Local Government Pension Scheme (LGPS) Employer Discretions Policy Statement

Version 2

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Name of Responsible Committee/Individual:	Trust Board
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Target Audience:	Members of the Local Government Pension Scheme (LGPS)
Related Documents:	Financial Management Policy Equality and Diversity Policy Grievance Procedure Scheme of Delegation
Review Date:	October 2028

Contents

1. PURPOSE

This policy statement sets out how the Brighter Futures Learning Partnership Trust will exercise its discretionary powers under the Local Government Pension Scheme (LGPS) Regulations. All decisions will be approached to ensure decisions are fair, consistent and financially responsible. Decisions will need to consider the needs of the Trust with appropriate stewardship of public funds.

2. SCOPE

This policy applies to all employees of the Trust who are members of the Local Government Pension Scheme (LGPS). It covers the discretions available to the employer under the scheme's statutory framework. Decisions will be made on a case-by-case basis, considering both the circumstances of the individual and the operational/financial needs of the Trust.

3. PRINCIPALS

- The Trust will not normally agree to any discretionary benefits that result in significant additional cost, unless there is a clear business or educational case.
- All decisions will be taken at the appropriate level of authority and recorded for audit purposes.
- Equality legislation and the Trust's equality policies will be applied in all decision-making.

4. EMPLOYER DISCRETIONS AND POLICY POSITIONS

4.1 Benefit Regulation 16(2)(e) and/or 16(4)(d):
Funding of Additional Pension through a Shared Cost Additional Pension Contribution

Where an active Scheme member wishes to purchase extra annual pension up to the maximum by making Additional Pension Contributions (APCs), the employer may choose to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

POLICY

Because of the costs involved and the likelihood of this provision either being of little or no benefit to the Trust or not being vital to the support and application of the Trust's business plan and strategy, then the Trust would not normally expect to exercise its discretion to fund additional pensions for members either through regular contributions or lump sum contributions. However, each application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case.

4.2 Benefit Regulation 30 (6):
Flexible Retirement

This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.

POLICY

The Trust seeks to support the principle of allowing members to prepare for retirement in as many ways as possible. In this it also seeks to support Government Policy where that policy supports the Trust in its efforts to run its business and services in the most efficient and cost-effective manner. As such, subject to the following criteria, the Trust would normally expect to exercise its discretion in allowing members to retire flexibly:

- Any reduction in working hours or salary must be permanent
- The individual flexible retirement concerned must support the Trust's overall business plan and strategy

The Trust reserves the right, having considered each individual case, to refuse an application where any of the above criteria are not met.

4.3 Benefit Regulation 30 (8):
Waving of actuarial reduction

This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.

POLICY

Because of the additional costs involved to the Trust of waiving the actuarial reduction to member benefits in cases of voluntary retirement it is not envisaged that the Trust would normally exercise its discretion in favour of waiving those reductions. However, each case will be considered on its merits and with reference to the circumstances involved of the individual concerned. A potential exception to this policy would be where the individual can make a case for the waiving of such a reduction to be granted on compassionate grounds. An example of "compassionate grounds" may be where the member has been forced to cease work to take up a caring role for an immediate family member, although it is recognised that other grounds could and may exist. Every application will be considered on the circumstances of the individual concerned. Financial hardship alone would not constitute "Compassionate grounds.

4.4 Benefit Regulation 31:

The power of employing authority to award additional pension

This regulation allows an employer to resolve to award a member an amount of additional pension, up to the LGPS maximum. 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.

> **POLICY**
> Because of the costs involved and the likelihood of this provision either being of little or no benefit to the Trust or not being vital to the support and application of the Trust's business plan and strategy, then the Trust would not normally expect to exercise its discretion to award additional pension to members. However, each application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case.

4.5 Schedule 2 of the Transitional Regulations:

Switching on the 85-year rule for members voluntarily drawing benefits on or after 55 and before age 60.

Whilst the 85-year rule does not automatically apply in full if the employee decides to voluntarily draw benefits on or after age 55 and before age 60, this regulation allows the employer to, switch the rule back on. If the employer switches on the 85-year rule they will pick up any strain on Fund cost.

> **POLICY**
> Because of the potential retrospective impact on the 2013 Fund Valuation and the future additional costs that the exercise of this discretion would bring to the organisation, and the fact that the organisation does not deem the exercise of this discretion to be necessary in the pursuit of its overall business plan and strategy then it is not anticipated that there will be any instances where the organisation will switch on the rule of 85 for members wishing to retire voluntarily between the ages of 55 and 60. However, every application will be considered on its individual merits and the circumstances involved.

5. DECISION-MAKING PROCESS

- Applications must be submitted in writing to the Trust HR Manager, who will make an initial assessment and forward recommendations to the Trust's HR Committee.
- The HR Committee (or delegated panel) will consider applications against this policy, financial implications, and legal advice as necessary.
- Decisions will be communicated in writing to the employee, with reasons clearly stated.

6. RIGHT OF APPEAL

Employees have the right to appeal discretionary decisions under the Trust's grievance policy. Appeals will be heard by a panel of Trustees not involved in the original decision.

If an employee is unhappy about a decision made regarding their pension, they have a right to have their complaint independently reviewed under the LGPS Internal Dispute Resolution Procedure (IDRP). Details can be found at www.sypensions.org/contact/complaints

7. REVIEW OF POLICY

This policy will be reviewed every three years, or sooner if required due to changes in Local Government Pension Scheme (LGPS) regulations or employment legislation.

Local Government Pension Scheme (LGPS) Employer Discretions Policy Statement Version 2 agreed at Trust Board October 2025