

LOCAL GOVERNMENT PENSION SCHEME

DISCRETIONARY POLICY

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Statement of Intent

Under the Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions Regulations 2008), the Trust is required to compose, publish and keep under review a policy statement in relation to the exercising of a number of discretions under the LGPS.

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.

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.

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. Discretionary Decisions

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

- 1.1.1. Regulation 31 - Whether to grant additional pension to a member (by up to £6,500 p.a.).
- 1.1.2. Regulation 30 (6) & TP11 - Whether all or some benefits can be paid if a member aged 55 or over reduces their hours or grade (flexible retirement).
- 1.1.3. Regulation 30 (8) - Whether 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). Whether to waive, in whole or in part, actuarial reduction to benefits paid on flexible retirement.
- 1.1.4. Regulation 100 (6) - Whether the Trust will permit late inward transfer of pension rights.
- 1.1.5. Regulation 16 (2)e and 16 (4)d – Whether to make either a regular or lump sum Additional Pension Contribution to a member's account (funded in part or wholly by the Trust)
- 1.1.6. TP Regulation 1 (1)c & 1(2) - Whether to allow the rule of 85 to be switched on for members who would normally meet the rule but who will not if they draw benefits aged 55-59
- 1.1.7. Regulation B30(5) & B30A(5) - Whether to waive any 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 1/4/14 and post 31/3/14 membership)
- 1.1.8. Regulation 3, 4, 6, 7 & 8 Injury Allowances

1.1.9. Regulation 5 – Whether to base redundancy payments on an actual weeks’ pay where this exceeds the statutory weeks’ pay limit

Regulation 5 – To award lump sum compensation of up to 104 weeks’ pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.

2. LGPS 2014 Overview

2.1. The LGPS 2014 is a Career Average Revalued Earnings (CARE) Scheme.

2.2. Accrual rate is 1/49th

2.3. The revaluation rate is based on the CPI (Consumer Price Index)

2.4. Pensionable Pay is all pay including non-contractual overtime and additional hours for part time staff.

2.5. Current contribution rates are in bands as detailed below:

From	To	Gross Rate
Up to £16,500		5.50%
£16,501	£25,900	5.80%
£25,901	£42,100	6.50%
£42,101	£53,300	6.80%
£53,301	£74,700	8.50%
£74,701	£105,900	9.90%
£105,901	£124,800	10.50%
£124,801	£187,200	11.40%
Over £187,200		12.50%

2.6. Contribution flexibility is now available with a 50/50 option. 50% contribution to a 50% pension

2.7. Normal pension age is currently a minimum of 65.

2.8. There is a lump sum trade off of £1 annual pension for £12 lump sum

2.9. The death in service is 3 * pensionable pay

2.10. The death in service survivor benefits are 1/160th accrual rate based on Tier 1 ill health pension enhancement

2.11. The ill health provision is as follow:

- 2.11.1. Tier 1 – Immediate payment with service enhanced to Normal Pension Age
- 2.11.2. Tier 2 – Immediate payment of pension with 25% service enhancement to Normal Pension Rate
- 2.11.3. Tier 3 – Temporary payment of pension for up to 3 years

2.12. The LGPS indexation of pension in payment is based on the CPI

2.13. The vesting period is 2 years

2.14. The administrating authority for The Trust is North Yorkshire Pensions

2.15. The Actuary for the Trust is Aon Hewitt

3. Key roles and responsibilities

- 3.1. The Board of Trustees has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy at the Trust.
- 3.2. The Board of Trustees 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.
- 3.3. The Board of Trustees has overall responsibility for handling complaints regarding this policy as outlined in The Trust Complaints Policy.
- 3.4. In the first instance, complaints should be directed to the Director of Finance and Operations.
- 3.5. The Director of Finance and Operations has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy at The Trust.
- 3.6. Staff members enrolled on the LGPS will be responsible for following the LGPS Discretionary Policy.

4. Regulation 31 - Whether to grant additional pension to a member (by up to £6,500 p.a.).

- 4.1. The Trust may agree, at its own cost, to award a member an additional pension up to a maximum of £6,500 p.a. (this figure will increase each April under the Pension (Increase) Act 1971
- 4.2. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

5. Regulation 30 (6) & TP11 - Whether all or some benefits can be paid if an active member aged 55 or over and with at least 2 years qualifying service reduces their hours or grade (flexible retirement)

- 5.1. 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.
- 5.2. The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.
- 6. Regulation 30 (8) - Whether 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). Whether to waive, in whole or in part, actuarial reduction to benefits paid on flexible retirement.**
 - 6.1. Dales Academies Trust will not waive any actuarial reduction on benefits which a member voluntarily draws before normal pension age (not on the grounds of flexible retirement and where the member only has post 31/3/14 membership).
 - 6.2. Dales Academies Trust will not waive any actuarial reduction on benefits paid on flexible retirement.
- 7. Regulation 100 (6) - Whether to extend the 12-month period to allow a transfer-in of non-local government pension rights**
 - 7.1. 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
- 8. Regulation 16 (2)e and 16 (4)d - Whether to make either a regular or lump sum Additional Pension Contribution to a member's account (funded in part or wholly by the Trust)**
 - 8.1. The Trust will only consider in exceptional circumstances.
- 9. LGPS Transitional provisions, Savings & Amendment Regulations 2014 Regulation 1 (1)c & 1(2) - Whether to allow the rule of 85 to be switched on for members who would normally meet the rule but who will not if they draw their benefits aged 55-59.**
 - 9.1. The Trust will only consider switching on Rule 85 if there is a clear financial benefit in doing so.
- 10. Regulation B30(5) & B30A(5) - Whether to waive any 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 1/4/14 and post 31/3/14 membership)**
 - a) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06,

b) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20 inclusive

c) on compassionate grounds (pre 1/4/16 membership) and in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/3/16

d) on compassionate grounds (pre 1/4/20 membership) and in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20 inclusive

10.1 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

11. The LGPS Member Records

11.1. The Director of Finance with the assistance of the Payroll Provider is responsible for maintaining a clear and up to date record of all Trust staff enrolled in the LGPS.

11.2. The scheme will have details of each member's:

11.2.1. Full Name

11.2.2. National Insurance Number

11.2.3. Current full time equivalent (FTE) salary

11.2.4. Hours & Weeks worked

11.2.5. Contact details for payroll & HR use

11.2.6. Contribution Rate

11.2.7. Service Start Date/Pension Start date (if different)

11.2.8. Changes in contribution rate

12. Salary Reviews – re Staff Overtime

12.1. From 1st April 2014, overtime is classed as pensionable pay. In response the Trust is required to introduce additional measures to ensure employee contributions are correct and pension pay is fair and accurate.

12.2. Checks will be carried out by the Director of Finance to ensure percentage calculations are correct and accurate.

12.3. This will be reviewed annually

13. Auto- Enrolment

13.1. This is a government strategy to encourage more people to save for their retirement and requires employers to enrol their workers into a workplace pension scheme. This applies to those who are not already in one and who:

13.1.1. Earn over a minimum value (currently £10,600 year)

13.1.2. Are aged over 22

13.1.3. Are under state pension age

There is the provision to opt out of the pension scheme when an employee starts work but it is the employee who has to action this. If the employee opts out it is for a maximum of 3 years and then the employee will automatically be enrolled and the cycle continues.

14. Injury Allowances

Regulation 3(1) - Whether to grant an injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job

Regulation 3(4) & 8 - Amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job

Regulation 3(2) - Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1) (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)

Regulation 4(1) - Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job

Regulation 4(3) - Amount of injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job

Regulation 4(2) - Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity)

Regulation 4(5) - Whether to suspend or discontinue injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months.

Regulation 6(1) - Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a regulation 3 payment (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job) was being made at date of cessation of employment but regulation 4 (loss of employment through permanent incapacity) does not apply. Determine amount of any injury allowance to be paid under regulation 6(1) (payment of injury allowance following cessation of employment)

Regulation 6(2) - Determine whether and when to cease payment of an injury allowance payable under regulation 6(1) (payment of injury allowance following cessation of employment)

Regulation 7(1) - Whether to grant an injury allowance to the spouse, civil partner, co-habiting partner or dependent of an employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job

Regulation 7(2) and 8 - Determine amount of any injury allowance to be paid to the spouse, civil partner or co-habiting partner under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)

Regulation 7(3) - Determine whether and when to cease payment of an injury allowance payable under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job)

14.1 The Trust will only consider doing so in cases where there is a clear financial or administrative advantage to the Trust.

15. Regulation 5 - Whether to base redundancy payments on an actual weeks' pay where this exceeds the statutory weeks' pay limit.

When calculating redundancy payments Dales Academies Trust will use the employee's actual weekly pay for support staff.

16. Regulation 5 - To award lump sum compensation of up to 104 weeks' pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.

The Trust will not award any lump sum compensation in any of these situations.