



LANCASTER UNIVERSITY
SCHOOL OF MATHEMATICS

Lancaster University

School of Mathematics

Local Government Pension Scheme
Employer Discretions Policy Statement

Title	Local Government Pension Scheme Employer Discretions Policy Statement
Policy Owner	Head of School
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The Rigby Education Trust was set-up to operate and oversee the Lancaster University School of Mathematics.

The Rigby Education Trust is an academy trust and a charity. The Lancaster University School of Mathematics is the charitable activity of the academy trust. Therefore, in this document references to the Maths School apply to the Rigby Education Trust.

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1.0. Statement of Intent

In applying the discretions within this policy:

- The Trust will have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service.
- The discretions will:
 - not be used for any ulterior motive.
 - be exercised reasonably and will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.
 - only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise; and
 - be duly recorded when applied.

2.0. Part A – Mandatory Policy Statements

Formulation of policy in accordance with:

Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013

Paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008

Regulation 106 of the Local Government Pension Scheme Regulations 1997

PART A1 – Discretions from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers

Power of Scheme employer to award additional pension

(Regulation 31 of the LGPS Regulations 2013)

An employer can grant extra annual pension of up to a maximum £8,903 (figure at 1 April 2025) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. This maximum figure that can be initially awarded will be index linked and the level increased on the 1st April each year.

Employer's policy:

The Rigby Education Trust will not award additional pension unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

Power of Scheme employer to contribute towards the cost of a member purchasing additional pension

(Regulation 16 (2) (e) and 16 (4) (e) of the LGPS Regulations 2013)

Where an active Scheme member wishes to purchase extra annual pension of up to £8,903 (figure at 1 April 2025) by making Additional Pension Contributions (APCs), the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution. This maximum figure that can be initially purchased will be index linked and the level increased on the 1st April each year.

Employer's policy:

The Rigby Education Trust will not fund an APC unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

Flexible retirement

(Regulation 30 (6) and (8) of the LGPS Regulations 2013, Regulations 3 (5), 11(2),11(3), and para.2(1A) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

The Local Government Pension Scheme allows scheme members who have attained the age of 55 to draw all or part of their retirement benefits under flexible retirement arrangements even though they have not retired providing that:

- the employer consents, and
- there has been a reduction in hours, or
- a reduction in grade.

Specifically where the employer consents to flexible retirement then, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), the employer can also allow 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.

The reductions applied will be in accordance with guidance issued by the government actuary.

Employer's policy:

Applications for flexible retirement will be approved where the trust can permit a reduction in hours or grade and there is no additional cost to the trust in relation to the member drawing benefits accrued prior to 1st April 2008 or after, should the member choose to draw benefits accrued after 31st March 2008.

Unless there are truly exceptional circumstances:

- Flexible retirement will not be permitted where there is additional cost to the trust.
- The Rigby Education Trust will not waive an actuarial reduction which is applied to benefits taken on flexible retirement.

All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

Early retirement and waiving actuarial reductions

(Schedule 2 paragraphs 1(1)(c), 2(1), 2(2) and Regulation 3 (1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 30(8) of the LGPS Regulations 2013 and regulation 30(5) and 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

If a member leaves a local government employment before they are entitled to the immediate payment of retirement benefits, then if they are age 55 or more (or having attained age 55 and have previously been awarded deferred benefits after 01 April 2014) they may choose to receive payment of them immediately.

Any benefits payable may be reduced as appropriate in accordance with guidance issued by the Government Actuary.

A policy decision is required to be made in respect of each of the following discretions:

- 1) Where a member voluntarily draws benefits between the age of 55 and 60 who has satisfied the 'Rule of 85' or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member has instead satisfied the 'Rule of 85' or will do so before their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.
- 2) In addition, the employers can, if they choose, waive in whole or in part any reductions that might apply and the employer must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Employer's policy:

The Rigby Education Trust will not 'switch on' the 85 year rule or waive any reductions unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

PART A2 – Discretions in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014

Early release of deferred benefits

(Regulations 30(2), (5), 30A(3) and (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and reg.3(5A)(c), para.1(1)(aa) and para.2(1) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

Prior to 14th May 2018, members who left the scheme between 1st April 2008 and 31st March 2014 with deferred benefits (or suspended tier 3 benefits) who made an application to release the benefits on or after age 55 and before age 60 required the former employer's consent. From 14th May 2018, this is no longer the case.

A policy decision is required to be made in respect of each of the following discretions:

- 1) Where a member voluntarily draws benefits (including their suspended tier 3 ill health pension) between the age of 55 and 60 who has then satisfied the 'Rule of 85' or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the 'Rule of 85' on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the 'Rule of 85' to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.

In addition, the employers can, if they choose, waive on compassionate grounds all of the actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits and deferred benefits which are paid before age 65. If the employer does so, it must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Employer's policy:

The Rigby Education Trust will not 'switch on' the 85 year rule or waive any reductions unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

PART A3 – Discretions in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008

(Regulations 31(2) and 31(5) of the LGPS Regulations 1997 and reg.3(5A)(b), para.1(1)(f) and para.2(1) of sch.2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014)

A policy decision is required for the following discretions:

- 1) Whether to grant applications for the early payment of pension benefits on or after age 50¹ and before age 55.
- 2) Where a member voluntarily draws benefits between the age of 55 and 60 who has then satisfied the ‘Rule of 85’ or will do so before their 60th birthday, the actuarial reductions will be calculated pretending that the member had instead satisfied the ‘Rule of 85’ on their 60th birthday. The employer has discretion to require the actual date upon which the member satisfied (or would have satisfied) the ‘Rule of 85’ to be used. This will have the effect of reducing the actuarial reduction. Should an employer exercise this discretion, the employer must pay to the fund a pension strain payment.
- 3) In addition, employers can, if they choose, waive on compassionate grounds any actuarial reduction that would be applied to benefits which are paid before age 65. If an employer does so, it must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

¹ It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

Employer's policy:

The Rigby Education Trust will not 'switch on' the 85 year rule or waive any reductions unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required.

PART A4 – Discretions in relation to scheme members who ceased active membership before 1 April 1998

(Regulation D11(2) (c) of the LGPS Regulations 1995)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme before 1 April 1998 who make an application on compassionate grounds to release benefits on or after age 50² and before age 60. Under these rules the sole discretion for an employing authority is that they may determine on compassionate grounds that benefits are to become payable on an unreduced basis.

Employer's policy:

The Rigby Education Trust will not consent to requests for early release of benefits under this regulation unless there are truly exceptional circumstances. All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

² It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required

3.0. Part B -Mandatory policy statements

Formulation of policy in accordance with:

Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

PART B1 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Redundancy and Compensation Payments

(Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

These regulations provide a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks), inclusive of any redundancy payment made. This applies to any member who terminates their employment on the grounds of redundancy, efficiency or in the case of a joint appointment (not job shares) where termination arises because the other holder of the joint appointment has left it.

The provisions apply to all employees who are eligible for participation in the LG Pension Scheme, whether or not they are current members of the scheme.

There is also a discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

Employer's policy:

The Rigby Education Trust will not normally award a one-off lump sum payment of up to 2 years, inclusive of any redundancy payment made, unless there are truly exceptional circumstances.

The Rigby Education Trust will not normally waive the weekly pay ceiling placed on statutory redundancy payments, and instead, pay up to the actual week's pay.

If the Rigby Education Trust chose to offer an enhanced voluntary redundancy scheme in the future, this may result in the statutory weekly pay ceiling being waived in certain circumstances.

All payments must be approved by the Executive Principal as Accounting Officer.

The discretion will be subject to the rules on ex gratia payments and severance payments in the Academy Trust Handbook, including, where required, approval by the Department for Education.

Where amounts require (or might be viewed as requiring) approval under the Academy Trust Handbook rules, further trust approval from the Chair of the Trustees will be required

PART B2 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Redundancy and Compensatory Added Years payments

(Regulation 17,19,21 and 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000)

Prior to the 2006 discretionary regulations employers could award employees additional service following a redundancy or efficiency retirement where that employee was over age 50. Although this facility is no longer available to current active employees, there are still discretionary

decisions to be made in respect of employees who are already in receipt of additional service. These include:

- How to apportion any surviving spouses' or civil partners' annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.
- How the annual added years will be apportioned amongst any eligible children.
- Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be ignored i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid or if the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation.

Whether and to what extent to reduce or suspend the member's annual compensatory added years payment during any period of re-employment in local government and how to reduce the member's annual compensatory added years payment following the cessation of a period of re-employment in local government.

Employer's policy:

This is not applicable to the Rigby Education Trust as the Trust was incorporated in July 2019 and therefore did not award additional payments prior to 2006.

PART B3 – Discretions in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Injury Allowance payments

(Regulations 3 to 7 of the Local Government (Discretionary Compensation) (Injury Allowances) Regulations 2011)

Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Scheme employers must formulate, publish and keep under review a policy on:

a) whether or not to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:

- suffer a reduction in remuneration, or
- cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or
- die leaving a surviving spouse, civil partner or dependant, and

b) if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid

Employer's policy:

The Rigby Education Trust's policy is not to make any discretionary payment in respect of Injury Allowance Payments.

The Trust provides for contractual payments to staff in the event of death or permanent disablement arising from assault and the relevant conditions of service handbook sets out the scheme in this respect.