

# **Madeley Academy**



## **Local Government Pension Scheme**

### **Policy Document**

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Revised August 2014

## **Statement of Intent**

Under the Local Government Pension Scheme “LGPS” (The Local Government Pension Scheme Regulations 2013), Madeley Academy is required to compose, publish and keep under review a policy statement in relation to the exercising of a number of discretions under the LGPS.

To ensure value for money and financial stability, Madeley Academy has adopted an approach that befits the size, finances and current staffing levels at the School. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.

Madeley Academy is committed to equality and this policy has been created in accordance with anti-discrimination laws, the Equality Act 2010 and with regard to age regulations.

In addition to the above, the School is required to adhere to a number of provisions and to create and implement effective procedures for the administration of the LGPS scheme.

These duties and procedures are established in detail in this Policy

### **LGPS 2014 overview**

The LGPS 2014 is a Career Average Revalued Earnings (CARE) scheme.

#### **Accrual rate**

The accrual rate is 1/49<sup>th</sup>.

#### **Revaluation rate**

The revaluation rate is based on the Consumer Price Index (CPI).

#### **Pensionable pay**

Pay, including non-contractual overtime and additional hours for part-time staff, is classed as pensionable pay.

#### **Contribution flexibility**

There is contribution flexibility with a 50/50 option.

#### **Normal Pension Age**

The normal pension age is equal to the member’s State Pension Age (minimum 65).

#### **Lump sum trade off**

A trade off of £1 annual pension for £12 lump sum is available.

#### **Death in service lump sum**

The death in service lump sum is 3x pensionable pay.

#### **Death in service survivor benefits**

A 1/160<sup>th</sup> accrual rate based on Tier 1 ill health pension enhancement.

#### **Ill health provision**

Tier 1 – immediate payment with service enhanced to Normal Pension Age

Tier 2 – immediate payment of pension with 25% service enhancement to Normal Pension Age.

Tier 3 – temporary payment of pension for up to 3 years.

#### **Indexation of pension in payment**

The LGPS indexation of pension in payment is based on CPI.

**Vesting period**

The LGPS has a vesting period of 2 years.

**Administering authority details**

The administering authority for Madeley Academy is Shropshire Council Pension Fund.

**Actuary details**

The actuary for Madeley Academy is Mercers.

**Key roles and responsibilities**

The Governing Body has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy at Madeley Academy.

The Governing Body has responsibility for ensuring that the LGPS Discretionary Policy, as written, does not discriminate on any grounds, including but not limited to: age, ethnicity/national origin, culture, religion, gender, disability or sexual orientation.

The Governing Body has overall responsibility for handling complaints regarding this policy as outlined in the School's Grievance Procedure.

In the first instance, complaints should be directed to the Finance Director.

The Finance Director has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy at Madeley Academy.

# **Madeley Academy**

## **Local Government Pension Scheme discretions policy**

**Date of Policy Statement – 1 April 2014**

**Date for Review – 1 April 2015**

### **General Principles**

Under the rules of the LGPS the employer has the right to authorise discretion on a number of matters regarding the administration of the pension scheme.

For a number of discretions there is a statutory requirement to publicise the approach the employer will take.

The approach to exercising discretion in this policy is to allow the employer to make a reasonable decision in individual cases but also to be clear as to the factors it will take into account in making that decision.

In formulating and reviewing its policy statements the employer is required to:

- Have regard to the extent to which the exercise of their discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service, and,
- Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

Any complaints relating to decisions in these matters would need initially to be raised under the pension scheme's Internal Disputes Resolution Procedure, details of which are available from the pension scheme administrator.

This policy confers no contractual rights.

Madeley Academy retains the right to change this policy at any time.

Only the policy which is current at the time a relevant event occurs to the scheme member will be the one applied to that member.

### **This policy deals with the Employing Authority's Discretions Under the following legislation:**

The Local Government Pension Scheme Regulations 1995 (Prefix F below)

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) (Prefix E below)

The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (Prefix A below)

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2009 (as amended) (Prefix B below)

The Local Government Pension Scheme Regulations 2013 (Prefix D below)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (Prefix C below)

The following table applies to discretions which may be exercised on and after 1 April 2014 in relation to scheme members who left the scheme between 1 April 2008 and 21 March 2014

Regulation	Discretion	Employer's Policy on the exercise of this discretion
B12	Whether to augment membership of an active member (by up to 10 years)	Madeley Academy will not have a general policy to augment membership of an active member by up to 10 years but may decide to do so where a sound business case can be made for exercising this discretion. Each case will be considered on its individual merits.
B13	Whether to grant additional pension to a member (by up to £5,000 p.a.)	Madeley Academy will not have a general policy to grant additional pension to a member (by up to £5,000 p.a.) but may consider doing so where a sound business case can be made for exercising this discretion. Each case will be considered on its individual merits.
B18(1)	Whether all or some benefits can be paid if an employee reduces their hours or grade after reaching age 55 (flexible retirement)	Madeley Academy will not have a general policy of exercising this discretion but may exercise this discretion where a sound business case can be made for granting flexible retirement with immediate access to all or part of the member's benefits. Each case will be considered on its individual merits.
B18(3)	Whether to waive, in whole or in part, any actuarial reduction on benefits paid on flexible retirement.	Madeley Academy will not have a general policy of waiving, in whole or in part, the actuarial reduction on the benefits paid on flexible retirement, but may consider doing so where a sound business case can be made for doing so or where other exceptional circumstances arise.
B30(2)	Whether to grant application for early payment of benefits on or after age 55 and before age 60	Madeley Academy will not have a general policy of granting early payment of benefits on or after age 55 and before age 60 but will consider requests on a case by case basis. Madeley Academy may exercise this discretion where a

		sound business case can be made for doing so or where other exceptional circumstances arise that make payment of those benefits justifiable.
B30(5)	Whether to waive, on compassionate grounds, the actuarial reduction on benefits paid early.	Madeley Academy will not generally waive the actuarial reduction applied to benefits paid early under regulation B30(2) above. Madeley Academy may consider waiving the actuarial reduction where exercising that discretion can be justified in terms of the sound businesses case made for initially paying those benefits or where other exceptional circumstances arise that make payment of those benefits justifiable. Each case will be considered on its individual merits.
B30 A	Whether to grant early release of pension benefits for former employees who are seemed to be "pensioner members with deferred benefits" under ill health retirement provisions of the LGPS.	Madeley Academy will not have a policy of granting such payments and any payments of this sort will be only granted on exceptional compassionate grounds or in situations where no costs will be charged to the School.
A22(2)	Whether to extend the period for a member to elect to pay contributions to cover unpaid leave of absence, maternity, paternity, or adoption leave beyond 30 days after returning to work or leaving.	The School will allow the extension of the period in cases where the member was not notified of the right to pay contributions.
A83(8)	If a scheme member wishes to transfer pension rights into the LGPS he/she must opt to do so within 12 months of joining the LGPS "or such longer period as the employer may allow".	Madeley Academy will only extend the 12 months time limit in exceptional circumstances.

**The following table applies to the discretions which may be exercised on and after 1 April 2014 in relation to active scheme members and members who cease active membership after 31 March 2014**

D16(2)(e) and D16(4)(d)	This regulation allows Madeley Academy to fund employees additional pension contributions up to a maximum of £6500 (as at 1 April 2014) either in whole or in part.	Additional pension contributions will not normally be funded in whole or in part by Madeley Academy. Any such payments would only be granted in exceptional cases.
D30(6)	Qualifying scheme members who are over age 55 can, with the consent of Madeley Academy, continue to work for the Madeley Academy on different terms and conditions and request to draw their pension entitlements (flexible retirement).	Madeley Academy will not have a general policy of exercising this discretion but may exercise this discretion where a sound business case can be made for granting flexible retirement with immediate access to all or part of the member's benefits. Madeley Academy will consider requests on a case by case basis.
D30(8)	Benefits payable pursuant to D30(6) and D30(5) will be adjusted in accordance with guidance issues by the Government Actuary.	Madeley Academy will not have a general policy of waiving, in whole or in part, the actuarial reduction on any benefits paid, but may consider doing so where a sound business case can be made or where other exceptional circumstances arise. Each case will be considered on its individual merits.
Rule of 85 protection	It should be noted that some people may ask for the "rule of 85 protections" to be applied when their pension benefits are being paid, rather than phrasing the question as asking for the "waiving of actuarial reduction".	Such applications will not normally be approved by Madeley Academy. Applications may be approved in exceptional circumstances or where there is a sound business case for doing so.
D31	Whether to grant extra annual pension of up to £6500 (as at 1 April 2014) 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.	Madeley Academy will not have a general policy to grant this sum but may consider doing so where a sound business case can be made for exercising this discretion or where there are exceptional circumstances. Each case will be considered on its individual merits.
D9 & 10	Active members are required to make contributions on the basis of pensionable pay bands. This policy is made to aid the administration of the scheme – in particular in setting the contribution rates to be applied to each individual. However, nothing in this policy can override the statutory provisions of the LGPS.	Madeley Academy will allocate employees to the appropriate contribution rate according to pay band at 1 September and 1 April each year and adjust only where there is a contractual change during the year.
D100 (6)	Whether, with the agreement of the Pension Fund administering authority, to permit a scheme member to elect to transfer other pension rights into the LGPS if he/she has not	Madeley Academy will only extend the 12 months time limit in exceptional circumstances.

	made such an election within 12 months of joining the LGPS.	
D17 & C15(1) (d) & A25(3) & B15(3)	Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement that the employer had entered into before 1 April 2014.	Madeley Academy will not consider contributing to a shared cost AVC.
D22(7) & (8)	Whether to extend the 12 month time limit within which a scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).	Madeley Academy will only extend the 12 months time limit in exceptional circumstances.
D21(4)(a)(iv), 21(4)(b)(iv) and 21(5)	<p>Whether or not, when calculating assumed pensionable pay when a member is:</p> <ul style="list-style-type: none"> <li>- on reduced contractual pay or no pay on due to sickness or injury, or</li> <li>- absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or</li> <li>- absent on reserve forces service leave, or</li> <li>- retires with a Tier 1 or Tier 2 ill health pension, or</li> <li>- dies in service</li> </ul> <p>to include in the calculation 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 member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.</p>	Madeley Academy will not have a general policy of exercising this discretion but may do so where a sound business case can be made or there are exceptional circumstances. In any event, Madeley Academy will consider requests on a case by case basis and any decisions to exercise this discretion will be fair, equitable and justifiable.
E 5 (1)	Power to increase statutory redundancy payments above statutory weekly pay limit	Madeley Academy will not generally increase statutory redundancy payments above statutory weekly pay limit.
E 6	Decision to award up to 104 weeks compensation instead of compensatory added years	Madeley Academy will not generally award up to 104 weeks compensation instead of compensatory added years.

**The following table applies in relation to discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership before 1 April 1998**

F11(2)(c)	Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before age 65 on compassionate grounds.	Such applications will not normally be approved by Madeley Academy. Applications may be approved in exceptional circumstances where individuals can show that there are significant compassionate grounds.
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