



The STAR
MULTI ACADEMY TRUST

LOCAL GOVERNMENT PENSION SCHEME (LGPS) EMPLOYER DISCRETION POLICY

Approved by the Trust Board	29 June 2021
Review Date	June 2024

Introduction

1. The regulations governing the application of the Local Government Pension Scheme allow each employer to determine how certain discretionary provisions of the scheme will be applied. The following is a statement of STAR Multi Academy Trust's policy on the exercise of these discretions.

Scope and Policy

2. Due to changes of the Scheme over time, different regulations and provisions may apply to pension benefits and pensionable service accrued under different arrangements. This policy sets out the relevant discretions in different sections. At the commencement of each section the applicable Regulations are detailed.
3. The sections are as follows:

Section	Contents
Section 1	Discretions from 1.4.14. in relation to post 31.3.14. active members (excluding councillor members) and post 31.3.14. leavers (excluding councillor members)
Section 3	Discretions in relation to: <ul style="list-style-type: none">• councillor members who ceased active membership on or after 1.4.98., and• any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08
Section 5	Discretions in relation to redundancy and compensatory payments on the early termination of employment
Section 7	Injury allowances as they apply to leavers, deaths and reductions in pay that occurred after 15 January 2012

Definitions

4. Within the Regulations all discretions have a classification as follows:

Mandatory - an employer must formulate, publish and keep under review a policy on these discretions.

Recommended - there is no requirement for an employer to publish a written policy on these discretions. However, as these matters arise fairly frequently it may be appropriate so that members can be clear on your policy on these matters.

Less common - there is no requirement for employers to publish a written policy on these discretions, though they may choose to do so.

5. Within a number of the discretions, reference is made to **administrative shortcomings**. The following would be considered an administrative shortcoming:

- A scheme member is not given appropriate advice/information to enable him/herto transfer pension rights
- A scheme member contacts STAR MAT, NYPF or a previous pension scheme regarding transfer within 12 months but does not receive correct or sufficient information to enable them to make a proper decision
- A scheme member believes that the action he/she has taken within 12 months is sufficient to have effected transfer
- A scheme member has used his/her best endeavours to effect a transfer within 12 months of joining the scheme but the transfer has not taken place for reasons outside of his/her control, e.g. investigation into mis-selling, winding up of previous fund, etc.

Injury Allowances

6. The process for the consideration and approval of injury allowances detailed in Section 7.

Review

7. This policy will apply from the date of approval and replaces all previous employer discretion policies from that date. The policy in force at the time a relevant event occurs will be the one that is applied.

8. This policy will be reviewed every three years or in the event of any change which makes an earlier review necessary.

9. Should any provision within this policy contradict any LGPS Regulation then the Regulation would apply.

Section One - Discretions from 1.4.14. in relation to post 31.3.14. active members (excluding councillor members) and post 31.3.14. leavers(excluding councillor members)

Applicable Regulations:

Discretions from 1.4.14. in relation to post 31.3.14. active members (excluding councillor members) and post 31.3.14. leavers (excluding councillor members)

R = Local Government Pension Scheme (LGPS) Regulations 2013 (SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014

A = LGPS (Administration) Regulations 2008 (SI 2008/239)

B = LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) (SI 2007/1166)

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
1	Granting additional pension	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a - figure at 1 April 2014. This is inflation proofed annually)	R31	Employer	Mandatory	STAR MAT will not grant additional pension to a member
2	Shared cost Additional Pension Contributions (to buy additional pension)	Whether, how much and in what circumstances to contribute to a shared cost Additional Pension Contributions (APC) scheme A member can buy additional pension through an APC contract. The discretion is whether the employer will share the cost of the APC	R16(2)(e) & R16(4)(d)	Employer	Mandatory	STAR MAT will contribute to Shared Cost APC Schemes only when an employee has opted to buy back 'lost' pension due to a period of authorised unpaid leave (including sickness and child related leave) within 30 days of returning to work from that leave. In these circumstances, the employee will pay one third of the cost of the Shared Cost APC and the employer will pay two thirds of the cost
3a	Flexible retirement	Whether all or some benefits can be paid if an active member aged 55 or over and with at least 2 years qualifying service reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	Employer	Mandatory	STAR MAT will consider applications in accordance with its policy on early/flexible retirement.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
3b	Flexible retirement (cont.)	Whether to waive, in whole or in part, actuarial reduction to benefits paid on flexible retirement	R30(8)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	STAR MAT will not waive any actuarial reduction on benefits paid on flexible retirement. All applications for flexible retirement will be considered in line with the process and criteria set out in STAR MAT's policy on early/flexible retirement.
4	85 Year Rule	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	TPSch 2, para, 1(2) & 1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	STAR MAT will not switch on the 85 Year Rule for any employee voluntarily drawing benefits on or after age 55 and before age 60
5a	Waive Reduction	<p>Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/14 and post 31/3/14 membership)</p> <p>a) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06,</p> <p>b) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20 inclusive</p>	TP3(1), TPsch 2 para 2(1) & B30(5) & B30A(5)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	STAR MAT will not waive any actuarial reduction arising out of a voluntary early or flexible retirement. STAR MAT will pay any pension strain costs arising out of voluntary early or flexible retirement where this has been approved through its early/flexible retirement policies.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
	Waive Reduction (cont.)	<p>c) on compassionate grounds (pre 1/4/16 membership) and in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/3/16</p> <p>d) on compassionate grounds (pre 1/4/20 membership) and in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20 inclusive</p>				
5b		Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31/3/14 membership)	R30(8)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	STAR MAT will not waive any actuarial reduction on benefits paid which a member voluntarily draws before normal pension age

Section 3 - Discretions in relation to:

- a) councillor members who ceased active membership on or after 1.4.98., and
- b) any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08

Applicable Regulations:

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)R =

LGPS Regulations 2013(SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
37	85 Year Rule	Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1)(f) & R60	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	STAR MAT will not switch on the 85 Year Rule for any deferred member voluntarily drawing benefits on or after age 55 and before age 60

Section 5 - Discretions in relation to redundancy and compensatory payments on the early termination of employment

Applicable Regulations:

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) (SI 2006/2914)

	Area	Discretion	Regulation	Exercised by	Key	Policy
44	Redundancy Pay on actual week's pay	To base redundancy payments on an actual weeks pay where this exceeds the statutory week's pay limit	5	Employer	Mandatory	When calculating redundancy payments STAR MAT will use the employee's actual weekly pay plus the applicable employer pension contribution rate, where the total does not exceed the statutory weekly capped amount. Where these combined payments exceed the statutory weekly capped amount the higher of actual weekly pay or the statutory weekly amount will be used. These entitlements will be applied to part-time staff on a pro rata basis.
45	Lump sum compensation	To award lump sum compensation of up to 104 weeks' pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment	6	Employer	Mandatory	STAR MAT will not award any lump sum compensation in any situations.

Section 7 - Injury allowances as they apply to leavers, deaths and reductions in pay that occurred after 15 January 2012

Applicable Regulations:

Discretions under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011(SI 2011/2954)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50a	Injury Allowances	Whether to grant an injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(1)	Employer	Mandatory	STAR MAT will consider each case on its merits.
50b		Amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(4) and 8	Employer	Mandatory	Any injury allowance granted will not exceed the amount of the reduction in remuneration offset against any other benefits, payments or awards received in relation to the injury or disease.
50c		Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1) (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	3(2)	Employer	Mandatory	Any injury allowance granted will cease when the employee leaves employment with STAR MAT. The injury allowance will be reviewed should the employee's circumstances change e.g. relation to the employee's working or earning capacity or other payments received.
50d		Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job.	4(1)	Employer	Mandatory	STAR MAT will consider each case on its merits.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50e	Injury Allowances (cont.)	Amount of injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job	4(3) and 8	Employer	Mandatory	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50f		Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity)	4(2)	Employer	Mandatory	Any injury allowance granted will cease when the employee reaches their state pension age or is granted tier 1 ill-health retirement.
50g		Whether to suspend or discontinue injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months.	4(5)	Employer	Mandatory	Any injury allowance granted will be reassessed or suspended if the employee becomes capable of working again.
50h		Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a regulation 3 payment (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job) was being made at date of cessation of employment but regulation 4 (loss of employment through permanent incapacity) does not apply	6(1)	Employer	Mandatory	STAR MAT will not make an injury allowance.
50i		Determine amount of any injury allowance to be paid under regulation 6(1) (payment of injury allowance following cessation of employment)	6(1)	Employer	Mandatory	STAR MAT will not make an injury allowance.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50j	Injury Allowances (cont.)	Determine whether and when to cease payment of an injury allowance payable under regulation 6(1) (payment of injury allowance following cessation of employment).	6(2)	Employer	Mandatory	STAR MAT will not make an injury allowance.
50k		Whether to grant an injury allowance to the spouse, civil partner, co-habiting partner or dependent of an employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job.	7(1)	Employer	Mandatory	STAR MAT will consider each case on its merits.
50l		Determine amount of any injury allowance to be paid to the spouse, civil partner or co-habiting partner under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	7(2) and 8	Employer	Mandatory	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50m		Determine whether and when to cease payment of an injury allowance payable under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	7(3)	Employer	Mandatory	Any injury allowance granted will cease at the date when the employee would have reached their state pension age or may be reviewed if the beneficiary remarries, enters into a new civil partnership or cohabits.

