

Dated 9<sup>th</sup> June 2023

## **Discretions Policy**

**Lady Margaret School**

## **Background**

- (A) The Lady Margaret School is an incorporated Academy Trust ("the Trust"). The Trust is a Scheme Employer in the Local Government Pension Scheme ("LGPS") and is governed by the Local Government Pension Scheme Regulations 2013 ("the Regulations") as amended. Hammersmith and Fulham Council ("the Administering Authority") is the administering authority for the purposes of the Regulations.
- (B) The Trust, in accordance with its obligations under the Regulations is required to publish a policy in relation to the exercise of its discretionary powers under and in accordance with the Regulations.

## **1 Principles**

- 1.1 The Trust in considering the formulation of this policy has done so on the basis that the exercise of its discretion will be done so reasonably in the circumstances. In exercising its discretion it will consider the views of the Administering Authority.
- 1.2 In circumstances where requests are made on compassionate grounds, the Trust will ensure that all relevant factors and issues are considered together with any correspondence and documentation as it believes is relevant in the circumstances to enable it to make a decision.
- 1.3 This policy does not fetter how the Trust exercises the discretions as set out below.
- 1.4 The Trust as a Scheme Employer must send a copy of its policy to the Administering Authority and must publish its policy, which the Trust undertakes to do on its website.
- 1.5 The Trust as a Scheme Employer must keep its policy under review and make such revisions as are appropriate following a change of its policy. The Trust will review the policy in March each year.
- 1.6 Where a revision to the policy is made, the Trust must send a copy of its revised policy to the Administering Authority before the expiry of one month beginning with the date that any such revision is made. The Trust must also publish its revised statement.
- 1.7 In preparing, or reviewing and making revisions to its policy, the Trust must have regard to the extent to which the exercise of its discretionary functions could lead to a serious loss of confidence in the public service.

## **2 The Policy**

- 2.1 This policy sets out the Trust's policy in relation to the following provisions under the Regulations, as follows:
- 2.2 16(2)(e) and 16(4)(d) (funding of additional pension);
- 2.3 30(6) (flexible retirement);
- 2.4 30(8) (waiving of actuarial reduction); and
- 2.5 31 (award of additional pension).

## **3 Regulation 16 Funding Additional Pension Contributions**

- 3.1 Regulation 16 allows a scheme employee to choose to pay Additional Pension Contributions under one of three options:
  - (a) to buy extra pension;

- (b) to buy "lost" pension for unpaid leave of absence or unpaid child related leave;
- (c) to buy "lost" pension due to a strike.

3.2 The Trust has considered in what (if any) circumstances it would consider funding such Additional Pension Contributions in whole or in part. The Trust's policy is not to exercise this discretion but it will consider individual cases on their merits having regard to cost.

#### **4 Regulation 30 (6) Flexible Retirement**

4.1 An active member who has attained the age of 55 or over and who with the agreement of the Trust reduces their working hours or grade of employment may, with the further consent of the Trust, 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.

4.2 In circumstances where an active member elects to do the above, pension benefits will be reduced in accordance with actuarial tables, unless the employer waives the reduction on compassionate grounds or in circumstances where a member has protected rights.

4.3 As a general rule the Trust's policy is not to exercise this discretion but it will consider a request by a Scheme employee for flexible retirement on its merits which include:

4.3.1 whether the financial cost to the Trust is reasonable and sustainable;

4.3.2 whether there is no detrimental impact on the service

4.4 Any application by a member must be accompanied by a business case in writing.

#### **5 Regulation 30 (8) Waiving actuarial reduction**

5.1 Where the Trust consents to flexible retirement under regulation 30(6) and 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).

5.2 The Trust may agree to waive in whole or in part (and at its own cost) any actuarial reduction that may be required by the Scheme Regulations.

5.3 As a general rule, the Trust will not exercise its discretion to waive any actuarial reduction in benefits but it will consider applications made on a case by case basis.

#### **6 Regulation 31 Award of additional pension**


6.1 The Trust has power to resolve to award: (a) an active member, or (b) 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 as applicable at the relevant time.

6.2 As a general rule, the Trust will not exercise this discretion but will consider applications made on a case by case basis having regard to the cost to the Trust.

**7 Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014**

- 7.1 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 LGPS Regulations.
- 7.2 So as to avoid the member suffering the full reduction to their benefits the Trust could 'switch on' the 85 year rule protections thereby allowing the member to receive fully or partly unreduced benefits but subject to the Trust paying a strain (capital) cost to the Pension Fund.
- 7.3 The Trust has decided that it will never agree to 'switch on' the 85 year rule.

**Signed and approved for and on behalf of the Trustees of the Lady Margaret Academy Trust**

Signature.....

Position.....