

# Pensions Committee

2.00 p.m., Tuesday, 6 December 2016

## Lothian Pension Fund Discretions Policy

Item number	5.7
Report number	
Executive/routine	
Wards	All

### Executive summary

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The Lothian Pension Fund's (Discretions) Policy has been reviewed and minor amendments proposed to align with the administrative experience, following the introduction of the new Local Government Pension Scheme (LGPS) in 2015.

### Links

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Coalition pledges

Council outcomes [CO26](#)

Single Outcome Agreement

## Lothian Pension Fund Discretions Policy

### Recommendations

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Committee is requested to:

- 1.1 Invite the Pension Board to raise any relevant matters or concerns which the Committee should consider.
- 1.2 Approve the amended Lothian Pension Fund's Discretions Policy, as shown at Appendix 1.

### Background

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- 2.1 Discretions exist within the Local Government Pension Scheme (Scotland) Regulations 2014. The City of Edinburgh Council, as administering authority for Lothian Pension Fund, is responsible for exercising those discretions.
- 2.2 On 25 March 2015, Pensions Committee approved the Policy to accord with the new LGPS regulatory requirements effective from 1 April 2015.

### Main report

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- 3.1 The Fund has reviewed its Discretions Policy and minor proposed revisions are shown in full at Appendix 1. For clarity, the existing policy has been shown in italics below each revision. Amendments reflect the administrative experience following the introduction of the new LGPS regulations in 2015, with the objectives of enhancing both transparency and fairness.

### Measures of success

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- 4.1 Clarity of the policy should ultimately serve to enhance customer satisfaction and make administration easier.

### Financial impact

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- 5.1 There are no financial implications arising directly from this report.

## Risk, policy, compliance and governance impact

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- 6.1 Regular review of the Discretions Policy is an integral to good governance. The clarity and detail of this policy serve to mitigate the risk of challenge to decisions made by the Fund

## Equalities impact

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- 7.1 The proposed revisions to the discretions policy should serve to ensure equality in the delivery of the administration service needs of the Fund's members and employers.

## Sustainability impact

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- 8.1 There are no adverse sustainability impacts arising from this report.

## Consultation and engagement

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- 9.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the Funds.

## Background reading/external references

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[Lothian Pension Fund Discretions policy - June 2015](#)

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## Links

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### Coalition pledges

**Council outcomes** CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives

### Single Outcome Agreement

**Appendices** Appendix 1 – Lothian Pension Fund Pensions Discretions Policy – Proposed Amendments

# Lothian Pension Fund Pensions Discretions Policy – Proposed Amendments

## Appendix 1

	<b>Local Government Pension Scheme Administering Authority Discretions/Decisions</b>	<b>Revised Policy / Current Policy</b>
21	Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment).	If no option is received Lothian Pension Fund will aggregate the terminated concurrent employment to the active account that is most beneficial to the member.
21 Existing	<i>Automatically aggregate terminated concurrent employments with active concurrent employment if no option is received from the scheme member within one month of being notified of the option to aggregate.</i>	<i>Lothian Pension Fund will automatically aggregate terminated concurrent employments with active concurrent employments if no option is received from the scheme member within one month of being notified of the option.</i>
30	Can pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without the need for confirmation, grant of probate/letters of administration.  Decide to whom a death grant is paid.	As required Lothian Pension Fund will use its absolute discretion in accordance with the regulations and in the first instance consider the member's expression of wish form. Where no valid nomination exists or is considered inappropriate, before deciding to whom the death grant should be paid the fund will gather background information including any valid will. Where a will has been made consideration will be given to the deceased's wishes. Where no valid will exists, payment may be made to obvious beneficiaries i.e. spouse, children, dependant, relative, executors or any other person who makes a valid claim. In cases where a number of potential beneficiaries exist, dependency and intestate law will be considered as a guide to determining claims
30 Existing	<i>Can pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without the need for confirmation, grant of probate/letters of administration.  Decide to whom a death grant is paid.</i>	<i>As required Lothian Pension Fund will use its absolute discretion in accordance with the regulations and in the first instance consider the member's expression of wish form. Where no valid nomination exists, payment may be made to an obvious beneficiary i.e. spouse, children, dependant, relative, executors or any other person who makes a valid claim. In cases where a number of potential beneficiaries exist, dependency and intestate law will be considered as a guide to determining claims.</i>

# Lothian Pension Fund

## Administering Authority Discretions Policy

	<b>Local Government Pension Scheme Administering Authority Discretions/Decisions</b>	<b>Revised Policy / Current Policy</b>
39	Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of co-habiting partner and scheme member	Lothian Pension Fund will require at least one of the following evidence from at least two years prior to the date of death: <ol style="list-style-type: none"> <li>1. Joint tenancy agreement/mortgage statement</li> <li>2. Council tax charges</li> <li>3. Joint bank account that shows regular utility payments i.e. rent, mortgage, shopping etc</li> <li>4. Utility bills</li> </ol>
39 Existing	<i>Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of co-habiting partner and scheme member</i>  (This discretion is being amended because the interpretation of "cohabiting partner" is defined in Schedule 1 of The Local Government Pension Scheme (Scotland) 2014 therefore condition 1, 2 and 4 is not required.)	<i>Lothian Pension Fund will require the following documentary evidence from at least two years prior to the date of death:</i> <ol style="list-style-type: none"> <li>1. <i>Proof that the scheme member and co-habiting partner were free to marry each other</i></li> <li>2. <i>Proof of co-habitation</i></li> <li>3. <i>Proof of financial interdependency</i></li> <li>4. <i>A declaration from the co-habiting partner that neither they nor the scheme member had been living with someone else as if they were husband and wife or civil partners.</i></li> </ol>
45	For members <i>subject to the provisions of earlier regulations</i> , decide whether to commute pension on grounds of serious ill-health	Subject to the member's wishes and medical certification that life expectancy is less than one year, Lothian Pension Fund will commute pension on grounds of serious ill-health.
45 Existing	<i>Decide whether to commute pension on grounds of serious ill-health.</i>	<i>Subject to the member's wishes and medical certification that life expectancy is less than one year, Lothian Pension Fund will commute pension on grounds of serious ill-health.</i>

# Lothian Pension Fund

## Administering Authority Discretions Policy

Other Discretions (not covered under the provisions of the LGPS)		
53	<p><b><u>DELETE</u></b> - Scheme members who have a deferred Scottish local government benefit and rejoin the LGPS, doesn't aggregate benefits and leaves again within two years.</p> <p>This discretion is no longer required due to legislation changes from 1 April 2015 making a refund not possible. LGPS 2014 clarifies that members who left with a deferred benefit and rejoins LGPS 2014 will have qualifying service of two years if they already hold a deferred benefit or are in receipt of a pension.</p>	<p>To avoid making unauthorised payments, Lothian Pension Fund will <b>not</b> subsequently pay a short service refund lump sum to the member on leaving.</p>