p> <p>Employers are allowed to purchase additional pension on a member's behalf up to a limit of providing additional pension of £6500 per annum (this figure is as of 2014 and is inflation proofed annually). The cost of providing any additional pension to the member (over their expected time as a future pensioner) will be an additional cost to the Employer</p>	R31	<p>The Trust will only exercise this discretion in very exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p> <p>Must be supported by a business case</p>
<p>Discretions for member who ceased membership before 1 April 1998</p>		
<p>Grant application for early payment of deferred benefits on or after the age 50 and before age 55</p> <p>This discretion allows employees who left our employment and the pension fund before 1st April 1998 the ability to ask for the pension from age 50 which is before the normal age of 55.</p>	31(2)	<p>The Trust will only exercise this discretion in exceptional circumstances and with the express permission of the Finance, Personnel and Resources Committee after consideration of the financial implications of that decision</p>
<p>Waive on compassionate grounds the actuarial reduction applied to deferred benefits paid early</p> <p>Employers can choose to 'waive' the reduction that would normally apply because the member would be taking their pension early. As the full pension would be being paid for longer, this means that we would expect to pay out more pension in the member's lifetime.</p>	31(5) & TPSch2 para 2 (1)	