

**SEVERN BRIDGES
MULTI-ACADEMY TRUST**



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Owner **Severn Bridges Multi-Academy Trust**
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**The Severn Bridges Multi-Academy Trust (SBMAT)
discretionary policies under the Local Government Pension
Scheme Regulations and other related Regulations**

Summary

1. This report makes recommendations for **Severn Bridges Multi-Academy Trust** policies on discretions to be exercised:
 - i) under the LGPS Regulations 2013 from 1 April 2014 in respect of members of the Career Average Revalued Earnings (CARE) scheme,
 - ii) under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014,
 - iii) under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and earlier compensation regulations,
 - iv) under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Background

2. On **22nd June 2017** the **Policy Review Committee** agreed the discretionary policies **Severn Bridges Multi-Academy Trust** would operate under the provisions of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.
3. On **22nd June 2017** the **Policy Review Committee** agreed the discretionary policies **Severn Bridges Multi-Academy Trust** would operate in relation to the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
4. On **22nd June 2017** the **Policy Review Committee** agreed the discretionary policies **Severn Bridges Multi-Academy Trust** would operate in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.
5. In March 2011, the Independent Public Service Pensions Commission, chaired by Lord Hutton, published its final report of the review of public service pensions. The report made clear that change was needed to “make public service pension schemes simpler and more transparent, [and] fairer to those on low and moderate earnings”.
6. As a result, it was decided that the Local Government Pension Scheme (LGPS) should be reformed so that, from 1 April 2014, benefits accrue on a Career Average Revalued Earnings (CARE) basis rather than on a final salary basis.
7. The provisions of the CARE scheme, together with the protections for members’ accrued pre 1 April 2014 final salary pension rights, are contained in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

8. As a result of the changes, **Severn Bridges Multi-Academy Trust** is legally required to formulate, publish and send to the LGPS pension fund administering authority a written Statement of Policy on certain discretions under the LGPS which **Severn Bridges Multi-Academy Trust** has the power to exercise on and from 1 April 2014 in relation to members of the CARE scheme.
9. **Severn Bridges Multi-Academy Trust** is also legally required to (or where there is no requirement, is recommended to) formulate, publish and keep under review a Statement of Policy on certain other discretions it may exercise:
 - i) under earlier LGPS Regulations in respect of former employees who were members of the LGPS and who left prior to 1 April 2014
10. Any amended policy under paragraph 10(i) above must be published and sent to the LGPS pension fund administering authority within one month of the date the revisions to the policy were made.
11. Overall, **Severn Bridges Multi-Academy Trust** is:
 - i) required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with:
 - regulation 60 of the Local Government Pension Scheme Regulations 2013,
 - paragraph 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014,
12. In formulating and reviewing its policies under the LGPS Regulations referred to in paragraph 12(i) above **Severn Bridges Multi-Academy Trust** is required to have regard to the extent to which the exercise of its discretionary powers might lead to a serious loss of confidence in the public service.
13. The discretionary policies are applicable to all schools within Severn Bridges Multi-Academy Trust.

Decisions required

14. **The Policy Review Committee** is asked:
 - i) to approve the policies on the discretions to be exercised under the LGPS Regulations in respect of those employees who are active scheme members after 31 March 2014 and members and who cease active membership after 31 March 2014, as set out in the table at Annex 1.

Consultation

15. **Severn Bridges Multi-Academy Trust** is not required to consult with **the NUT, NASUWT, ASCL, NAHT and Unison** when **Severn Bridges Multi-Academy Trust** intends to adopt new, or change existing, discretionary policies. However, it was considered appropriate to give advance notification to the NUT, NASUWT, ASCL,

NAHT and Unison that this report would be considered by the Policy Review Committee.

Effective date of policies

16. The policies on discretions to be exercised under the LGPS Regulations 2013 take immediate effect from the date **Severn Bridges Multi-Academy Trust** agrees the policies. Any change to the policies on existing discretions to be exercised under the LGPS Regulations in respect of former employees who were members of the scheme and who left pre 1 April 2014 take immediate effect from the date **Severn Bridges Multi-Academy Trust** agrees the policies.

Non-fettering of discretions

- 17 The recommendations contained within this report, if approved, will form **Severn Bridges Multi-Academy Trust** policies on pension and compensation discretions. It should be noted that:
- the policies will confer no contractual rights
 - subject to paragraphs 16, **Severn Bridges Multi-Academy Trust** will retain the right to change the policies at any time without prior notice or consultation, **but** Severn Bridges Multi-Academy Trust **will endeavour to discuss changes with the NUT, NASUWT, NAHT, ASCL and Unison**, and
 - only the policy which is current at the time a relevant event occurs to an employee / scheme member will be the one applied to that employee / member.

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Annex 1

Table A: Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations 2013 in relation to active scheme members (other than local authority councillor members) and members who cease active membership after 31 March 2014 (other than local authority councillor members).	Severn Bridges Multi-Academy Trust policy
<p>1. Whether, at full cost to Severn Bridges Multi-Academy Trust, to grant extra annual pension of up to £6,675 (figure at 1 April 2015¹) to an active scheme member or, within 6 months of leaving, to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency.</p> <p>-</p>	<p>Severn Bridges Multi-Academy Trust will not make use of the discretion to grant extra annual pension of up to £6,675 (figure at 1 April 2015) to an active scheme member or, within 6 months of leaving, to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency except in exceptional circumstances where Severn Bridges Multi-Academy Trust considers it is in its financial or operational interests to do so. A member will need to write to the Trustee Finance board putting forward their case. Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Trustee Finance Board</p>
<p>2. Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,675 (figure at 1 April 2015²) by making Additional Pension Contributions (APCs), Severn Bridges Multi-Academy Trust will voluntarily contribute towards the cost of</p>	<p>Severn Bridges Multi-Academy Trust will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) where:</p>

¹ The figure of £6,500 that applied at April 2014 is increased each April (starting April 2015) under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013).

² The figure of £6,500 that applied at April 2014 is increased each April (starting April 2015) under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013).

<p>purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p> <p>.Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,675 (figure at 1 April 2015³) by making Additional Pension Contributions (APCs), Severn Bridges Multi-Academy Trust will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p>	<ul style="list-style-type: none"> - an active scheme member returns from a period of authorised leave of absence, and - the member does not, within 30 days of returning from the leave of absence, make an election to buy-back the amount of pension 'lost' during that period of leave of absence, and - the member subsequently makes an election to do so whilst an active member and it can be demonstrated that the reason for the member missing the original 30 day deadline was because the member 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. <p>A decision on whether the member meets the above criteria (and on whether the 3 month period referred to should be extended in any individual case) will be taken by Trustee Finance Board following a request in writing by a member and, where it is agreed that the conditions are met, Severn Bridges Multi-Academy Trust will be required to contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.</p>

³ The figure of £6,500 that applied at April 2014 is increased each April (starting April 2015) under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013).

3. Whether to permit flexible retirement for staff aged 55⁴ or over who, with the agreement of Severn Bridges Multi-Academy Trust, reduce their working hours or grade and, if so, as part of the agreement:

- whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw if flexible retirement is agreed), to permit the member to choose to draw
 - all, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and / or
 - all, part or none of the pension benefits they accrued after 31 March 2014, and
- whether to waive, in whole or in part , any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA)⁵.

Flexible retirement

Severn Bridges Multi-Academy Trust will not agree to flexible retirement except in circumstances where **Severn Bridges Multi-Academy Trust** considers it is in its financial or operational interests to do so. The member will need to write to the Trustee Finance Board and put forward their case. Each case

- will be considered on the merits of the financial and / or operational business case put forward,
- will set out whether, in addition to any pre 1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take
 - a) all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or
 - b) all, some or none of their post 31 March 2014 benefits, and
- will require the approval of the **Trustee Finance Board**.

Waiver of any actuarial reduction on flexible retirement

⁴ Age 50 for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies. Such members only need the employer's permission to reduce their working hours or grade but, if that permission is given, do not require their employer's permission to draw their benefits (as such members have the automatic right to take the benefits by virtue of regulation 18A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).

⁵ NPA means the employee's individual State Pension Age at the time the employment is terminated, but with a minimum of age 65 (although, the NPA for membership accrued prior to 1 April 2014 is still linked to age 65, apart from those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies for whom the NPA for membership accrued prior to 1 April 2014 is, by virtue of that regulation and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, still linked to age 60, and those LGPS members who are employees of the Meat Hygiene Service in the London Pension Fund Authority fund who are covered by regulation 144B of the LGPS Regulations 1997 for whom the NPA for membership accrued prior to 1 April 2014 is, by virtue of that regulation and regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, still linked to age 60). State Pension Age is currently age 65 for men. State Pension Age for women is currently being increased to be equalised with that for men and will reach 65 by November 2018. The State Pension Age will then increase to 66 for both men and women from December 2018 to October 2020. Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the State Pension Age above age 67 to increases in life expectancy.

	<p>Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the Local Government Pension Scheme Regulations and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. Severn Bridges Multi-Academy Trust will only waive any such reduction, in whole or in part, where it considers it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Trustee Finance Board including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived.</p>
<p>4. Whether, as the 85 year rule does not (other than on flexible retirement – see 3 above) <u>automatically</u> apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to apply the 85 year rule⁶ to such voluntary retirements.</p>	<p>Severn Bridges Multi-Academy Trust will not agree to apply the 85 year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where Severn Bridges Multi-Academy Trust considers it is in its financial or operational interests to do so. A member will need to write to the Trustee Finance Board outlining their case. Each case</p> <ul style="list-style-type: none"> - will be considered on the merits of the financial and / or operational business case put forward in writing by the member, and

⁶ The 85 year rule does not apply to former members of the Metropolitan Civil Staffs Superannuation Scheme, or Meat Hygiene Service members, or civil servants transferred to the Environment Agency who by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 are subject to, respectively, regulation 144A of, and Schedule 7 to, the LGPS Regulations 1997, regulation 144B of the LGPS Regulations 1997 and regulation 15 of the LGPS (Transitional Provisions) Regulations 2008.

	- will require the approval of the Trustee Finance Board .
<p>5. For:</p> <p>i) active members voluntarily retiring on or after age 55⁷ and before Normal Pension Age who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and</p> <p>ii) deferred members and suspended Tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55⁸ and before Normal Pension Age</p> <p>who:</p> <ul style="list-style-type: none"> - were <u>not</u> members of the LGPS before 1 October 2006 [Group 4 members], whether to: <ul style="list-style-type: none"> o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April <u>2014</u>, and / or 	<p>Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age Severn Bridges Multi-Academy Trust will not agree to waive in whole or in part any actuarial reduction that would otherwise be applied to their benefits except in circumstances where Severn Bridges Multi-Academy Trust considers it is in its financial or operational interests to do so or there are compelling compassionate⁹ reasons for doing so. A member will need to write to the Trustee Finance Board to outline their case.</p> <p>Each case</p> <ul style="list-style-type: none"> - will be considered on the merits of the financial and / or operational business case put forward, or - will be considered on the merits of the compassionate case put forward, and

⁷ Age 50, by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies and those civil servants transferred to the Environment Agency to whom regulation 15 of the LGPS (Transitional Provisions) Regulations 2008 applies.

⁸ Age 50, by virtue of regulation 24 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, for those LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies and who are electing for early payment of a deferred benefit (but not if they are electing for early payment of a suspended Tier 3 ill health pension) and those civil servants transferred to the Environment Agency to whom regulation 15 of the LGPS (Transitional Provisions) Regulations 2008 applies and who are electing for early payment of a deferred benefit or early payment of a suspended Tier 3 ill health pension.

⁹ There is no definition in the Regulations of “compassionate grounds”. However, one could take the view that, for example, releasing benefits because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<ul style="list-style-type: none"> ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u> - <u>were</u> members of the LGPS before 1 October 2006 and <u>will</u> be 60 or more on 31 March 2016 [Group 1 members], whether to: <ul style="list-style-type: none"> ○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2016</u>, and / or ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2016</u> - <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 and will <u>not</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to: <ul style="list-style-type: none"> ○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2014</u>, and / or ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u> - <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 but <u>will</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to: <ul style="list-style-type: none"> ○ waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2020</u>, and / or ○ waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2020</u> 	<p>will require the approval of the Trustee Finance Board</p> <ul style="list-style-type: none"> - including, where the reduction is only to be waved in part, approval for the amount of reduction to be waived
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6. Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he / she has not made such an election within 12 months of joining the LGPS.

Severn Bridges Multi-Academy Trust will only extend the 12 month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS:

- where the member asked for transfer investigations to be commenced within 12 months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been provided to the member within 11 months of joining the LGPS. The time limit for such a member to make a formal election to transfer pension rights into the LGPS will be extended to one month beyond the date of the letter issued by the Pension Fund administering authority notifying the Scheme member of the benefits the transfer will buy in the LGPS;
- where the available evidence indicates the member made an election within 12 months of joining the LGPS, but the election was not received by the Pension Fund administering authority (e.g. the election form was lost in the post);
- where the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration.

A member would need to request in writing to the **Trustee Finance Board** who would decide whether to approve the request.

