Harbour Schools Partnership

A guiding light for education

LGPS Discretions Policy

Date Adopted: October 2025

Author/owner: Board of Trustees

Anticipated Review: October 2028

NB. 'Trustees' means the Directors referred to in the Trust's Articles of Association.

History of most recent policy changes

Version	Date	Page	Change	Origin of Change e.g. TU request, Change in legislation
V1	Jan 21			Ventrus policy adopted
v2	October 2025		Policy updated in line with Peninsula Pensions template with an employee response for all discretions listed.	Policy review and update for The Harbour Schools Partnership.

Links to other Trust Policies

n/a

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1.0 Introduction

1.1 This Policy sets out how the Trust will exercise its discretionary functions under the Local Government Pension Scheme (LGPS), which is administered by Peninsula Pensions.

1.2 This policy covers the regulations where a written policy must be in place in relation to the exercise of its discretion, which are:

- 9. Determine rate of employees' contributions
- 16. Shared Cost Additional Pension
- 17 & TP15. Shared Cost AVC arrangement
- 22. Whether to extend the 12-month option period for a member
- 30. Flexible retirement
- 30. Choice of early payment of pension according to the Benefits Regulation
- 31. Power of employing authority to grant additional pension
- TPSch 2. Power to 'switch on' the 85-year rule.

2.0 Definition

2.1 For the purpose of this document:

- Members, Trustees/Directors and Governors are referred to as Trustees;
- The Harbour Schools Partnership is referred to as The Trust;
- Staff refers to all staff employed by The Harbour Schools Partnership

3.0 Legal Framework

3.1 All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pension Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

4.0 Policy Decisions Table

4.2 Mandatory LGPS 2013 & 2014 discretions

Discretionary policies from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of employing authority to grant additional pension (Reg 31)	**Policy Decision:**
An employer can choose to grant extra annual pension* (at full cost to themselves) to: • an active member; or • to a member, within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency **(Please see the LGPS website for the current years maximum additional pension purchase limit)*	As a general rule, The Harbour Schools Partnership will not exercise this discretion. However, the Trust will conside this where a written business case demonstrates that there is a clear financial or operation advantage to the Trust for doing so.

Shared Cost Additional Pension Contribution (Reg 16(2)(e) & Reg 16(4)(d))	**Policy Decision:**
Where an active member wishes to purchase extra annual pension by making additional pension contributions (APCs)*, an employer can choose to voluntarily contribute towards the cost of purchasing that extra pension through a Shared Cost Additional Pension Contribution (SCAPC) **(Please see the LGPS website for the current years maximum additional pension purchase limit)* **Note:** this discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work (or a longer period if the employer allows) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. In those 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).	As a general rule, The Harbour Schools Partnership will not exercise this discretion. The discretion is exercised only in the circumstances where a scheme member has a period of approved unpaid leave and wishes to pay additional contributions to fund the lost pension due to reduced pensionable pay, has not made the election within 30 days of returning to work, but has done so within 30 days of the notification of the option to pay. The total cost is funded by scheme member at 1/3rd of cost and employer at 2/3rd of cost. In any other circumstances any additional pension contributions will be funded in full by scheme members.

'Switch on' the 85-year rule TPSch 2, para 1(2) & 1(1)(c)	**Policy Decision:**
The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members. Where the Scheme employer does not switch back on the 85-year rule, the member's benefits will be actuarily reduced. However, the Scheme employer can exercise a discretion to waive any actuarial reductions (at cost to the Scheme employer).	The Trust will not switch on the 85-year rule for those who voluntarily retire between the ages of 55 and 60. The Trust may switch on the 85-year rule or waive the actuarial reduction on compassionate grounds for exceptional circumstances, having regard for affordability to the Trust based on a 2/3 year budget forecast.

Flexible Retirement (R30(6) & TP11(2))	**Policy Decision:**
An employer can decide whether to permit flexible retirement for staff aged 55 or over who reduce their working hours and/or grade and wish to access their pension benefits. In such cases, pension benefits may be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds. The employee must reduce either their hours, and/or their grade and the employer must agree to the release of the pension. You will need to consider: • The minimum reduction in hours or grade required. *(The specific reduction required is not set out in the regulations, but instead must be determined by the employer and specified in this flexible retirement policy).* • Whether the employee should commit to a reduction in hours or grade for a minimum period. • Whether the employee should commit to remaining in employment with the employer for a minimum period You must also state whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), you permit the member to choose to draw: • All, part, or none of the benefits they accrued after 31 March 2008 and before 1 April 2014 and/or, • All, part, or none of the benefits accrued after 31 March 2014, and, • Whether to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits paid on the grounds of flexible retirement before normal retirement age (R30(8)). Note: If flexible retirement is agreed for a member aged between 55 and 60, there could be a Strain cost to be paid to the Pension Fund by the employer in respect of the pension benefits paid. There would also be a Strain cost payable by the employer where you have waived any actuarial reduction, in whole or in part.	The Trust will only consider release of benefits where there is a reduction in employee's gross pay of at least 25% and, will only agree where there is no cost to the employer. A flexible retirement may be considered on: • Reduction of hours and/or grade, or • Reduction of hours and/or grade with the release of pension benefits, or • Appointment to new continuing employment within the Trust on reduced hours and/or grade, with or without the release of pension benefits Flexible retirement will be subject to: • Reduction in salary similar to the level of pension to be received, and • A minimum period of employment of 12 months in the reduced grade and/or hours following Flexible Retirement, and • No return to the higher hours/grade Employees therefore be made aware that where a Flexible Retirement request has been approved, any actuarial reduction will be borne by them. In some cases, employer "strain" cost may apply. The trust can only consider Flexible Retirement where there is no cost to the trust. An employee is not able to pay the cost of the employer "strain" cost

Waive actuarial reductions to members benefits TP3(1) & TP3(5), TPSch 2 (para 2(1), 3(1), 3(2) & 9) B30(5) & B30A(5)	**Policy Decision:**
An employer can decide whether to waive in whole or in part any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement This applies to: • active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect to immediately draw benefits, and • deferred members and suspended tier 3 ill health pensioners who elect to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age.	As a consequence of flexible retirement there may be a reduction to the benefit paid. The value of any actuarial reduction will be applied, the Trust will not seek to fund the reductions applied. In the case of ill-health retirement a decision will be made based on its merits and the affordability based on a 2/3 year budget forecast.

4.2 Recommended LGPS 2013 & 2014 discretions (non mandatory)

There is no requirement to have a written policy in respect of non-mandatory discretions. However, there are some non-mandatory discretions where it is recommended for Scheme employers to have a written policy so that both members and the Pension Fund administering authority can be clear on the employer's policy on these matters.

Shared Cost Additional Voluntary Contribution Arrangement (SCAVC) R17 (1) and TP15 (2A) and A25 (3) and definition of SCAVC in RSch 1	**Policy Decision:**
An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC). An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.	As a general rule, the Trust will not exercise this discretion. However, the Trust will consider this where a written business case demonstrates that there is a clear financial or operational advantage to the Trust for doing so.
Extend the time limit for member to elect for a Shared Cost Additional Pension Contribution (R16(16))	**Policy Decision:**
An employer can decide to extend the 30 day deadline for a member to elect to purchase additional pension by way of a Shared Cost Additional Pension Contribution (SCAPC) upon return from a period of unpaid absence (other than because of illness or injury, relevant child-related leave or reserve forces service leave).	The Trust will not exercise this discretion unless there are specific extenuating circumstances that apply. The request in writing could be made for the Trust to consider the extenuating circumstances.
Extend the 12-month time limit for transfer of pension rights (R100(6))	**Policy Decision:**
An employer can decide to extend the 12-month time limit for a member to elect to transfer pension rights from another registered pension scheme into the LPGS, if an election has not been made within 12 months of joining the LGPS in that employment.	The Trust will not exercise this discretion unless there are extenuating circumstances that apply in that evidence exists that an election was made within 12 months but the administering body did not receive it. Similarly, if evidence exists that the member could not have been aware of the 12 month limit due to maladministration.

Extend the 12-month time limit for a member to elect not to aggregate Post 31 March 2014 deferred benefits (R22(7) and (8))	**Policy Decision:**
An employer can extend the 12 month time limit for a member to elect **not** to aggregate their Post 31 March 2014 (or combinations of Pre & Post 2014) deferred benefits with their new LGPS employment (or ongoing concurrent LGPS employment), if an election has not been made within 12 months of joining the LGPS in that employment (or within 12 months of ceasing the concurrent membership).	The Trust will not exercise this discretion unless there are extenuating circumstances that apply in that evidence exists that an election was made within 12 months, but the administering body did not receive it. Similarly, if evidence exists that the member could not have been aware of the 12 month limit due to maladministration.

Extend the 12-month time limit for a member to elect to aggregate Pre 1 April 2014 deferred benefits (TP 10(6) as amended by A27 (2018)	**Policy Decision:**
Employers can decide whether to extend the 12-month time limit for a member to elect to aggregate their Pre 1 April 2014 deferred benefits with their new LGPS employment that commenced on or after 14 May 2018 in order to purchase earned pension.	The Trust will not exercise this discretion unless there are extenuating circumstances that apply in that evidence exists that an election was made within 12 months, but the administering body did not receive it. Similarly, if evidence exists that the member could not have been aware of the 12 month limit due to maladministration.
How an employee's contribution band will be initially determined and thereafter reviewed (R9 and R10)	**Policy Decision:**
Employers must decide how the pension contribution band to which an employee is to be allocated on joining the Scheme will be determined and reviewed at each subsequent April. Circumstances in which the employer will review the pension contribution band will also need to be determined. For example, following a material change which affects the member's pensionable pay during the Scheme year (1 April to 31 March)	The employer has determined the rates of contribution on entry to the scheme and subsequently where there is a change in employment, or a material change which affects the member's pensionable pay, with the contributions payable being the applicable rate dependent on the relevant earnings banding in which the members pensionable pay falls.
Whether to include a regular lump sum payment when calculating assumed pensionable pay (APP) (Reg 21(4)(a)(iv), 21(4)(b)(iv) and 21(5))	**Policy Decision:**
When calculating assumed pensionable pay, employers can decide to include the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred. A 'regular lump sum payment' is a payment for which the employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.	The Trust may exercise this discretion. Each assumed pensionable pay calculation would be undertaken on a case-by-case basis and lump sum payments would be considered if the employee was in receipt of a regular lump sum payment such as an allowance. This would be based on its merits and the affordability to the Trust.

Whether to substitute a higher level of pensionable pay when calculating assumed pensionable pay (R21(5A) and 21(5B) backdated to 1 April 2014 by A7 2018)	**Policy Decision:**
When calculating assumed pensionable pay (APP), an employer can decide to substitute a higher level of pensionable pay if, in their opinion, the pensionable pay received in the 3 months/12 weeks before the commencement of APP, is materially lower than the level of pensionable pay the member would have normally received.	The Trust may exercise this discretion. Each assumed pensionable pay calculation would be undertaken on a case-by-case basis and if the pensionable pay is lower than the member would normally have received, then consideration would be given to pay a higher pensionable pay amount. This would be based on its merits and the affordability to the Trust.

4.3 Pre LGPS 2014 discretions

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014

'Switch on' the 85-year rule TPSch 2, para 1(1)(c) & 1(2)	**Policy decision**
The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members. This also applies to members with deferred benefits or a suspended tier 3 ill health pension who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60.	The Trust does not wish to exercise this discretion on the rounds of effective use of financial resources. However, in the case of a tier 3 ill-health case a decision would be made based on its merits and the affordability to the Trust based on a 2/3 year budget forecast.

Waive actuarial reductions to members benefits B30(5), TPSch 2, para 2(1) B30A(5)	**Policy decision**
An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.	The Trust does not wish to exercise this discretion on the grounds of effective use of financial resources.

4.4 Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008

Grant application for early payment of deferred benefits R31(2) LGPS Regulations 1997	**Policy decision**
Employers can decide whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55	The Trust does not wish to exercise this discretion on the grounds of effective use of financial resources.

'Switch on' the 85-year rule upon the voluntary early payment of deferred benefits TPSch 2, para 1(2) & 1(1)(f) & R60	**Policy decision**
The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations. An employer can decide to "switch on" the 85-year rule in full for a member with deferred benefits voluntarily drawing benefits (on or after 14 May 2018) on or after age 55 and before age 60.	The Trust does not wish to exercise this discretion on the grounds of effective use of financial resources.
Waive actuarial reductions to members benefits (R31(5) 1997 & TPSch 2, para 2(1)	Policy decision
An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.	The Trust does not wish to exercise this discretion on the grounds of effective use of financial resources.

4.5 Discretions to be exercised on and after 1 April 2014 in relation to members who ceased active membership before 1 April 1998

Grant application for early payment of deferred benefits (TP3(5A)(vi), TL4, L106(1) 1997 Transitional & D11(2)(c) 1995 Regs)	Policy Decision:
Employers can decide whether to grant applications early payment of deferred pension benefits on or after age 50 and before normal retirement age on compassionate grounds.	The Trust does not wish to exercise this discretion on the grounds of effective use of financial resources.

5. Internal Dispute Resolutions Procedure (IDRP)

5.1 Peninsula Pensions operate an Internal Dispute Resolution procedure for when an employee raises a complaint against a decision made in accordance with this policy.

6. Policy Implementation

6.1 This policy confers no contractual rights. The Trust as the employer retains the right to change this policy at any time, and only the version of the policy which is current at the time that a relevant event occurs to the employee/scheme member will be the one applied to that employee/member.

7.2 Before the expiry of the period of one month beginning with the date any such revisions are made, the Trust will send a copy of its revised statement to each relevant administering authority and will publish the revised policy.

7. Policy Circulation

7.1 This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule.

8.2 The Trustees are responsible for overseeing, reviewing and organising the revision of the LGPS Discretions Policy.