



## **Pensions Committee**

2.00pm, Wednesday, 25 September 2024

### **Administering Authority Discretions Policy**

#### **Item number 6.3**

#### **1. Recommendations**

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The Pensions Committee (Committee) is requested to:

- 1.1 Approve the draft revised Administering Authority discretions policy.

#### **Helen Honeyman**

Chief Operating and People Officer, Lothian Pension Fund

Erin Savage, Head of Operations, Lothian Pension Fund

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# Administering Authority Discretions Policy

## 2. Executive Summary

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- 2.1 Committee are requested to approve an amendment to the administering authority discretions policy.
- 2.2 This relates to reinstatement of survivor pensions.

## 3. Background

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- 3.1 The Local Government Pension Scheme (Scotland) Regulations 2018, allow for certain decisions to be made by the administering authority, mainly in relation to operational matters. The policy statement is kept under review and is published on the Fund's website.
- 3.2 The current administering authority discretions policy was approved by Committee in March 2023.
- 3.3 In addition to the administering authority discretions policy, each scheme employer is also required to put in place a policy setting out how they will exercise certain other discretions.

## 4. Main Report

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### Reinstatement of survivor pensions

- 4.1 The Local Government Pension (Scotland) Regulations 2018, and certain previous regulations do not impose restrictions on payment of survivor pensions in the event of a subsequent remarriage. However, the Local Government Superannuation (Scotland) Regulations 1987 and the Local Government Superannuation (Scotland) Regulations 1974 both state that survivor pensions are not payable where the survivor remarried or is cohabiting. This means that administering authorities are required to stop payment of pensions during any period of remarriage or cohabitation.
- 4.2 The regulations do however provide that the administering authority may, at its discretion, reinstate the survivor pension should the subsequent marriage or period of cohabitation come to an end. In the interest of equality between different regulations, the fund will exercise this discretion and on receipt of confirmation that the remarriage/cohabitation has ended, will reinstate previously suspended pensions from the day after the remarriage/cohabitation has ended.

- 4.3 An additional provision, (item 53) has been added to the discretions policy to confirm this approach.
- 4.4 If, however, late notification of the remarriage led to a significant overpayment of pension, the fund will only reinstate the pension after remarriage/cohabitation has ended once the overpayment has been recovered.
- 4.5 The draft revised discretions policy is attached as Appendix 1 to this report.

## **5. Financial impact**

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- 5.1 Reinstatement of survivor pensions does lead to additional costs, the amount depending on the value of the pension at the time of reinstatement and ultimately the length of time the reinstated pension is paid. However, given that the proposed policy amendment relates only to survivor pensions awarded under the 1974 and 1987 regulations, the number of cases is likely to be small. Therefore the overall impact on liabilities will be minimal.

## **6. Stakeholder/Regulatory Impact**

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- 6.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.
- 6.2 Regular review of the discretion policy is integral to good governance.
- 6.3 There are no adverse health and safety, governance, compliance or regulatory implications as a result of this report.

## **7. Background reading/external references**

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- 7.1 None.

## **8. Appendices**

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Appendix 1 Draft revised Administering Authority Policy Statement.