



Four Hills
Education Trust

Where Every Step is Shaped with **CARE**

Four Hills Education Trust

Local Government Pension Scheme (LGPS) Discretions Policy

Effective from: 1 September 2015

Review cycle: Biennial, or earlier where legislative or regulatory change requires

1. Introduction

Under the Local Government Pension Scheme Regulations and related legislation, employers participating in the LGPS are required to publish a written statement setting out how they will exercise certain statutory discretions.

This policy sets out how **Four Hills Education Trust** (“the Trust”) will exercise those discretions. It applies to all Trust employees who are eligible for membership of the LGPS and has been drafted with reference to current LGPS regulations and guidance issued by the relevant administering authorities.

In exercising its discretions, the Trust will:

- act **lawfully, reasonably, and consistently**;
- consider **each case on its individual merits**, avoiding any fettering of discretion;
- ensure all decisions are **affordable, evidence-based, and capable of audit scrutiny**;
- have regard, where appropriate, to local administering authority practice to support equity and administrative consistency.

Nothing in this policy confers a contractual right. The Trust reserves the right to amend this policy at any time. Only the version of the policy in force at the date of the relevant event will apply.

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2. Statutory Discretions (LGPS Regulations 2013 and associated regulations)

This policy covers discretions exercisable:

- under the LGPS Regulations 2013 in respect of benefits accrued from 1 April 2014;
- under earlier LGPS regulations in respect of former employees whose membership ended before 1 April 2014;
- under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006;
- under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011.

The exercise of discretion will not be automatic and will be undertaken strictly in accordance with this policy and the Trust's governance framework.

2.1 Granting Additional Annual Pension

Discretion:

Whether to award additional annual pension to an active member, or to a member within six months of termination due to redundancy or business efficiency, up to the statutory maximum in force at the time.

Trust policy:

The Trust will **not normally grant additional annual pension**. This discretion will be exercised **only in exceptional circumstances**, where the Trust determines that doing so is clearly in its financial or operational interests.

Any award will be payable **at full cost to the Trust**. Each case must be supported by a detailed written business case, including confirmed pension strain costs and an affordability assessment.

Approval and delegation:

Approval may be given by the Chief Financial Officer (CFO) where costs fall within delegated financial authority. Where costs exceed delegated limits, approval must be given by the Chief Executive Officer (CEO). All decisions will be reported to the Board in line with the Scheme of Delegation.

2.2 Shared Cost Additional Pension Contributions (SCAPC)

Discretion:

Whether to contribute voluntarily towards an employee's Additional Pension Contributions.

Trust policy:

The Trust will **not normally** enter into Shared Cost Additional Pension Contribution arrangements. Employer contributions will be made only where required by LGPS regulations, including where confirmed maladministration has resulted in an employee missing a statutory election deadline.

Approval and delegation:

Mandatory cases will be actioned by the CFO in accordance with statutory requirements and confirmation from the administering authority.

2.3 Flexible Retirement

Discretion:

Whether to permit flexible retirement for employees aged 55 or over who reduce their hours or grade, and whether to permit drawdown of pension benefits and/or waive actuarial reductions.

Trust policy:

Flexible retirement will be considered **only where it demonstrably supports organisational sustainability**, effective workforce planning, succession management, or critical skills retention.

The waiver of actuarial reductions will **not normally be agreed**. Any proposal to waive reductions must be supported by confirmed pension strain costs and a robust affordability assessment.

The Trust may impose reasonable contractual restrictions following approval where appropriate.

Approval and delegation:

Approval may be given by the CFO where costs fall within delegated limits and no waiver of actuarial reduction is proposed. Any proposal involving waiver of actuarial reduction or costs above delegated limits requires CEO approval. Material cases will be reported to the Board.

2.4 Application of the 85-Year Rule

Discretion: Whether to apply the 85-year rule to voluntary retirements between age 55 and 60 where it does not apply automatically.

Trust policy:

The Trust will **not normally agree** to apply the 85-year rule. This discretion will be exercised only where there is a compelling operational rationale and the Trust is satisfied that the associated pension strain is affordable.

Approval and delegation:

Approval may be given only by the CEO. All cases must be supported by a written business case and confirmed strain costs and will be reported to the Board.

2.5 Waiving Actuarial Reduction on Early Retirement

Discretion:

Whether to waive actuarial reductions applied to early payment of LGPS benefits.

Trust policy:

The Trust will **not normally waive actuarial reductions**. Waivers will be considered only where:

- there are strong and evidenced compassionate grounds; or
- a clear and compelling operational business case exists.

The cost of any resulting pension strain will be a significant determining factor in the decision-making process.

Approval and delegation:

All such decisions require CEO approval and will be reported to the Board.

3. Recommended Discretions

3.1 Shared Cost Additional Voluntary Contributions (SCAVC)

The Trust does not operate shared cost AVC arrangements.

3.2 Late Election to Retain Separate LGPS Benefits

The Trust will consider extending the statutory election period only where clear evidence of maladministration is provided.

Approval:

CFO, subject to administering authority confirmation.

3.3 Late Transfer of Other Pension Rights

Late transfers will be considered only where delays arose due to maladministration or administering authority delay.

Approval:

CFO, subject to administering authority agreement.

4. Decision-Making and Governance

All discretions are considered on a **case-by-case basis**. Decisions must be supported by:

- a written business case;

- confirmed pension strain calculations;
- an affordability assessment.

All decisions will be taken in accordance with the Trust's **Scheme of Delegation** and financial regulations.

5. Appeals

Employees may appeal decisions through the statutory Internal Dispute Resolution Procedure (IDRP) administered by the relevant pension authority.

6. Monitoring and Review

This policy will be reviewed at least every two years, or earlier if LGPS regulations or administering authority guidance changes. Any amendments will be notified to the administering authority in accordance with statutory requirements.