

Lancashire Local Pension Board

Meeting to be held on Tuesday, 18 January 2022

Electoral Division affected: (All Divisions);
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Lancashire County Pension Fund - Death Grant Policy

(Appendices 'A', 'B' and 'C' refer)

Contact for further information:

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Executive Summary

The purpose of this report is to propose specific changes to the Death Grant Policy and seek comments from the Board on those changes. The final Death Grant Policy will be submitted to the Pension Fund Committee for approval in March 2022.

Recommendation

The Board is asked to review and comment on the proposed Death Grant Policy set out at **Appendix 'A'**.

Background and Advice

The Local Government Pension Scheme (LGPS) regulations provide for individual funds to set their own discretionary policies in certain areas. One of the non-mandatory policies the fund has is the Death Grant Policy, which was last reviewed in January 2016.

The existing policy (at **Appendix 'B'**) has worked well but requires updates in response to changes in the structure and roles/job titles of both the Pension Fund Team and Local Pensions Partnership Administration Ltd (LPPA), as well as difficulties in setting up child trust funds to the age of 25 which is the current policy in some cases. This has prompted an overall review of the policy, which takes into account experience of actual cases and situations which may arise.

To summarise the changes under the new headings –

- **Determination of Beneficiary** – this section is now a discreet section which gives guidance on how to prioritise each of the circumstances which may apply to each case, but still gives the freedom (where the decision maker is the Technical Pensions Lead) to use discretion where cases are complex. It references the possible beneficiaries under LGPS regulations 40, 43 and 46 in the first sentence of section 1. It removes reference to next of kin which is not a legally defined term, and instead refers to payment of dependant's

pensions (which will cover co-habiting partners, civil partners, and children's pensions), children and other relatives.

- **Delegation** – A new section which makes clearer where LPPA can make a decision. In all other cases the decision will be taken by the Technical Pensions Lead. Under the existing policy in practice, LPPA tend to refer decisions to the fund where they consider there is any ambiguity, but the draft new policy clarifies this. In addition, in practice complex cases delegated to the Technical Lead are always discussed with the Head of Fund, and this will continue.
- **Arrangements for Children/Young Adults below the age of 21 at time of payment** - The existing policy states that monies will be paid to a Trust fund in exceptional circumstances, but in practice a trust fund is always requested where the payment is over £5k. In addition, in practice it is difficult to set up a trust to be active until age 25. These points have been addressed in the draft policy, and this section now removes the cliff edge which currently exists where a child was 17 years and 11 months and payment was placed in a trust until 25, whereas if they were 18 years and 1 month they could receive payment immediately.

Under this heading, the Pension Board are invited to consider whether there should continue to be a distinction in payment value according to whether the payment is to be placed in trust for a child/young adult under age 21 or under age 18, given that payments can be released by the Trustees in any case before the young person reaches this age. Should all payments over £5,000 be placed in trust to age 21?

- **Payments to the Estate** – the term "letters of representation" has been replaced with "Grant of Probate or Letters of Administration". **Appendix 'C'** gives a summary of the regulations which cover this area.

Changes to the policy have been shared with LPPA and they are supportive of the changes.

Lancashire County Council's Standing Orders state that the Death Grant Policy will be approved by the Pension Fund Committee, and it is intended to request approval of the final policy at the meeting on 11 March 2022.

Consultations

Local Pensions Partnership Administration Limited

Implications:

This item has the following implications, as indicated:

Risk management

This Death Grant Policy gives a framework for appropriate delegation and decision making to take place where death grants become payable. Having a robust policy in place will ensure that decisions are reasonable and consistent.

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

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A