

Lancashire Local Pension Board

Meeting to be held on Tuesday, 2 April 2024

Electoral Division affected:
N/A;

Discretions Policy Review

Appendices 'A' and 'B' refer.

Contact for further information:

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Brief Summary

Local Government Pension Scheme Regulations require Lancashire County Council, as the Adminstrating Authority for the Lancashire County Pension Fund, to prepare and keep under review its statements of policy concerning the discretionary areas of the Local Government Pension Scheme regulations.

Recommendation

The Local Pension Board is asked to note and comment on: –

1. an updated version of the Fund's Discretions Policy Statement, as set out at Appendix A, which has been prepared in accordance with the regulations and has been updated to reflect current practices and regulatory updates; and
2. a proposed revision to the Fund's abatement policy for any pre-1st April 2014 element of pensions in payments, where a member is re-employed following ill-health retirement as set out at Appendix B.

Detail

The Fund's Discretions Policy Statement was last reviewed and approved by the Pension Fund Committee in March 2019.

The Policy Statement has now been reviewed and an updated draft is set out at Appendix A for the Board's consideration. Certain aspects of member's benefits and employer actions within the Local Government Pension Scheme are subject to discretionary decisions by the relevant scheme employer or – in a limited number of situations – by the Administering Authority. This Statement documents the administering authority decisions. Areas where decisions fall include:



- Employer admissions and leaving the Pension Fund;
- Additional contribution/benefit payments;
- Early payment of benefits; and
- Various policies such as Funding Strategy Statement.

The review identified some non-substantive, 'housekeeping' style updates, as well as a need to consider in further detail the Fund's policy on abatement.

The amendments in the draft cover the following areas:

1/ Amendments and corrections to outdated text and hyperlinks

Reference to Altair has been replaced with Universal Pensions Management System following the change of administration software in December 2022.

Hyperlinks have been updated to direct the reader to the correct location for various policy revisions made since 2019.

2/ Amendments to listed delegated powers

Local Pensions Partnership Administration Limited have, from 1st April 2016, administered the Local Government Pension Scheme on behalf of the Lancashire County Pension Fund. For administrative processing purposes there are a couple of minor discretionary decisions that are delegated to the Local Pensions Partnership Administration Limited. Specifically, the policy has been amended to show the delegated power transferring from the 'Deputy Director for Member Operations' to the 'Operations and Commercial Director' following a restructure of the senior management team in November 2022. (Highlighted in the appendix)

3/ Review of the Fund's policy on abatement of the pre-1 April 2014 element of pensions in payment following re-employment

The proposed change is referenced on the penultimate page of Appendix A. The Board is asked to consider a change to the Fund's current policy in respect of abatement. See appendix B for further details.

4/ Review on how the Fund will deal with any Bulk transfer payments

Following the review of the Funding Strategy Statement in March 2019 it was intended to review the bulk transfer process. This has now been concluded.

Bulk transfers occur infrequently, and the Fund will continue to take advice from the Scheme Actuary in respect of each individual bulk transfer and, where the Fund is satisfied that the members rights acquired under bulk transfer terms in the new scheme are at least equivalent to those which would have obtained if individual transfer values had been paid, then the Fund will agree to the bulk transfer.

The Funding Strategy Statement published in March 2023, outlined that any costs incurred by the Fund will be recharged to the receiving/transferring employer.



There is no change to the policy regarding this discretion.

Next steps

The Fund team will consult with all Scheme employers regarding the abatement policy prior to making any amendment.

A formal change to the Discretions Policy Statement (including the abatement policy outcome), will be submitted to a future meeting of the Pension Fund Committee for approval.

Consultations

Local Pensions Partnership Administration Ltd

Implications:

This item has the following implications, as indicated:

Legal

Under regulation 70 of the Local Government Pension Scheme (Administration) Regulations 2008, the County Council as the administering authority must keep under review its policy concerning abatement that is, the extent, if any, to which the amount of retirement pension payable to a member and applicable to period prior to 1 April 2014, should be reduced (or whether it should be extinguished) where the member has entered a new employment with a scheme employer within the Local Government Pension Scheme.

There are no abatement provisions in the Local Government Pension Scheme Regulations 2013. Therefore, if an employee leaves on or after 1 April 2014, draws their pension benefits and are subsequently re-employed in local government, the County Council may not abate their post 1 April 2014 pension.

Finance

n/a

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
n/a		

Reason for inclusion in Part II, if appropriate n/a

