



**LOCAL GOVERNMENT PENSION SCHEME
PAYMENT OF DISCRETIONARY COMPENSATION TO
EMPLOYEES
POLICY ON EXERCISE OF EMPLOYER DISCRETIONS**

Approved by:	The Trust Board of Greensand Multi-Academy Trust	Date: 11 th March 2019
Last reviewed on:	Monday 27 th March 2023	
Next review due by:	March 2025	

POLICY ON EXERCISE OF EMPLOYER DISCRETIONS - LGPS

Greensand Multi-Academy Trust as an employer is under a legal duty to prepare and publish a written statement of its policy relating to certain discretionary powers under the Regulations which apply to the Local Government Pension Scheme (“the LGPS”).

Greensand Multi-Academy Trust (“the Trust”) is also under a duty to formulate, publish and keep under review the policy that the Trust applies in exercising discretionary powers under Regulations relating to the payment of compensation to employees whose employment is terminated as a result of redundancy or certain other reasons.

This document is intended to comply with these duties and, in the table at Appendix A, sets out the discretionary powers concerned, identifies the relevant Regulation that gives the Trust the discretion and describes how the discretion will be exercised.

The policy set out in this document will not be departed from except as provided for in the policy, or following a variation to the policy approved by the Trust’s Trust Board.

This statement is not a definitive statement of the law and is subject to the provisions of the relevant Regulations.

The Regulations that apply to the LGPS are:

- The Local Government Pension Scheme Regulations 2013 (these are referred to as the “Pensions Regulations”);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (referred to as the “Transitional Regulations”);
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 applied to the LGPS before 1 April 2014, are preserved in part on a transitional basis by the Transitional Regulations and are referred to as the “Benefits Regulations”.

The Regulations which apply to the payment of compensation to employees whose employment is terminated as a result of redundancy, other specified reasons or injury are:

- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (referred to as the “Compensation Regulations”);
- The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 (referred to as the “Injury Regulations”).

In the table at Appendix A:

- (1) “The Scheme” or “the Pension Scheme” means the LGPS and “the Fund” or “the Pension Fund” means the fund maintained under the LGPS;

- (2) “Member” means a member of the LGPS;
- (3) “Active member” means a member in employment and paying, or treated as paying, contributions to the LGPS, or absent from employment for a reason mentioned in Regulation 11 of the Pensions Regulations;
- (4) References to a member with transitional protection are those who can count membership accrued before 1 October 2006 and who have statutory transitional protection under the Transitional Regulations, wholly or partly, from changes that would otherwise be made to their pension entitlements and/or from actuarial reductions that would otherwise be applied to their pension benefits as a result of the coming into force of the Pensions Regulations on 1 April 2014;
- (5) References to a member meeting “the 85 year rule” are those members whose age in whole years when added to the member’s total membership in whole years is 85 years or more.

The power to exercise and to take any decision in relation to each of the discretions is delegated to the Trust Board.

Key roles and responsibilities:

- The Trust Board has overall responsibility for the implementation and monitoring of the LGPS Discretions Policy;
- The Trust Board has responsibility for ensuring that the LGPS Discretions 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;
- The Trust Board has overall responsibility for handling complaints regarding this policy as outlined in the Complaints Policy;
- In the first instance, complaints should be directed to the Chief Executive Officer or Finance & Operations of the Trust;
- The Finance & Operations Director of the Trust has responsibility for the day-to-day implementation and management of the LGPS Discretions Policy at the Trust;
- Staff members enrolled on the LGPS will be responsible for following the LGPS Discretions Policy.

This statement was approved by the Trust Board and is intended to comply with the Trust’s duties under Regulation 60 of the Pensions Regulations, Regulation 7 of the Compensation Regulations and Regulation 14 of the Injury Regulations.

LGPS Discretions Policy Schedule

No.	Area	Regulation	Discretion	Policy Summary
1	Whether to vary an employee's contribution band	Regulations 9 and 10 Pensions Regulations	Members must pay pension contributions at the appropriate rate set on 1 st April or the first day of active membership, if later. The employer may vary the contribution rate if there is a change in employment or a material change that affects the member's pensionable pay.	The Trust may vary the employee's contribution rate if there is a material change and each case will be considered on its merits.
2	Whether to increase assumed pensionable pay in certain specific circumstances	Regulation 21(5), 21(5A) and 21(5B) Pension Regulations	If a member is absent as a result of illness, child related leave or reserve forces leave their pension benefits may be based on assumed pensionable pay (APP). If, in the employer's opinion, the member's APP is materially lower than their pay in the twelve months preceding the absence they can either include (1) a "regular" lump sum received during that period or (2) substitute a higher pensionable pay having regard for their earnings in that period.	The Trust may increase assumed pensionable pay and each case will be considered on its merits.
3	Funding of Additional Pension Contributions	Regulations 16(2)(e) and 16(4)(d) Pensions Regulations,	Whether to fund, in whole or in part, a shared cost additional pension contributions (SCAPC) on behalf of an active member by regular contributions (Regulation 16(2)(e)) or by lump sum (Regulation 16(4)(d)). Note: The amount of additional pension that may be credited to an active member's pension accounts may not exceed the overall additional pension	The Trust will only contribute towards APCs exceptional circumstances.

LGPS Discretions Policy Schedule

			limit of £7,579 (April 2023 and uplifted annually).	
4	Shared Cost Additional Voluntary Contributions (SCAVCs)	Regulation 17(1) and Schedule 1 (definition of SCAVC) Pension Regulations.	<p>Whether to contribute towards a Shared Cost Additional Voluntary Contributions arrangement. Pre-2014 SCAVCs also fall under Regulation 17 by virtue of Regulation 15(2A) Transitional Regulations.</p> <p>N.B. This discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a SCAVC to cover the amount of pension lost during that period of absence. That is because in those cases the employer must contribute two thirds of the cost of an SCAVC.</p>	The Trust will only contribute to SCAVCs in exceptional circumstances.
5	Whether to grant early payment of pension on compassionate grounds (pre-1st April 1998 leavers)	Regulation D11(2)(c) of 1995 Regulations	Whether to agree to early payment of pension benefits from age 50 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge and they may have to pay a strain cost because the pension benefits cannot be reduced.	The Trust will only agree to early payment of pension in exceptional circumstances.
6	Flexible Retirement (55 years to normal pension age)	Regulation 30(6),	Whether to agree to an employee aged 55 or over reducing their hours of work or their grade so that	The Trust will only award flexible retirement in exceptional circumstances.

LGPS Discretions Policy Schedule

	(including impact of early payment of pension benefits)	<p>Pensions Regulations</p> <p>Regulations 11(2) and (3) of Transitional Regulations</p>	<p>they may receive all or some of their retirement pension while still employed.</p> <p>Whether, in addition to any pre-1st April 2008 pension benefits which the member must draw, to permit the member to draw; (a) all, part or none of benefits accrued between 1st April 2008 and 31st March 2014 and (b) all, part or none of the pension benefits built up after 31st March 2014.</p> <p>Whether flexible retirement is agreed for a scheme member aged 55 or over, but under age 60, who at the date of flexible retirement has either met the 85 year rule or would have met the rule before age 60.</p> <p>N.B. If agreed, there will be a strain on fund cost to be met by the Trust in respect of the pension benefits following flexible retirement.</p> <p>N.B. Where flexible retirement is agreed for an employee aged 55 or over, but under normal pension age, the cost of waiving any actuarial reduction in whole or in part would have to be met by the Trust.</p>	
7	Switching-on the 85-year rule	Schedule 2 of Transitional Regulations	Whether to switch on the 85-year rule under Regulation 1(2) and 1(3) of Schedule 2 of the Transitional Regulations.	The Trust will only switch-on the 85-year rule in exceptional circumstances.

LGPS Discretions Policy Schedule

			N.B. If the Trust agrees to “switch on” the 85 year rule, the Trust will have to meet the cost of any pension strain.	
8	Waiving of Actuarial Reduction to Pensions (Pension strain- no age stated)	<p>Regulation 30(8), Pensions Regulations</p> <p>Schedule 2 of Transitional Regulations</p>	<p>(Post 2014) Whether to agree to waive, in whole or in part, any actuarial reduction that would otherwise apply to the pension paid to a former employee aged 55 or over under 30(5) or 30(6) [flexible retirement] using regulation 30(8) of the Pension Regulations.</p> <p>(Pre-2014) Whether to waive actuarial reductions entirely under 30(5) or 30A(5) [deferred pensioner members] of the Benefits Regulations and Regulation 2(1), of Schedule 2 of the Transitional Regulations.</p> <p>N.B. Any pension strain can be met by the member accepting a voluntary actuarial reduction in pension benefits <u>or</u> by a lump sum payment made by the Trust (as Scheme Employer) to the Surrey Pension Fund.</p> <p>N.B. Pension strain created by early retirement in case of redundancy or efficiency must be paid by the Trust.</p>	<p>The Trust will only waive actuarial reductions in exceptional circumstances.</p> <p>If an application for early payment of pension is made, the Trust will contact the LGPS to assess any strain on the pension fund & the implications of this and thereafter make a decision.</p>
9	Award of Additional Pension	Regulation 31, Pensions Regulations	Whether to award additional pension at full cost to the employer:	The Trust will only award additional pension in exceptional circumstances.

LGPS Discretions Policy Schedule

			<p>(1) an active member; or</p> <p>(2) within 6 months of ceasing to be an active member who was dismissed by reason of redundancy, business efficiency or mutual consent on grounds of business efficiency.</p> <p>N.B. Any additional pension awarded (including any additional pension purchased by the employer or the member under Regulation 16 of the Pensions Regulations) may not exceed the overall additional pension limit of £7,579 (April 2023 and uplifted annually).</p> <p>Additionally, in the case of a member falling within (2) above, the resolution to award additional pension must be made within 6 months from the date on which the employment ended.</p>	
10	Aggregation of Benefits: Concurrent Employments	Regulation 22 (7)(b), Pensions Regulations	Whether to allow an active member with concurrent employments, who ceases an employment with an entitlement to a deferred pension, more than 12 months to elect not to have their deferred pension aggregated with their active member's pension account.	The Trust will only extend the deadline in exceptional circumstances.
11	Aggregation of Benefits: Deferred Member becoming Active Member	Regulation 22 (8)(b), Pensions Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect not to have their deferred	The Trust will only extend the deadline in exceptional circumstances.

LGPS Discretions Policy Schedule

			benefits aggregated with the benefits in their active member's pension account.	
12	Aggregation of Benefits: Deferred Member becoming Active Member (pre-2014 membership)	Regulation 10(6)(b) Transitional Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect for their pre-2014 deferred benefits to be aggregated with their active member's pension account (but, technically, they would lose the final salary link if they have not made an election under 5(5) Transitional Regulations within twelve months of becoming an active member of 2013 scheme).	The Trust will only extend the deadline in exceptional circumstances.
13	Inward Transfer of Pension Rights	Regulation 100, Pensions Regulations	<p>Whether to allow an employee who has been an active member in their current employment for more than 12 months to ask for the transfer of certain accrued pension rights to be considered.</p> <p>N.B. Regulation 100(6) of the Pensions Regulations requires that a request must be made within 12 months beginning with the date on which the member first became an active member in an employment or such longer period as the employer and the Administering Authority may allow. The discretion is, therefore, only exercisable if both the Employing Authority and the Administering Authority agree.</p>	The Trust will only extend the deadline in exceptional circumstances.

LGPS Discretions Policy Schedule

14	Redundancy Payments	Regulation 5, Compensation Regulations 2006	Whether to base redundancy pay on actual pay where actual pay exceeds the statutory maximum under the Employment Rights Act 1996 (£643.00 from April 2023).	The Trust may pay statutory improved redundancy payments and each case will be considered on its merits.
15	Compensation for loss of Employment	Regulation 6, Compensation Regulations 2006	<p>Whether to pay compensation to a person whose employment ceases</p> <ul style="list-style-type: none"> - by reason of redundancy; - in the interests of the efficient exercise of the employing authority's functions; or <p>in the case of a joint appointment, because the other holder of the appointment leaves</p> <p>N.B. Compensation may not be paid under this Regulation if:</p> <ul style="list-style-type: none"> - a person's period of membership of the Pension Scheme has been increased under Regulation 12 of the Benefits Regulations 2007 (see above); or - a person has been awarded an additional pension under Regulation 13 of the Benefits Regulations 2007 see above). <p>In all cases the amount of compensation paid under this Regulation may not exceed 104 weeks' pay <u>less</u> any redundancy payment payable.</p>	The Trust will only award compensation for loss of employment in exceptional circumstances.

LGPS Discretions Policy Schedule

			In all cases the decision to pay compensation under this Regulation must be made no later than 6 months after the date of termination of the person's employment.	
16	Injury Allowances	14(1) of the Compensation Regulations 2011	<p>Scheme Employers (LGPS employers), apart from admission bodies, must formulate, publish and keep under review a policy on:</p> <ol style="list-style-type: none"> Whether to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they: <ul style="list-style-type: none"> suffer a reduction in remuneration, or cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or die leaving a surviving spouse, civil partner or dependant; and If the Scheme Employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid? 	The Trust will only pay injury allowances in exceptional circumstances.