

Local Government Pension Scheme

Employer Pension Discretions - Policy Statements for Employees

I confirm that should any of the decisions change in the future the relevant Pensions Fund will be notified immediately. I have read the attached statements and certify that they are correct on behalf of:

Employer name: Victoria Academies Trust
Effective date of discretions: 04/01/2020
Completed by: Ian Kirby
Signed: Ian Kirby
Date: 04/01/2020

Local Government Pension Scheme, (LGPS), Regulations Policy statement on all eligible employees

Under Regulation 60 of the LGPS Regulations 2013, (as amended), each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pensions Regulations.

This statement is applicable to all employees of Victoria Academies Trust who are eligible to be members of the LGPS.

1. Introduction

- 1.1 The Local Government Pension Scheme (LGPS) is a key element of the Trust's pay and reward package, and the Trust is keen to support the longer-term viability, sustainability and affordability of the fund.
- 1.2 LGPS regulations require the Trust, as a 'scheduled body' in the scheme, to formulate, publish and keep under review a Statement of Policy on certain discretions which we have the power to exercise in relation to members of the Scheme.
- 1.3 Employers are required to bear in mind the cost (both short and long-term) of exercising discretions and consider the impact of decisions on future employer contribution rates. The Trust therefore contributes to this strategy by managing the discretions afforded to the Trust under the scheme regulations, with affordability and sustainability as a key priority.

2. Purpose and Scope

- 2.1 This Statement of Policy is principally intended for Trust staff involved in making decisions about Local Government Pension Scheme administration.
- 2.2 This Statement of Policy sets out the University's position on the key LGPS discretions that apply from 1 April 2014 for active scheme members, and those who have ceased their membership since 31 March 2014.
- 2.3 Some additional discretions apply to members who left the LGPS 2008 scheme before 1st April 2014 and who have deferred pension benefits.
- 2.4 This Statement of Policy confers no contractual rights on employees, and the Trust retains the right to update and amend the policy at any time. The version of the Statement of Policy which is current at the time a relevant event occurs to the employee/scheme member will be the one applied to that employee/member.
- 2.5 A copy of this Statement of Policy must be lodged with the Pension Funds, who administer the LGPS in our region any subsequent revisions must be published and copied to the Pension Funds within one month of the change in policy

3. Definitions

- Flexible Retirement - Flexible retirement is available to employees aged 55 or over who reduce their hours and/or grade. Although it may lead to full retirement it initially involves flexible access to pension benefits while continuing in Trust employment. It requires the Trust's consent.
- Early Retirement - Early Retirement is a provision for staff aged 55 or over to voluntarily choose to retire early before their Normal Pension Age (State Pension Age). It does not require the Trust's consent.
- Actuarial Reduction - If a staff member aged 55 or over chooses early or flexible retirement before Normal Pension Age (State Pension Age) their pension benefits will normally be

reduced because they are paid early. The amount of any reduction is based on how many years before Normal Pension Age the benefits are drawn. This reduction is known as an “actuarial reduction”.

- Strain on the Fund - If the actuarial reduction is wholly or partly waived there is a cost to the employer which is known as the “Strain on the Fund”.
- 85 year rule - Staff who were members of the LGPS on 30 September 2006 may have a partial protection from the actuarial reduction under the “85 year rule”, if their age and pensionable service in whole years add up to 85 or more.

4. LGPS Employer Discretions

There is a requirement to publish the following five policies

LGPS Regulations - Regulation 31: Power of employer to award additional pension to an active member or ceasing within 6 months to be an active member by reason of redundancy or business efficiency

Explanation	Victoria Academies Trust Policy
<p>An employer may decide to award a member additional pension up to a limit of £7,194 per year* (2020/21 rates) payable from the same date as their pension is payable.</p> <p>You must resolve to award additional pension while the member is active. If the member has been made redundant or retired on efficiency grounds you must make this resolution within 6 months of them leaving.</p> <p>*IMPORTANT NOTE: The amount of additional pension that can be awarded will increase each April.</p> <p>In your policy you must decide:</p> <ul style="list-style-type: none"> • if you will consider awarding additional pension to a member, and • the circumstances in which you will consider awarding additional pension <p>NB Some employers use this regulation if at a members request the Employer will as an alternative to a compensation (redundancy) payment allow the member to receive an additional pension under this regulation.</p>	<p>Where an employee of Victoria Academies Trust is dismissed on the grounds of redundancy and qualifies for a statutory redundancy payment they will award lump sum compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. At the member's request, the employer will, as an alternative to this compensation payment, allow the member to receive additional annual pension which will be assessed having regard to the capital value of the lump sum compensation otherwise payable, and in accordance with factors supplied by the Fund Actuary</p> <p>At this time, Victoria Academies Trust will not normally use this power in any other circumstances</p>

LGPS Regulations 2013 - Regulation 16(2)(e) and 16(4)(d) : Funding of additional pension contributions (APC) shared cost

Explanation	Victoria Academies Trust Policy
<p>Where a member has elected to pay Additional Pension Contributions (APCs) an employer can elect to fund part or the entire employee's share of the contributions.</p> <p>In your policy you must decide:</p> <ul style="list-style-type: none"> • if you would consider contributing to a shared cost APC, • in what circumstances you would enforce this discretion, and, • how much you would contribute. <p>This 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 shared cost APC to cover the amount of pension "lost" during that period of absence. In these cases the employer MUST contribute 2/3rds of the cost (Regulation 15(5) of the LGPS Regulations 2013).</p>	<p>Victoria Academies Trust has not adopted this discretion</p>

LGPS Regulations 2013 - Regulation 30 (6): Flexible Retirement

Explanation	Employer's Policy
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A member who is aged 55 or over and with their employer's consent reduces their hours and/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment. In your policy you must decide:

- if you will consider granting flexible retirement,
- the circumstances in which flexible retirement will be awarded, and
- whether to waive any reduction that will be applied to the members benefits. There will be a direct cost to the employer

Victoria Academies Trust has agreed to release pension where there is no cost and not to waive any reduction.

Applications for flexible retirement will be considered individually on a case-by-case basis, and a decision made according to the particular circumstances and the merits of that case. Any exception must be agreed by the Trust Executive team in conjunction with HR, taking into account all relevant facts, financial implications, impact on service delivery and effectiveness.

Explanation	Employer's Policy
<p>A member who meets the 85 year rule and elects to draw their pension benefits from age 55 will no longer require their employer's consent if they retire after 31st March 2014. However certain members will lose some 85 year rule protections if they wish to draw their pension between age 55 and 59.</p> <p>An employer may decide to 'switch on' protection to the 85 year rule for a member who voluntarily retires from age 55 but before age 60, and meet any additional cost of the retirement.</p> <ul style="list-style-type: none"> • If the employer does agree to switch back on the rule of 85, the cost of any strain on the fund resulting from the payment of benefits before age 60 would have to be met by the employer 	<p>Victoria Academies Trust will not apply either discretion, unless there is a business case to support this as an alternative to a redundancy situation</p>

Explanation	Employer's Policy
An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions on compassionate grounds.	Victoria Academies Trust will not apply this discretion, unless there are exceptional circumstances
The cost of which would fall upon the employer. n.b. "Compassionate grounds" is not defined in the regulations	The Trust will only depart from the normal position set out above in exceptional circumstances, for example, on compassionate grounds. Any such exception must be agreed by the Trust Executive Leadership Team.

There are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013.

Whilst there is no requirement to have a written policy in respect of following it would perhaps be appropriate for Scheme employers to have a written policy in order that members can be clear on these matters

LGPS Regulations 2013 – Regulation 17 - Shared Cost Additional Voluntary Contribution Facility

Explanation	Employer's Policy
<p>This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.</p>	<p>Victoria Academies Trust has not adopted this discretion.</p> <p>This will not have any effect on the existing AVC facility available where the employee only is able to make such contributions.</p>

LGPS Regulations 2013 - Regulation 100 (6) – election to transfer within 12 months

Explanation	Employer's Policy
<p>This discretion allows the Employer to extend the 12 month limit a member has in which to elect to transfer other pension rights into the LGPS. This has to be with the agreement of the Administering Authority</p>	<p>Victoria Academies Trust will not normally allow an extension of the 12 month limit, but will consult the Administering Authority in making a decision.</p> <p>Extenuating circumstances may apply and this would include</p> <ul style="list-style-type: none"> • Where evidence exists that an election was made within 12 months but his was not received by the administering authority • Where evidence exists that the member was not aware of the 12 month limit due to maladministration <p>Any such exceptions must be agreed by the Trust Executive Leadership Team.</p>

LGPS Regulations 2013 - Regulation 22 (7) and (8) – election to aggregate within 12 months of commencement

Explanation	Employer's Policy
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<p>This discretion allows the Employer to extend the 12 month time limit a member has within which they must elect not to have deferred benefits aggregated with their new LGPS employment</p>	<p>Victoria Academies Trust will not normally extend this 12 month time limit</p> <p>Extenuating circumstances may apply and this would include</p> <ul style="list-style-type: none"> • Where evidence exists that an election was made within 12 months but his was not received by the administering authority • Where evidence exists that the member was not aware of the 12 month limit due to maladministration <p>Any such exceptions must be agreed by the Trust Executive Leadership Team.</p>
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LGPS Regulations 2013 - Regulation 9 – allocation of contribution band

Explanation	Employer's Policy
<p>This discretion allows the Employer to determine which contribution band is allocated on joining the scheme and at each April. It also determines the circumstances when an employee's band may be reviewed.</p>	<p>LGPS contribution rates for Scheme members are kept under review and the LGPS may update the rates annually.</p> <p>The employer must allocate staff to the appropriate rate based on pensionable pay.</p> <p>a. Normal approach The appropriate contribution rate for each scheme member is to be determined by payroll (Dataplan) on a monthly basis using the staff member's annual pensionable pay (1st April to 31st March). Annual pensionable pay is determined by multiplying actual (not FTE) monthly pensionable pay by 12.</p> <p>b. Members of staff with protected earnings. For members who are currently on protected rates of pay (for example as a result of redeployment), the contribution rate will be assessed on the protected version of the annual</p>

	<p>pensionable pay.</p> <p>Re-band on a monthly basis as per any change in pay that may occur</p>
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LGPS Regulations 2013 - Regulation 21 – assumed pensionable pay

Explanation	Employer’s Policy
<p>This discretion allows the Employer to determine whether to include in the calculation of assumed pensionable pay the amount of any “regular lump sum payment”.</p> <p>This is in cases where an employee’s pay needs to be calculated where their pay has been reduced due to certain absences in order that they are not unduly advantaged or disadvantaged.</p>	<p>To determine in individual cases where necessary to establish in a fair, equitable and justifiable way what the members likely pay would have been but for the absence, and in cases where this pay is to be used for future enhancements whether that level of pay would have been received every year to normal retirement age.</p>