



**Local Government Pensions Scheme  
Discretionary Policy**

**Policy Approved By**

Board of Trustees

**Date Approved**

**Date of Next Review**

January 2024

Contents:

## 1. Introduction and purpose

- 1.1. The purpose of this policy is to set out the discretionary rules that must be in place to run alongside the main Local Government Pension Scheme (LGPS) regulations.
- 1.2. Employers who participate in the LGPS are required to formulate and publish a discretions policy in accordance with Regulation 66 of The Local Government Pensions Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.
- 1.3. The Trust has limited resources and must maintain a balanced budget. Any exercise of discretion must be contained within existing budgets; therefore discretions will only be exercised in exceptional circumstances.
- 1.4. Discretions are powers that enable employers (the Trust) to choose how to apply the scheme in respect of certain provisions. Discretions only apply at the time of application and are subject to change.
- 1.5. Buckinghamshire County Council is the Administering Authority for LGPS pensions for the Trust. [www.pensions@bucks.gov.uk](mailto:www.pensions@bucks.gov.uk)

## 2. Scope

- 2.1. This policy applies to employees of the Denbigh Alliance Multi-Academy Trust (and all schools and academies within it) who are members of LGPS, and should be read in accordance with the LGPS Pension Regulations relating to the pension fund for which employees are eligible.
- 2.2. This policy supersedes and replaces the previous and existing LGPS Discretions Policy.
- 2.3. This policy does not form part of any contract of employment.
- 2.4. The Employer (The Denbigh Alliance) is identified as 'the Trust' within this policy.
- 2.5. This policy may be amended from time to time.
- 2.6. This policy will be reviewed every three years or sooner if legislation dictates any changes are applied.

## 3. Discretionary Policy Statement

- 3.1. The policy in respect of each discretion is set out below. However, the Trust may choose to give further consideration, where there are exceptional circumstances, and clear merit (financial and/or operational), and/or where the cost is not considered to be significant or material.

The Trust's position and decisions on the discretions detailed, is as follows:

### 3.1.1. Regulation 31 (awarding an employee additional pension)

- 3.1.1.1. Regulation 31 provides that the employer has discretion to grant extra annual pension of up to £6,822 (figure as at 1<sup>st</sup> April 2018) to an active scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

- 3.1.1.1.1. **Trust Decision** The Trust does not make such voluntary contributions and will not exercise this discretion, further, there is no intention of making use of this power in the foreseeable future.

### 3.1.2. Regulation 30(6) and 30(8) (flexible retirement)

- 3.1.2.1. Regulation (6) provides that an employee who is aged 55 or over and who reduces their working hours and/or grade by agreement can request the Trust to permit them to take flexible retirement and if so, as part of an agreement to permit flexible retirement:
- 3.1.2.2. 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 all, part or none of the pension benefits accrued after 31<sup>st</sup> March 2008 and before 1<sup>st</sup> April 2014 and/or those accrued after 31<sup>st</sup> March 2014.
- 3.1.2.3. Whether to waive in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age {Regulation 30(8)}
  - 3.1.2.3.1. **Trust Decision** Any such requests for flexible retirement will be considered and/or approved only with the consent of the Trust Board of Directors, and only where there is a clear financial and/or operational advantage to the Trust by doing so. Waiving of actuarial reductions in such cases will not be approved.

### 3.1.3. Paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (85 Year Rule Protections)

- 3.1.3.1. The discretion to apply or “switch on” the 85- year rule to members who choose to voluntarily draw their benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).
  - 3.1.3.1.1. **Trust Decision** The Trust will not "switch on" the 85 year rule.

### 3.1.4. Regulation 30(5) and 30(8) (waiving actuarial reductions)

- 3.1.4.1. To discretion to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31/3/14 membership):
  - 3.1.4.1.1. Waive on compassionate grounds any actuarial reduction that would otherwise be applied to benefits accrued before 1<sup>st</sup> April 2014.
  - 3.1.4.1.2. Waive, in whole or in part (on any grounds) any actuarial reduction that would otherwise be applied to benefits accrued after 31<sup>st</sup> March 2014.
  - 3.1.4.1.3. **Trust Decision** The Trust will not waive any actuarial reduction for deferred members on compassionate grounds.  
Any waiving of actuarial reductions will be considered only where there is clear financial or operational advantage to the Trust by doing so

### 3.1.5. Regulation 30 (8)

- 3.1.5.1. **Contribution to Shared-cost Additional Voluntary Contribution (SCAVC) arrangements R17(1) & TP15(1)(d) & A25(3)**
  - 3.1.5.1.1. The Trust can choose to (voluntarily) contribute towards the cost of purchasing Additional Voluntary Contributions via a shared-cost

Additional Voluntary Contribution (SCAVC) entered into after 1<sup>st</sup> April 2014, and to continue to contribute to a shared SCAVC entered into before 1<sup>st</sup> April 2014.

3.1.5.1.1.1. **Trust Decision** The Trust will not contribute to a SCAVC for any of its employees under any circumstances.

**3.1.6.Regulation 16(2)(e) and 16 (4)(d)**

3.1.6.1. Regulation 16 (2)(e) and 16 (4)(d) provide where an active scheme member wishes to purchase extra annual pension of up to £6,822 (figure at 1<sup>st</sup> April 2018) by making Additional Pension Contributions (APC), the employer can choose to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

3.1.6.1.1. **Trust Decision** The Trust will not contribute to a Shared Cost Additional Pension Contribution Scheme for any of its employees under any circumstances.

## Appendix 1 - Glossary of Terms

| <b>Terms</b>               | <b>Definitions</b>  |
|----------------------------|---|
| <b>85 Year Rule</b>        | The 85 year rule was a rule by which if a staff member's age plus years of service added together equalled 85 they could retire with full pension. This rule was "switched off" by the new pension regulations. |
| <b>Actuarial Valuation</b> | The valuation of a pension fund by a suitably qualified person (actuary) for decision to be made on the level of funding required to enable the pension fund to meet all liabilities.                           |
| <b>APC</b>                 | Additional Pension Contributions – a member paying additional contributions to buy additional amount of pension into the scheme.  |
| <b>AVC</b>                 | Monies deducted directly from pay, through an AVC provider, to provide additional retirement benefits.  |
| <b>CARE</b>                | Career Average Revalued Earnings. The LGPS became a CARE scheme in 2014.<br>Details of the scheme can be found at <a href="http://www.lgps2014.org">www.lgps2014.org</a> .                                      |
| <b>Normal Pension Age</b>  | For the pension built up from 1 <sup>st</sup> April 2014, the Normal Pension Age is the same as the LGPS member's state pension age.  |
| <b>SCAPC</b>               | Shared Cost Additional Pension Contributions – an election to purchase pension where the costs are shared between the employee and the employer   |