



FRAYS

Academy Trust

Frays Academy Trust

**Employer Discretions – Statement of
Policy – Hillingdon Local Government
Pension Scheme (LGPS)**

Date Ratified: July 2023

Approval

Signed by Chair of Directors	
Date of Approval/Adoption	July 2023
Date of Review	July 2026

Notes on Document

This document is the property of the Frays Academy Trust and its contents are confidential. It must not be reproduced, loaned or passed to a third party without the permission of the Chief Executive.

It is controlled within the Frays Academy Trust admin server where the electronic master is held and can be accessed on a read only basis, subject to security permissions.

Paper or electronic copies may be taken for remote working etc. However, all paper copies not held within the admin server are uncontrolled. Hence the footer 'DOCUMENT UNCONTROLLED WHEN PRINTED' which must not be changed.

This policy will be subject to ongoing review and may be amended prior to the scheduled date of the next review in order to reflect changes in legislation, statutory guidance, or best practice (where appropriate).

To enable continuous improvement, all readers are encouraged to notify the author of errors, omissions and any other form of feedback.

Contents

1	Scheme Employer Declaration	3
2	Part A – Formulation of Compulsory Policy in Accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013	3
2.1	Regulation 31 – Award of Additional Pension.....	3
2.2	Regulation 16 – Additional Pension Contributions	3
2.3	Regulation 30(6) – Flexible Retirement.....	4
2.4	Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014	5
	Schedule 2 – paragraphs 2 and 3	5
2.5	Regulation 30(8) – Waiving of Actuarial Reduction	5
3	Part B – Formulation of Recommended Policy In Accordance With The Local Government Pension Scheme Regulations 2013.....	6
3.1	Regulation 22 – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts	6
3.2	Regulation 100(6) – Inward Transfers of Pension Rights	6
3.3	Regulation 21(5) – Assumed Pensionable Pay	6
3.4	Regulation 17(1) – Additional Voluntary Contributions.....	6
3.5	Regulation 16(16) - Extension of the 30-day deadline for member to elect for a shared cost APC	7
4	Scheme Employer Confirmation	8

Statements of Policy about Exercise of Discretionary Functions Local Government Pension Scheme Regulations 2013

1 Scheme Employer Declaration

The Scheme employer known as Frays Academy Trust has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the Local Pension Scheme Regulations 2013.

The Scheme employer declares that it will keep this statement under review and publish the statement (and any amendments made thereto) in a place that is easily accessible to all of its eligible Scheme employees and that it will provide to the administering authority the most up to date version of the statement at all times.

2 Part A – Formulation of Compulsory Policy in Accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013

2.1 Regulation 31 – Award of Additional Pension

A Scheme employer may resolve to award

- an active member, or
- a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (including any additional pension purchased by the Scheme employer under Regulation 16), not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

Any additional pension awarded is payable from the same date as any pension payable under other provisions of the Scheme Regulations from the account to which the additional pension is attached.

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

Frays Academy Trust Policy for Hillingdon concerning the award of additional pension

- Any increase to a member's pension will only be considered in exceptional cases, where the employee has demonstrated an outstanding contribution to the Trust's plans.
- The member is eligible to retire at no cost to the Trust.
- Cases will only be considered where the employee has completed at least 15 years' service with the Trust.
- The maximum increase to a member's pension will be in accordance with current and relevant regulations.
- Operation of the scheme must be justified through a business case, setting out the exceptional circumstances.
- Only cases approved by both the Chief Executive Officer and the Board of Directors will be considered.

2.2 Regulation 16 – Additional Pension Contributions

The Scheme employer may resolve to fund in whole or in part any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with **Regulation 16(2)(e)**, or by way of a lump sum in accordance with **Regulation 16(4)(d)**.

The Scheme employer may enter into an APC contract with a Scheme member who is contributing to the MAIN section of the Scheme in order to purchase additional pension of not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

The amount of additional contribution to be paid is determined by reference to actuarial guidance issued by the Secretary of State.

Consideration needs to be given to the circumstances under which the Scheme employer may wish to use their discretion to fund in whole or in part an employee's Additional Pension Contributions.

Frays Academy Trust Policy for Hillingdon concerning the whole or part funding of an active member's additional pension contributions

The Trust will consider such applications and it is likely that decisions will be made on the merits of each case having regard to factors such as the cost of granting such a request and the member's personal circumstances

NB: The above discretion does not apply to cases where a member has had a period of authorised unpaid absence and elects within 30 days of return to work to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. In such cases, the employer must contribute 2/3rds of the cost to a SCAPC; there is no discretion [regulation 15(5) of the LGPS Regulations 2013].

The Trust will not establish a Shared Cost Additional Pension Contribution scheme for any of its employees unless there is clear operational or financial benefits of doing so.

2.3 Regulation 30(6) – Flexible Retirement

An active member who has attained the age of 55 or over and who with the agreement of their employer reduces their working hours or grade of employment may, with the further consent of their employer, elect to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment as if that member were no longer an employee in local government service on the date of the reduction in hours or grade (adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State – separate policy required under Regulation 30(8)).

As part of the policy making decision the Scheme employer must consider whether, in addition to the benefits the member may have accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 1 April 2014.

Due consideration must be given to the financial implications of allowing an employee to draw all or part of their pension benefits earlier than their normal retirement age.

Frays Academy Trust Policy for Hillingdon concerning flexible retirement

Flexible retirement will only be authorised in very exceptional circumstances. The Headteacher must detail the business case for granting flexible retirement on the appropriate form and involve the Chief Operating Officer before considering a case.

This form must be approved by the Chief Executive Officer, with advice from the Chief Finance Officer. The Trust's pension administrator will supply an estimate of the level of pension benefits payable to the employee on request

Members are required to take 100% of the pension benefits built up by them, up after 31 March 2008 and before 1 April 2014 and 100% of the pension benefits built up by them after 31 March 2014.

Benefits will be actuarially reduced, and the employee must have the long-term effects of such a reduction explained to them.

2.4 Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014

Schedule 2 – paragraphs 2 and 3

Where a scheme member retires or leaves employment and elects to draw their benefits at or after the age of 55 and before the age of 60 those benefits will be actuarially reduced unless their Scheme employer agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous Regulations.

So as to avoid the member suffering the full reduction to their benefits the Scheme employer can 'switch on' the 85 year rule protections thereby allowing the member to receive fully or partly unreduced benefits but subject to the Scheme employer paying a strain (capital) cost to the Pension Fund

Frays Academy Trust Policy for Hillingdon concerning the 'switching on' of the 85 year rule

The Trust has resolved not to consider use of this provision.

2.5 Regulation 30(8) – Waiving of Actuarial Reduction

Where a Scheme employer's policy under regulation 30(6) (flexible retirement) is to consent to the immediate release of benefits in respect of an active member who is aged 55 or over, those benefits must be adjusted by an amount shown as appropriate in actuarial guidance issued by the Secretary of State (commonly referred to as actuarial reduction or early payment reduction).

A Scheme employer (or former employer as the case may be) may agree to waive in whole or in part and at their own cost, any actuarial reduction that may be required by the Scheme Regulations.

Due consideration must be given to the financial implications of agreeing to waive in whole or in part any actuarial reduction.

Frays Academy Trust Policy for Hillingdon concerning the waiving of actuarial reduction

The Trust normally does not agree to waive the costs of actuarial reduction, meaning that pension and lump sum will be reduced, as the member would receive pension early.

However, exceptional or compassionate grounds may justify the Trust waiving the actuarial reduction.

Each case will be considered fairly based on the circumstances and merits that justify a departure from this policy.

Where an employer has allowed a member to retire early through redundancy or efficiency, the employer must meet the additional charge on the fund resulting from that decision. Where an employer has exercised their discretion to waive a reduction that would otherwise apply to a member's benefits, the employer must meet the additional charge on the fund resulting from that decision. In all cases full payment is required within one month of the member's retirement.

3 Part B – Formulation of Recommended Policy In Accordance With The Local Government Pension Scheme Regulations 2013

3.1 Regulation 22 – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts

A deferred member's pension account is automatically aggregated with their active member's pension account unless the member elects within the first 12 months of the new active member's pension account being opened to retain their deferred member's pension account.

A Scheme employer can, at their discretion, extend the 12 month election period.

Frays Academy Trust Policy for Hillingdon concerning merging of Deferred Member Pension Accounts with Active Member Pension Accounts

The Trust will decline any request to extend the 12-month deadline for non-aggregation of deferred pensions into a concurrent or new LGPS employment unless:

- there is evidence that the process has commenced within the 12-month limit,
- maladministration has occurred because the affected employee has been given insufficient details.

3.2 Regulation 100(6) – Inward Transfers of Pension Rights

A request from an active member to transfer former pension rights from a previous arrangement into the Local Government Pension Scheme as a result of their employment with a Scheme employer must be made in writing to the administering authority and the Scheme employer before the expiry of the period of 12 months beginning with the date on which the employee first became an active member in an employment (or such longer period as the Scheme employer and administering authority may allow).

Frays Academy Trust Policy for Hillingdon concerning the extension of the 12 month transfer application period

The Trust will only extend the time limit where it is determined that maladministration has occurred because the affected employee was not given sufficient details (if at all) of the pension scheme of transfer option.

3.3 Regulation 21(5) – Assumed Pensionable Pay

A Scheme employer needs to determine whether or not to include in the calculation of assumed pensionable pay, any 'regular lump sum payment' received by a Scheme member in the 12 months preceding the date that gave rise to the need for an assumed pensionable pay figure to be calculated.

Frays Academy Trust Policy for Hillingdon concerning inclusion of 'regular lump sum payments' in assumed pensionable pay calculations

The Trust will substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP), if in their opinion, the pensionable pay received in relation to an employment in the 3 months preceding the commencement of APP, is materially lower than the level of pensionable pay the member would have normally received.

3.4 Regulation 17(1) – Additional Voluntary Contributions

An active member may enter into arrangements to pay additional voluntary contributions (AVCs) or to contribute to a shared cost additional voluntary contribution arrangement (SCAVCs) in respect of an employment. The arrangement must be a scheme established between the appropriate administering authority and a body approved for the purposes of the Finance Act 2004, registered in accordance with that Act and administered in accordance with the Pensions Act 2004.

The Scheme employer needs to determine whether or not it will make contributions to such an arrangement on behalf of its active members.

Frays Academy Trust Policy for Hillingdon concerning payment of Shared Cost Additional Voluntary Contributions

The Trust will only enter into a shared cost AVC scheme as part of a salary sacrifice plan and where there is no cost to the Trust.

3.5 Regulation 16(16) - Extension of the 30-day deadline for member to elect for a shared cost APC

A Scheme employer can decide whether to extend the 30-day deadline for member to elect for a shared cost APC when returning from a period of authorised absence from work with no pensionable pay (for reasons other than illness or injury, relevant child-related leave, or reserve force service leave).

Frays Academy Trust Policy for Hillingdon concerning extension of the 30-day deadline for member to elect for a shared cost APC

A decision on whether to extend the 30-day deadline will only be made in cases where the member can demonstrate that they had not been made aware of that deadline, and the election is made no more than 3 months after the member returns from the period of leave of absence or such longer period as the Trust may deem reasonable in any individual case. A decision on whether a member meets the above criteria will be taken by the Chief Executive Officer with advice from the Chief Finance Officer.

4 Scheme Employer Confirmation

It is understood that the discretions contained within this statement of policy are applicable to all eligible members of the Scheme. The Scheme rules allow for a revised statement to be issued at least one month in advance of the date that any new policy takes effect. The revised statement must be sent to the administering authority and the employer must publish its statement as revised in a place that is accessible to all of its eligible scheme members.

The policies made above:

Have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;

Will not be used for any ulterior motive;

Will be exercised reasonably;

Will only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise;

Will be duly recorded when applied.

Signed on behalf of the Scheme Employer:



Name in Block Capitals: JANETTE CAFFNEY

Position: C.O.O.

Scheme Employer's Name: Frays Academy Trust

Date: 24/7/23