LGPS PENSIONS POLICY

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1. INTRODUCTION

a. This document outlines the City Learning Trust's policy on the employer discretions specified in the Local Government Pension Scheme Regulations 2013, which come into effect from 1 April 2014 (hereafter referred to as the Academy).

b. The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits accruing for service after 31 March 2014 will accrue on a Career Average Revalued Earnings (CARE) basis, rather than on a final salary basis.

c. The provisions of the CARE scheme, together with the protections for members accrued pre 1 April 2014 final salary rights, are contained in the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

d. As a result of the changes, scheme employers participating in the LGPS in England or Wales will have to formulate, publish and keep under review a statement of policy on certain discretions which they have the power to exercise in relation to members of the CARE scheme.

e. Scheme employers are also required to (or where there is no requirement, are recommended to) formulate, publish and keep under review a statement of policy on certain other discretions they may exercise in relation to members of the LGPS.

2. BACKGROUND REGULATIONS

a. The Local Government Pension Scheme Regulations 2013 (LGPS 2013)

b. Local Government Pension Scheme (Transitional Provisions, savings and Amendment) Regulations 2014 (TP 2014)

3. AREAS IF DISCRETION

a. There are 5 areas of discretion where a Scheme Employer must publish a policy by 30 June 2014 under Regulation 60 of LGPS 2013 and TP 2014.
   i. Regulation 16 LGPS 2013 (funding of additional pension)
   ii. Regulation 30(6) LGPS 2013 (Flexible Retirement)
   iii. Regulation 30(8) LGPS 2013 (waiving of actuarial reduction included with)
   iv. Regulation 31 LGPS 2013 (award of additional pension)
   v. Schedule 2 TP 2014 (application of Rule of 85)

b. In addition this document details the Academy's policy for the allocation of LGPS employee contribution bands and the Scheme of Delegation for decision making powers.

3.1 Regulation 16 LGPS 2013: Funding of Additional Pension

a. Regulation 16 refers to Additional Pension Contributions (APCs) which an active member of the Scheme can elect to pay under certain circumstances. The options are:
   i. Option 1 - To buy extra pension;
   ii. Option 2 - To buy 'lost' pension for unpaid leave of absence or unpaid child-related leave;
   iii. Option 3 - To buy 'lost' pension due to a trade dispute (strike).

b. Where the employee is contributing to the MAIN section of the Scheme they can enter into an APC contract in respect of all three options listed above. However, where an employee is contributing to the 50/50 section of the Scheme they can only enter into an APC contract in respect of options 2 and 3.

c. Options 1 and 3 are at full cost to the employee whereas option 2 is a shared cost contribution between the employee and their employer providing that the employee elects to enter into a Shared Cost APC (SCAPC) contract within the first 30 days of returning to work following the unpaid period of absence.

d. For the purposes of the employer policy statement it is only option 1 for which a policy has to be made. The employer must determine whether or not they would ever be likely to enter into a shared cost APC arrangement with an employee.

e. There is a limit to the amount of additional pension that can be purchased which is set every 1st April and is increased in line with the Pensions (Increase) Act 1971. The initial limit, on 1st April 2014, was £6,500. Of course a member does not have to purchase the full amount but every time an APC arrangement is entered into, either by payment of regular contributions or by payment of a lump sum, it must specify the amount to be credited to the member's pension account at the end of the Scheme year.

f. The amount of contribution to be paid is to be determined in accordance with actuarial guidance issued by the Secretary of State and is based on the age and gender of the member.

3.2 Policy

a. Where a Scheme member makes an election after the 30 day deadline to "buy" back an amount of lost pension, as a result of unpaid authorised absence, and it can be demonstrated that the reason for missing the deadline was because the member was not informed by the Academy that this deadline existed, the Academy as a Scheme employer will give the opportunity for the member to pay for APC's after 30 days after a conversation with the employee.

b. The Academy as a Scheme employer will only contribute to the cost of "buying" additional pension where the Scheme member is "buying" additional pension in respect of a period of authorised absence where an election form was received from the Scheme member within 30 days of returning to work.

c. Additional pension contributions will not be routinely funded in whole or in part by the Academy.

3.3 Regulation 30 (6) LGPS 2013: Flexible Retirement

a. An active member who has attained the age of 55 or over, and with the agreement of their employer reduces either their hours of work or grade of their employment may, with the further consent of their employer, elect to receive immediate payment of all or part of their retirement pension built up to the date that their hours or grade is reduced. The amount of pension payable would be adjusted in accordance with actuarial guidance issued by the Secretary of State (but see note 3 regarding the waiving of actuarial reduction).

b. The purpose of flexible retirement is to allow an individual the opportunity to move gradually into retirement by reducing their hours of work or the level of responsibility required of them rather than facing the perceived 'cliff edge' of retirement. Although the employee's level of income will reduce this is in some part or wholly compensated for by the release of all or part of their accrued pension benefits.

c. As part of any agreement to permit flexible retirement a Scheme employer must consider whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 31 March 2014.

d. Flexible retirement can be used as a very good management tool although there can be cost implications for Scheme employers subject to the amount of actuarial reduction that may or may not be applied to the member's benefits

3.4 Policy

a. That the Academy as the employing authority will consider an application received in writing from a Scheme member to elect for flexible retirement under Regulation 30(6). Each case will be considered by the Academy on its merits and will be subject to the approval of the relevant Manager under the Academy's Scheme of delegation, and in giving that approval they are satisfied that:
   i. There are no pension costs to the Academy arising from the employee's flexible retirement.
   ii. There is an operational, business or financial case for permitting flexible retirement which will not result in any detriment to the level of service.
   iii. Any agreed change to the employee's contract under this policy will be a permanent change to their contractual terms and conditions.

3.5 Regulation 30 (8) LGPS 2013: Waiving of Actuarial Reduction

a. To complete their application in writing as comprehensively and thoroughly as possible, anticipating any potential problems and suggesting solutions where possible to their Headteacher/Principal/Nominated Person.

b. To approach the discussions about their application in a creative and flexible way, seeking to achieve an outcome that is a win-win for themselves and the Trust.

c. To be willing to explore all possible alternatives if the first preference working pattern is not feasible.

d. To base discussions purely on the Trust impact of the proposal, not on personal reasons for making request.

e. To respond constructively to Headteacher/Principal/Nominated Person requests to discuss changing a current flexible working pattern which is no longer working for the Trust.

f. To contact their Pensions team for further information and advice.

3.6 Policy

a. An actuarial reduction will always be applied where relevant and a decision to waive such a reduction will not be considered. Under very exceptional circumstances a decision can be referred to the Board of Trustees.

3.7 Regulation 31 Award of Additional Pension

a. A Scheme employer may resolve to award:
   i. an active member, or
   ii. 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.

c. 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 (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

d. Any additional pension awarded is payable from the same date as any pension payable under other provisions of the Scheme Regulations from the account to which the additional pension is attached.

e. In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

3.8 Policy

a. The Academy will consider using this discretion in cases of redundancy and business efficiency subject to the financial implications for the employer.

3.9 Regulation 2 (2) of Schedule 2 to the LGPS (Transition Provisions, Savings & Amendment) Regulations 2014

a. In order to make a policy in respect of this particular Regulation, Scheme employers need to be somewhat aware of the 85 year rule that existed under former Scheme Regulations, a rule under which many employees will retain protected rights as carried forward into the LGPS 2013 Regulations.

b. In brief, the 85 year rule states that where a Scheme member's age in whole years when added to their Scheme membership in whole years equals 85 that is the point from which their pension benefits can be released without actuarial reduction being applied. So, for example, an employee aged 60 with 25 years of Scheme membership would meet their 85 year rule date. Whilst the Regulations governing the 85 year rule are complex for the purposes of producing a policy statement it is not deemed necessary to go into that level of detail.

c. Until the introduction of the LGPS 2013 Regulations it was not possible for a Scheme member to voluntarily elect to draw their pension benefits before the age of 60 – they had to have their employer's consent. With effect from 1 April 2014, however, any Scheme member can voluntarily elect to retire (leave their employment) from the age of 55 and draw their pension benefits without the need to have their employer's consent. Now clearly, in many cases this would result in a large actuarial reduction being applied to those benefits to reflect their early payment but if a Scheme member has protection under the 85 year rule it would appear, initially at least, that by voluntarily retiring they would be protected against that actuarial reduction thereby generating a capital or strain cost that the Scheme employer would be required to pay to the pension fund.

d. However, the LGPS (Transitional Provisions, Savings & Amendment) Regulations 2014 'switches off' the protections afforded to Scheme members who meet the 85 year rule before the age of 60 therebyrequiring Scheme member benefits to be actuarially reduced irrespective of whether or not the member satisfies the conditions of the 85 year rule.

e. Purpose of this policy is to determine the circumstances under which a Scheme employer might consider 'switching back on' the 85 year rule protection for those affected employees thereby agreeing to reduce or waive entirely any actuarial reduction being applied to those pension benefits that would otherwise have been protected under the 85 year rule. This would generate a capital or strain cost for which the Scheme employer would become liable.

3.10 Policy

a. Only in very exceptional circumstances will the Trust agree to 'switch on' the 85 year rule.

3.11 Regulation 9 (1) & (3) - Contributions

a. Paragraph 2 of Regulation 9 of the LGPS Regulations 2013 provides a table of contribution rates to be applied to all active Scheme members subject to the relevant pay range applicable to their employment. It is important to note that where an employee holds more than one job with a Scheme employer each job is to be treated separately when determining the contribution rate to be applied (unless an employer determines that a single employment relationship exists).

b. Each year a Scheme employer is required to assess each of its Scheme members' actual pensionable pay as at 1st April, for every post that the employee may hold and apply the appropriate contribution rate.

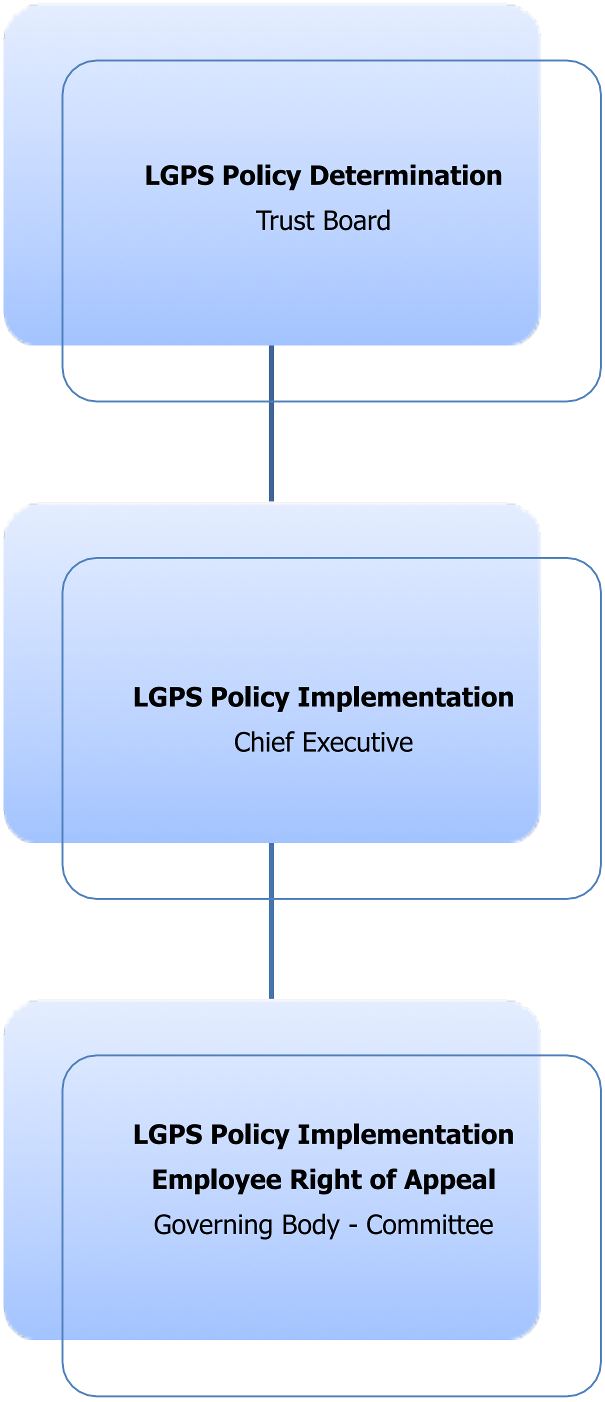
c. From 1st April 2014 Scheme employers must assess their scheme members' contribution bandings based on their actual annual pensionable pay and not the full time equivalent (or term time equivalent) rate of pay as under former Regulations. This is particularly important as with effect from that date non- contractual overtime and pay received in respect of any additional hours worked became pensionable.

d. Paragraph 3 of Regulation 9, however, provides a Scheme employer with the opportunity to apply a different contribution rate from a different pay band at any time during the Scheme year where either the employee has a change in employment or has a material change which affects their pensionable pay during the financial year.

3.12 Policy

a. To make changes to employee contribution rates throughout the year from the effective date of any change in employment or material change to the rate of pensionable pay received.

4. SCHEME OF DELEGATION FOR LGPS



This Scheme of Delegation is subject to review every 3 years or at the point of statutory regulatory or organisational change.

5. MONITORING AND REVIEW

a. This policy has been approved by the Board of Trustees. It will be reviewed by the Policy and Procedures Working Group on a bi-annual basis to ensure continuing compliance.

6. DOCUMENT INFORMATION

KEY INFORMATION	
Contact Name:	HR Director
Date Effective:	January 2026
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Date:	January 2026

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Version:	Date:	Change:	
V0.1	April 2020	New Document	
V1.0	Sept 2020	Interim Update	Corporate format only, no other changes
V1.1	Sept 2021	Annual review	No changes
V1.2	Sept 2023	Bi-annual review	Date changes, no further updates
V1.3	January 2026	Bi-annual review	Date changes, no further updates