

CHURCHILL & BLAKEDOWN PARISH COUNCIL

LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS POLICY



Statement of policy

On the Local Government Pension Scheme Regulations (LGPS) 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014:

All Scheme employers participating in the LGPS in England or Wales must formulate and publish a 'statement of policy' regarding the discretions they have the power to exercise, confirming how the employer will handle these discretions and any associated costs.

Worcestershire Pension Fund request scheme employers to ensure they have a discretions policy in place, review and update the policy annually and provide a copy to the Pension Fund for reference. New employers must do this within three months of becoming an LGPS employer. Failure to hold one is a breach of the scheme regulations.

Further guidance for Discretionary policies is available on the [LGPS website](#).

Background

A discretions policy gives employers flexibility to manage issues relating to LGPS benefits for both current and former employees. You are not required to include all discretions, or decision-making powers in your policy. However, there are a number of key areas where setting a policy and publishing it is a statutory requirement.

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This document sets out a base template that scheme employers can use to create their policy on the operation of each of the **mandatory discretions** (*points 1-6*) and **optional discretions** (*points 7-13*), available under the LGPS Regulations. It states whether or not you as an employer wish to exercise your discretions, how they will be operated and the circumstances and criteria for applying them.

You may wish to consult your employees and unions before making or changing a policy. Any amendments made to a policy must be published and a copy sent to the Fund within one month of the changes being made. Please note that it has to be published for one month before you can exercise any new decisions.

Academies need their own policy, but it is acceptable to have one policy for Multi-Academy Trusts to cover all academies within that Trust.

Supporting Information for reference

1. Power to award additional Pension (Regulations 31 of the 2013 Regulations)

Whether, at the full cost to the Scheme employer, to grant extra annual pension of up to £8,903 (figure for 2025/2026) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

2. Cost share of purchasing additional pension (Regulations 16(2)(e) and 16(4)(d) of the LGPS Regulations 2013)

Whether, where an active member wishes to purchase extra annual pension of up to £8,903 (figure for 2025/2026) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC).

- any extra annual pension granted by the Scheme employer under a SCAPC arrangement would be subject to an actuarial reduction for early payment where, other than in a case of ill health retirement, that extra pension is drawn before the member's Normal Pension Age.
- the amount of extra annual pension purchased (or being purchased) by the Scheme employer under a Shared Cost Additional Pension Contributions (SCAPC) arrangement (including a SCAPC arrangement where a Scheme employer is contributing 2/3rds of the cost of purchasing pension 'lost' during a period of absence) reduces the amount of extra annual pension the Scheme employer could award under 1 above.
- the policy intention is that the maximum amount of £8,903 (figure for 2025/2026) should include any amount of extra pension already purchased, or being purchased, by the member under regulation 14 of the LGPS (Benefits, Membership and Contributions) Regulations 2007

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- Note: this discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work (or a longer period if the employer allows) to pay a SCAP to cover the amount of pension ‘lost’ during that period of absence. In those cases, the employer **must** contribute 2/3rds of the cost to a SCAPC; there is no discretion. (regulation 15(5) of the LGPS Regulation 2013).

3. Flexible Retirement (Regulation 30(6) of the 2013 Regulations)

Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade [regulation 30(6) of the LGPS Regulations 2013] and, if so, as part of the agreement to allow flexible retirement:

- whether, in addition to the benefits the member has built up prior to 1 April 2008 (which the member must draw), to allow 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 / or
- all, part, or none of the pension benefits they built up after 31 March 2014 [regulations 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014], and
- whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA)
- Please note that with effect from 06/04/2028, the minimum age of 55 increases to 57.

4. Switching on the 85-year Rule (Para 1(2) & 1(1)(c) of Schedule 2 of the TP Regulations)

Whether to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Active members can voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85-year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the employer has the discretion to “switch it on” for voluntary retirements between age 55 and 60.

This discretion **does not** apply to flexible retirement.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not.

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If the employer does agree to “switch on” the 85-year rule, the employer will have to meet the cost of any strain on the fund resulting from the payment of benefits before age 60 i.e., where the member has already met the 85-year rule or will meet it before age 60.

5. Waving of Actuarial Reductions (Regulation 30(8) of the 2013 Regulations)

Employers can agree to waive any actuarial reductions due in the case of employees retiring any time after age 55. Employers should also note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

There are 4 member groups which you would be making the discretions apply, the below covers in what circumstance reductions can be waived and to which benefits these would apply.

Group 1 - Members joined before 1 October 2006 and who reached 60 before 1 April 2016

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2016
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2016

Group 2 - Members joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and also meet their critical retirement age before 1 April 2020 (date member meets the 85-year rule)

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2020
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2020

Group 3 - Members joined before 1 October 2006 and who reach age 60 after 1 April 2016 but before 31 March 2020 and don't meet their critical retirement age before 1 April 2020 (date member meets the 85-year rule)

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

Group 4 - Members joined after 1 October 2006

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

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6. Shared Cost Additional Voluntary contributions (Transitional Provisions, Savings and Amendment Regulations 2014)

Whether, how much, and in what circumstances to contribute to a SCAVC arrangement [regulation 17 of the LGPS Regulations 2013 and regulation 15(2A) of the LGPS.

7. Shared Cost Additional Pension (Regulation 16(16) of the LGPS Regulations 2013)

Whether to extend the 30-day deadline for member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave).

8. Transfers of Pension Rights (Regulation 100(6))

Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS. Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within in 12 months of becoming an active member.

An employer may allow a longer period than 12 months.

9. Membership Aggregation (Regulation 22 (7)(b), (8)(b))

Whether to extend the 12-month option period for a member to elect to join their deferred benefits to their current employment/membership. The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months.

10. Membership Aggregation (pre 2014 benefits) (Regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 as amended by regulation 27 of the LGPS)

Whether to extend the 12 month time limit within which a member (who has not elected to be treated as a member who, in the same employment, was contributing to the Scheme on both 31 March 2014 and 1 April 2014) who has a deferred LGPS benefit in England or Wales following the

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cessation of employment before 1 April 2014, to elect to aggregate their deferred benefits with their new LGPS employment that commenced on or after 14 May 2018, to purchase earned pension [regulation 10(6) of the LGPS.

There may be circumstances where it would be reasonable to accept a late election to aggregate benefits.

- where the available evidence indicates the member made an election within 12 months of joining the LGPS, but the election was not received by the Pension Fund administering authority (e.g., the election form was lost in the post).
- where the available evidence indicates the member had not been informed of the 12-month time limit due to maladministration.

11. Employee Contribution determination (Regulations 9 and 10 of the LGPS Regulations 2013)

How the pension contribution band to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which the Scheme employer will, in addition to the review each April, review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March).

12. Assumed Pensionable Pay (lump sum) (Regulations 21(4)(a)(iv), 21(4)(b)(iv) and 21(5) of the LGPS Regulations 2013)

Whether, when calculating assumed pensionable pay when a member is: - on reduced contractual pay or no pay on due to sickness or injury, or - absent during ordinary maternity, paternity or adoption leave, or paid shared parental leave, or during paid additional maternity or adoption leave, or - absent on reserve forces service leave, or - retires with a Tier 1 or Tier 2 ill health pension, or - dies in service 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 Scheme employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.

13. Assumed Pensionable Pay (regulations 21(5A) and 21(5B) of the LGPS Regulations 2013, regulation 7 of the LGPS (Amendment) Regulations 2018)

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When a member is: on reduced contractual pay or no pay due to sickness or injury, or - absent during ordinary maternity, paternity or adoption leave, or paid shared parental leave, or during paid additional maternity or adoption leave, or - absent on reserve forces service leave, or - retires with a Tier 1 or Tier 2 ill health pension, or - dies in service if, in the Scheme employer's opinion, the pensionable pay received in relation to an employment (adjusted to reflect any lump sum payments) in the 3 months (or 12 weeks if not paid monthly) preceding the commencement of Pensionable Pay (APP), is materially lower than the level of pensionable pay the member would have normally received, decide whether to substitute a higher level of pensionable pay when calculating APP, having had regard to the level of pensionable pay received by the member in the previous 12 months.

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Discretions Position

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Regulation Reference	Discretion Type	Discretion Explanation	Employer Position
1. Regulations 31 of the 2013 Regulations	Power to award additional pension	Whether, at the full cost to the Scheme employer, to grant extra annual pension of up to £8,903 (figure for 2025/2026) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. See point 1.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
2. Regulations 16(2)(e) and 16(4)(d) of the LGPS Regulations 2013	Cost share of purchasing additional pension.	Whether, where an active member wishes to purchase extra annual pension of up to £8,903 (figure for 2025/2026) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC)	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
3. Regulation 30(6) of the 2013 Regulations <ul style="list-style-type: none"> ○ Regulation 3(1) of the TP Regulations ○ Para 2(1) of Schedule 2 of the TP Regulations ○ Regulations 30(5) and 30A (5) of the Benefits Regulations 	Whether to allow flexible retirement	Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade. See point 3. Please note that with effect from 06/04/2028, the minimum age of 55 increases to 57.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
4. Para 1(2) & 1(1)(c) of Schedule 2 of the TP Regulations	Switching on the 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. See point 4.	Churchill & Blakedown Parish Council will not have a general policy to exercise this

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			discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
5. Regulation 30(8) of the 2013 Regulations	Waiving of actuarial reductions	Whether to waive, in whole or in part, any actuarial reductions on benefits which a member voluntarily draws before normal pension age (other than on the grounds of flexible retirement). See point 5.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.

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Regulation Reference	Discretion Type	Discretion Explanation	Employer Position
6. Transitional Provisions, Savings and Amendment Regulations 2014	Shared Cost Additional Voluntary contributions	Whether, how much, and in what circumstances to contribute to a SCAVC arrangement	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
7. Regulation 16(16) of the LGPS Regulations 2013	Shared Cost Additional Pension	Whether to extend the time limit for a member to elect to purchase additional pension by way of a shared cost additional pension contribution (SCAPC) upon return from a period of absence.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
8. Regulation 100(6) of the LGPS Regulations 2013	Transfers of Pension Rights	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS. See Point 6.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.

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9. Regulations 22(7) and (8) of the LGPS Regulations 2013	Membership Aggregation Regulation	Whether to extend the 12-month option period for a member to elect to join deferred benefits to their current employment/membership. See Point 5.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
10. Regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 as amended by regulation 27 of the LGPS (Amendment) Regulations 2018	Membership Aggregation (pre 2014 benefits)	Whether to extend the 12 month time limit within which a member (who has not elected to be treated as a member who, in the same employment, was contributing to the Scheme on both 31 March 2014 and 1 April 2014) who has a deferred LGPS benefit in England or Wales following the cessation of employment before 1 April 2014, to elect to aggregate their deferred benefits with their new LGPS employment that commenced on or after 14 May 2018, to purchase earned pension	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
11. Regulations 9 and 10 of the LGPS Regulations 2013	Employee Contribution determination	How an employee's contribution band will be initially determined and thereafter reviewed.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
12. Regulations 21(4)(a)(iv), 21(4)(b)(iv) and 21(5)	Assumed Pensionable Pay (lump sum)	Whether to include a regular lump sum payment when calculating assumed pensionable pay.	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion

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of the LGPS Regulations 2013			but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.
13. Regulations 21(5A) and 21(5B) of the LGPS Regulations 2013, regulation 7 of the LGPS (Amendment) Regulations 2018	Assumed Pensionable Pay	Whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay	Churchill & Blakedown Parish Council will not have a general policy to exercise this discretion but will consider a case-by-case basis, taking into account business needs, financial implications, and fairness.