



The local government pension scheme employer discretion policy

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Introduction

Background

In December 2011 the Secretary of State for Education and the Secretary of State for Communities and Local Government issued a joint letter to local authorities and LGPS Funds. This letter clarified Ministers’ views of how academies should be treated within the scheme.

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Academies are standalone employers, separate from the local education authority, and are therefore able to choose their own discretion policies, but are responsible for the costs of those policy decisions.

Academies still need individually tracked positions in order to produce FRS102 pension disclosures in their annual accounts.

This position will continue to be reviewed as further guidance is due to be issued by the Government on how they propose any pooling arrangement would operate. Hopefully this will address a number of the issues or concerns currently unresolved by the proposal.

Scope

This policy will apply to all Trust employees who are members of the Local Government Pension Scheme. It does not apply to staff employed under Teacher terms and conditions of employment.

This policy provides clear guidance on how the Trust will exercise these discretions. In doing so, the Academy has sought to provide fair and affordable benefits for its staff.

REGULATION - 12: Augmentation of membership of an active member (up to 10 years)

- The Trust will not normally exercise this discretion and will not normally augment pensions for staff leaving under redundancy, early retirement in the interests of efficiency or voluntary early retirement. The augmentation will only be granted in very exceptional circumstances and will be at the discretion of the full Board of Trustees. Any costs associated with the granting of the discretion will be met from the relevant Academy budget.

REGULATION 13: Whether to grant additional pension to a member (up to £5,000pa)

- The Trust will not exercise this discretion in addition or as an alternative to augmentation for staff leaving under redundancy, early retirement in the interests of efficiency or voluntary early retirement.

REGULATION 18 (1): Whether all or some benefits can be paid if an employee reduces hours/grade and continues to work (“flexible retirement”)

- Where an employee seeks The Trust consent to take flexible retirement, the Academy will assess the request on its merits, taking into account any capital costs of flexible retirement, and the individual circumstances.

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- Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will be reduced. The amount of reduction to the pension and lump sum is determined by an actuarial calculation based on a formula determined by the Government Actuary’s Department.
- Flexible retirement must be approved by the Chief Executive Office and the final agreement will rest with the Board of Trustees. Any costs associated with granting flexible retirement will be met from the relevant Academy budget.

REGULATION (3): Waiving actuarial reduction on flexible retirement.

The Trust will not normally exercise this discretion. Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will be:

- The amount of reduction to the pension and lump sum is determined by an actuarial calculation based on a formula determined by the Government Actuary’s Department. The decision to waive the actuarial reduction will only be applied in exceptional circumstances, at the discretion of the Board of Directors.
- Any costs associated with the granting of this discretion will be met from the relevant Academy budget.

REGULATION 30 (2): Whether to allow early payment of benefits at/after age 50 (55 from 2010).

- Where an employee seeks the Trust consent to take early retirement, the Academy will assess the request on its merits, taking into account any capital costs of early retirement, and the individual circumstances.
- Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will be reduced. The amount of reduction to the pension and lump sum is determined by an actuarial calculation based on a formula determined by the Government Actuary’s Department.
- Early retirement must be approved by the Chief Executive Officer and the final agreement will rest with the Board of Trustees. Any costs associated with granting early retirement will be met from the relevant departmental budget.

REGULATION 30 (3): Waiving actuarial reduction on early retirement.

- In exceptional circumstances, the reduction to the pension and lump sum may be waived this will usually be on compassionate grounds. The Trust will apply the definition “inclined to pity or mercy” to determine whether reduction in pension benefits is to be waived. The decision to waive the actuarial reduction will only be applied in exceptional circumstances, at the discretion of the Chief Executive Officer and Board of Trustees. Any costs associated with the granting of this discretion will be met from the relevant Academy budget.

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Admin 16(4)(b)(ii): Whether to extend 12-month period to combine previous LG service.

The Trust will not normally exercise this discretion.

- Each request will be considered on an individual basis and the Trust reserves the right to decline requests.

REGULATION 3 Determine rate of employees' contributions.

The Trust will apply the following principles to allocate a member of staff to the correct contribution band:

- All active members of the Local Government Pension Scheme will be allocated to a contribution bands based on their full-time equivalent pensionable pay.
- The contribution band ranges will increase on 1 April each year by the rise in the Retail Price Index.
- All active members of the Local Government Pension Scheme will be allocated to the relevant contribution band on 1 April each year or at the commencement of their employment with the Trust.

The Trust will reassess and adjust an individual employee's contribution band part-way during the financial year in the following instances: When there has been a contractual change during the year (e.g. promotion) requiring the salary to be adjusted. This will avoid underpayment of contributions by the Trust and will prevent any potential claims of inequality from a new employee being appointed on the same pay but within a higher employee contribution band.

- Where a national pay award is applied mid-year, or backdated to 1 April.
- Where an employee has been placed in the wrong contribution band in error, which may result in a shortfall in contribution rates at subsequent evaluations.

Admin 22(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 Trust will allow the extension of the period in cases where the member of staff was not notified of the right to pay conditions.

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Admin 83(8): Whether to extend 12-month period to allow a transfer-in of non-LG pension rights.

- The Trust will not exercise this discretion. The Council will only use its discretion in relation to requests to transfer-in previous Local Government, or broadly similar public sector pensions – see above.

Legislation

- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
- The Local Government Pension Scheme (Administration) Regulations 2008
- The Local Government Pension Scheme Regulations 1995 and 1997 (as amended)
- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 and 2006 (as amended)

Review of policy

The Board of Trustees, through the appropriate Committee, reviews this policy and procedure every three years. It may however, review this policy and procedure earlier than this if the government produces new regulations, or if it receives recommendations on how the Policy and procedure might be improved. After every review the policy will be approved by the Trust Board.

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