

LOCAL GOVERNMENT PENSION SCHEME EMPLOYER DISCRETION POLICY STATEMENTS

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1.0 Introduction

- 1.1 *Under Regulation 60 of the Local Government Pension Scheme Regulations 2013 (the **LGPS Regulations 2013**) and Paragraph 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (the **LGPS Transitional Regulations 2014**), the Trust is required to make and publish policy statements on how they will exercise five specific discretions.*
- 1.2 The Regulations require that in formulating a Policy Statement, Beckfoot Trust must have regard to the extent to which the exercise of its discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service. The Regulations also require that the Trust must be satisfied that its Policy Statements are workable, affordable, and reasonable having regard to the foreseeable costs.
- 1.3 These Policy Statements apply to all employees of Beckfoot Trust who are current, former (or eligible to be) members of the Local Government Pension Scheme. For the avoidance of any doubt these Policy Statements do not apply to teachers who are members of the Teachers' Pension Scheme.
- 1.4 It should be noted that that none of the following discretionary powers is a contractual benefit or entitlement but instead decisions are made at the sole discretion of Beckfoot Trust within its current published policies which may be reviewed and amended at any time by the Trust, again at its sole discretion.

2.0 General Principles to be Adopted in Exercising Discretions

Beckfoot Trust, in formulating the policy statements outlined below, has sought to ensure that its discretionary powers will be exercised reasonably. The discretionary powers will;

- be exercised in the public interest;
- not be used for an ulterior motive;
- be used with regard to all relevant factors (costs to Beckfoot Trust will be balanced against benefit for the Trust);
- only be used where there is a real and substantial benefit to the Beckfoot Trust in return for incurring extra costs;
- only be used having considered the views of the scheme Actuary; and
- be duly recorded when used.

Beckfoot Trust will also consider the views of the pensions administering authority (currently West Yorkshire Pension Fund).

In support of its deliberations regarding requests made on compassionate grounds, Beckfoot Trust will take into account all relevant factors and require whatever information, documentation and supporting evidence it considers appropriate.

The employer discretionary powers will be exercised having regard to the extent to which the exercise of any policy discretion would lead to a serious loss of confidence in the public service.

The policy statements do not limit or fetter how Beckfoot Trust exercises any of the discretions afforded by the pension scheme.

3.0 Shared Cost Additional Pension Contribution

The provisions of Regulation 16 (of the LGPS Regulations 2013) allow an active member who is paying into the main scheme to enter into an arrangement to pay additional contributions, either by regular contributions (Regulation 16(2) (e)) or by a lump sum payment (Regulation 16(4) (d)). This may be funded in whole or in part by Beckfoot Trust.

3.1 Policy Statement

- 3.1.1 Beckfoot Trust **does not** consider the exercise of this discretion to be an integral part of its employment policy. Employees may fully fund their own additional pension contributions should they so wish.
- 3.1.2 This discretion would only be exercised in the most exceptional circumstances having regard to the Trust's general policies and the particular circumstances of the case. Beckfoot Trust will only consider exercising this discretion in the most exceptional circumstances having particular regard to the following:
- The interests of the Trust;
 - Any potential benefits or savings to the Trust;
 - The member's personal circumstances;
 - The additional contributions due to the Fund;
 - Beckfoot Trust's ability to meet the cost of granting such an award;
- 3.1.3 The funding position of Beckfoot Trust within the West Yorkshire Pension Fund.
- 3.1.4 Decisions as to whether to fund an active member's additional pension contributions shall be made by Beckfoot Trust's Board of Directors. The process for this is to submit an application, supported by a business case in writing to the Chief Operating Officer (COO). To buy extra pension, a member should first obtain a quote from www.lgpsmember.org or from their administering authority.
- 3.1.5 This option is not available to those in the 50/50 section – further information is available here: <https://www.lgpsmember.org/your-pension/paying-in/paying-less/>

4.0 Awarding Additional Pensions

The provisions of Regulation 31 (of the LGPS Regulations 2013) allow the employer to award additional annual pension up to the maximum allowed by the scheme rules provided that the member is active **or** within 6 months of leaving his/her employment when that employment was terminated on the grounds of redundancy or business efficiency or whose employment was terminated by mutual consent on grounds of business efficiency.

4.1 Policy Statement

- 4.1.1 Beckfoot Trust **does not** consider the exercise of this discretion in respect of employees whose employment is terminated on the grounds of redundancy or business efficiency, or terminated by mutual consent on the grounds of business efficiency, to be an integral part of its employment policy.
- 4.1.2 This discretion will only be exercised in the most exceptional circumstances having regard to Beckfoot Trust's general policies and the particular circumstances of the case. Beckfoot Trust **does not** consider the exercise of this discretion in relation to new hires or during employment to be an integral part of its recruitment and employment policy.

- 4.1.3 This discretion will only be exercised for recruitment or retention purposes in the most exceptional circumstances having regard to all the facts in each case though particularly where other elements available within the employee benefits package have not proved successful in securing recruitment or retention.
- 4.1.4 Beckfoot Trust will only consider exercising these discretions in the most exceptional circumstances having particular regard to the following:
- The interests of Beckfoot Trust;
 - Any potential benefits or savings to the Trust;
 - Other options that are, from time to time, available under Beckfoot Trust 's severance arrangements;
 - The member's personal circumstances;
 - The additional contributions due to the Fund;
 - The ability of the Trust to meet the cost of granting such an award;
 - The funding position of Beckfoot Trust within the West Yorkshire Pension Fund.
- 4.1.5 Decisions as to whether to fund an active member's additional pension contributions shall be made by Beckfoot Trust's Board of Directors. The process for this is to submit an application, supported by a business case in writing to the Chief Operating Officer (COO).

5.0 Flexible Retirement

The provisions of Regulation 30 (6) (of the LGPS Regulations 2013) permit an employee who has attained the age of 55 or above and who is a member of the Local Government Pension Scheme to request to receive all or part of their pension benefits if they reduce the hours they work and/or the grade in which they are employed notwithstanding that they have not retired from pensionable employment. Any benefits paid are actuarially reduced to reflect early payment. unless the employer waives reduction on compassionate grounds, or a member has protected rights. This is known as "Flexible Retirement".

5.1 Policy Statement

- 5.1.1 Any person applying for Flexible Retirement must normally be prepared to agree to a reduction of at least 20% of contracted hours or accept a reduction in grade of at least one grade below the employee's previous grade at the point of application.
- 5.1.2 Beckfoot Trust **does not** consider the exercise of this discretion to be an integral part of its employment policy. This discretion will only be exercised to members where there is, in the opinion of Beckfoot Trust, a financial or operational benefit to the Trust in granting the member's request for flexible retirement.
- 5.1.3 Any application by a scheme member must be supported by a business case in writing to the Chief Operating Officer (COO)
- 5.1.4 Beckfoot Trust will consider supporting an application made under Regulation 30 (6) provided there is evidence that if granted the application is cost neutral. The application will be considered on its individual merits and Beckfoot Trust shall have regard to the following:
- The operating requirements of the particular Department in which the individual works
 - Whether there is evidence of demonstrable cost saving in excess of the potential savings to be made under current severance arrangements
 - The individual's personal circumstances.

5.1.4 Beckfoot Trust will not as a general rule, exercise its discretion to waive any actuarial reduction in benefits although each case will be considered on its merits (see below).

5.1.5 Any such application which is not cost neutral will only be considered in exceptional circumstances and where in the sole opinion of Beckfoot Trust there is supporting evidence justifying the approval of the application. In determining “exceptional circumstances” Beckfoot Trust shall have regard to the following:

- The interests of Beckfoot Trust.
- The operating requirements of the particular Department in which the individual works.
- The individual’s personal circumstances.
- The cost to Beckfoot Trust of meeting the request including the additional contributions due to the West Yorkshire Pension Fund by Beckfoot Trust in respect of the exercise of this discretion.
- Any potential benefits or savings to Beckfoot Trust arising from the exercise of this discretion for example whether there is evidence of demonstrable cost saving in excess of the potential savings to be made under current severance arrangements.
- Other options that are, from time to time, available under Beckfoot Trust 's severance arrangements.
- The funding position of Beckfoot Trust within the West Yorkshire Pension Fund.
- The ability of Beckfoot Trust to meet the cost of granting the request.

5.1.5 Decisions which are not cost neutral to the Trust shall be made by the Trust’s Board of Directors.

6.0 Waiving Actuarial Reductions

The provisions of Regulation 30(8) (of the LGPS Regulations 2013) allow the employer to waive all or part of the actuarial reductions applied to a member’s benefits as follows:

- All of the reductions in respect of pre 1 April 2014 benefits *but only on compassionate grounds* (paragraph 2 of Schedule 2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014);
- All or part of the actuarial reductions in respect of post 1 April 2014 benefits *on any grounds*.

6.1 Policy Statement

6.1.1 Beckfoot Trust **does not** consider the exercise of this discretion to be an integral part of its employment policy.

6.1.2 This discretion will only be exercised in the most exceptional circumstances. Applications for Beckfoot Trust to waive all of the actuarial reductions applied to benefits for service before 1 April 2014 on the grounds of compassion will only be considered if:

- In Beckfoot Trust 's sole opinion, the special extenuating circumstances surrounding the application, along with the supporting evidence provided, justify approval and
- Beckfoot Trust can meet the cost of granting such a request.

6.1.3 Applications for Beckfoot Trust to waive all, or part, of the actuarial reductions applied to benefits for service after 1 April 2014 will only be considered with regard to the following:

- In Beckfoot Trust's sole opinion, the special extenuating circumstances surrounding the application, along with the supporting evidence provided, justify approval;
- There are demonstrable cost savings in excess of potential savings available under any severance arrangements in place from time to time;
- The request may facilitate further changes within the organisation which could lead to savings in future;
- Beckfoot Trust can meet the cost of granting such a request;

6.1.4 Decisions as to whether to waive the actuarial reductions applied to a member's pension benefits shall be made by the Trust's Board of Directors. An application for additional pension must be supported by a business case in writing to the Chief Operating Officer (COO).

7.0 Switching on the 85 Year Rule

The provisions of paragraph 1 (1) (C) of Schedule 2 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 allow the employer to 'switch on' the 85 year rule to allow members to receive benefits either unreduced or with a smaller reduction up to their 85 year rule date. The employer will be responsible for meeting any strain costs relating to benefits being paid before age 60.

7.1 Policy Statement

7.1.1 Beckfoot Trust **does not** consider the exercise of this discretion to be an integral part of its employment policy.

7.1.2 This discretion would only be exercised in the most exceptional circumstances having regard to Beckfoot Trust's general policies and the particular circumstances of the case. Beckfoot Trust will only consider exercising this discretion in the most exceptional circumstances having particular regard to:

- The interests of the Trust;
- Whether any demonstrable cost saving in excess of potential savings available under any severance arrangements in place from time to time;
- Whether the request may facilitate further changes within the organisation which could lead to savings in future;
- Any potential benefits or savings to Beckfoot Trust;
- The member's personal circumstances;
- Beckfoot Trust 's ability to meet the cost of granting such a request;

7.1.3 Decisions as to whether to 'switch on' the 85-year rule shall be made by the Trust Board of Directors. An application for additional pension must be supported by a business case in writing to **XX**.

8.0 Review

8.1. A copy of this document is published on Beckfoot Trust's website and will be sent to West Yorkshire Pension Fund as the appropriate pensions administering authority.

8.2 In preparing this policy statement, we have had regard to the extent to which the exercise of the functions mentioned in this policy could lead to a serious loss of confidence in the public service. We are satisfied that our adopted policies would not lead to any such loss of confidence and that the policy individually and generally is workable, affordable and reasonable having regard to foreseeable costs.

- 8.3 All personal data collected, processed and stored under the provisions of this policy will be in accordance with our data protection policy, and our Workforce Privacy Notice, and in line with the requirements of the Data Protection Legislation (being (i) the General Data Protection Regulation ((EU) 2016/679) (unless and until the GDPR is no longer directly applicable in the UK) and any national implementing laws, regulations and secondary legislation, as amended or updated from time to time, in the UK and then (ii) any successor legislation to the GDPR or the Data Protection Act 1998, including the Data Protection Act 2018).
- 8.4 This policy will be kept under review. It will be reviewed at least every 2 years, or earlier where the relevant regulations are amended. Any subsequent change in this policy statement will be notified to affected employees and to West Yorkshire Pension Fund and will be published on our Trust's website before the end of the month that any such revisions are made in.