

**The Highland Council**  
**Pensions Committee – 21 February 2014**

Agenda Item	<b>7</b>
Report No	<b>PC/ 03/14</b>

**Discretionary Policies – Administering Authority**

**Report by Director of Finance**

**Summary**

The purpose of this report is to review the Council's discretionary policies under the Local Government (Scotland) Pension Scheme 2008.

**1. Introduction**

- 1.1 The Local Government (Scotland) Pension Scheme Regulations 1998 provide the Council and employers participating in the Highland Council Pension Fund with powers to determine certain policies in respect of the Local Government Pension Scheme to reflect local circumstances.
- 1.2 These Discretionary Policies were first agreed in 1998 and should be reviewed every five years. The last full review took place in 2008 however changes such as flexible retirement and a change to the Voluntary Severance Scheme have been introduced since that date.
- 1.3 Discretionary Polices fall into two distinct categories.
  - 1) Administering Authority. These polices apply to all employing authorities participating in the Highland Council Pension Fund.
  - 2) Employing Authority. Employers participating in the Highland Council Pension Fund are required to formulate and publish specific policies best suited to their own organisational requirements.
- 1.4 The Highland Council is the administering authority for the Highland Council Pension Fund.
- 1.5 This report is in respect of Administering Authority Discretions.
- 1.6 Employer Discretions as stated in para 1.2 have been reviewed since 2008 and any further changes will be reported separately to the Pensions Committee or Finance, Housing and Resources Committee, as appropriate following consultation with the Trade Unions.

**2. Administering Authority Discretions**

- 2.1 A complete list of the Discretions and the Council's current position is included in
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Appendix 1 of this report.

2.2 No changes are proposed to the current position.

### **3. Implications**

3.1 There are no additional implications other than those highlighted in the report.

### **4. Recommendations**

The Committee is asked to agree:

1. the recommendations contained in Appendix 1 of this report
2. that all policies be reviewed in 2018
3. that, in line with the main scheme policy, there be an "opt out" provision allowing reconsideration of any specific discretion if the special circumstances of an individual case merit it.

Designation: Director of Finance

Date: 10 February 2014

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Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
<b>A4 (1) A6 (2) (4)</b>	Whether to agree to an admission agreement with a community body	Allow Community Bodies that meet the criteria to join scheme	None
<b>A9(6)</b>	Whether to agree to an admission agreement with a Care Trust or NHS Scheme employing authority	Yes	None
<b>ASch3, para 10</b>	Whether to terminate a transferee admission agreement in the event of <ul style="list-style-type: none"> <li>• insolvency, winding up or liquidation of the body</li> <li>• breach by that body of its obligations under the admission agreement</li> <li>• failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so</li> </ul>	Yes	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
A16(8)(b)	Whether to extend normal 12 month period following end of relevant reserve forces leave for "Cancelling notice "to be submitted requesting that the service should not be treated as relevant reserve forces service	Not extended	None
A21(3)	Whether to require a satisfactory medical before agreeing to an additional regulation contribution (ARC) election under B14	Yes	None
A21A(3)	Whether to require a satisfactory medical before agreeing to request to pay Additional Survivors Benefits Contributions (ASBCs) under B14A	Yes	None
A25(2)	Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds	No	None
A29(1)	Whether to set up a separate admission agreement fund	No	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
A34(3)	Whether to obtain revision of the rates and adjustments certificate on the termination of an admission agreement where underfunding not met by insurer, bond or indemnity	Yes	None
A34(4)	Whether to obtain revision of an admission body’s contribution rate with a view to ensure no underfunding by time admission agreement terminates	Yes	None
A34(5), A36(4)	Agree method of paying for augmented membership granted under B12 or additional pension granted under B13	Not Applicable .	
A37(2)	Whether to require any strain on Fund costs to be paid “up front” by employing authority following redundancy, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on flexible retirement (but not waiver of reduction in full on compassionate grounds).	Strain costs to be repaid by retiring scheme member’s 60 birthday.  No waiver.	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
A38(1) & (7)	Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge	Annual at year end. No charge.	None
A38(4)	Decide form and frequency of information to accompany payments to the Fund	Details included in Admin Policy Statement	None
A38A	Whether to issue employer with notice to recover additional costs incurred as a result of the employer’s level of performance	Review on case to case basis	None
A39(1)	Whether to charge interest on payments by employers overdue by more than 1 month	Reviewed on a case by case basis	None
A40(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	Whichever option is most appropriate on a case to case basis	None
A45(1)	Recovery of Contributions Equivalent Premiums	Recovered	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
A48(2)	Can pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration	In the absence on a nomination form the death grant would be payable to the surviving spouse or estate	None
A51(2)	Approve medical advisors used by employers (for ill health benefits)	No	None
A59(2)	Whether administering authority should appeal against employer decision (or lack of a decision)	Yes	None
A60A(1) & (2)	Whether to have a written pensions administration strategy and, if so, the matters it should include	Yes . Include , Roles, responsibility and details of Performance indicators.	None but review annually
A62	Date to which benefits shown on annual benefit statement are calculated	31 st March	None
A64(1 & A65(4(c) & T12	Decide policy on abatement of pensions following re-employment	Abatement not applied	None
A76 (1)(b)	Agree to bulk transfer payment	Yes	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
A78(9)	Allow transfer of pension rights into the Fund	Within 12 months of joining. Personal pensions not accepted	None
B23(2) & B32(2) & B35(2) & TSch1 & L155(4)	Decide to whom death grant is paid	Nomination form	None
B25	Decide evidence required to determine financial dependence of nominated co-habitee of scheme member or financial interdependence of nominated co-habitee and scheme member	Co habiting nomination form accepted as sufficient evidence	None
B26(4)	Decide to treat a dependent child who commences full time education or vocational training after the date of the member's death as an eligible child after the child attains age 18 and until age 23	Yes	None
B26(5)(a) & (5)(b)	Decide to treat child as being in continuous education or training despite a break	Yes but not paid during break	None



Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
B26(6)	Decide to treat a dependent child who is disabled within the meaning of the Equality Act 2010 as being an eligible child	Yes	None
B27(5)	Whether to pay the whole or part of a child's pension to another person for the benefit of the child	With sufficient evidence	None
B30(2)	Elections for early payment of deferred benefit or deferred pensioner member benefits where former employer has ceased to exist.	Benefits paid to next of kin	None
B30(2) & 5	Waiving of actuarial reduction where former employer has ceased to exist.	No	None
B39 & T14(3)	Decide whether to commute small pension	Yes	None
B43(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	Yes	None

Regulation No- A – Administration Regs B – Benefit Regs T – Transitional Regs	Description of discretion	Current Highland Council practice / discretion	Proposed change
TSch 1 & L23(9)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts/restrictions occurring pre 1.4.08)	Yes	None
TSch1 & L147	How to discharge Pension Credit liability	Yes	None

## Appendix E – Discretions under the Local Government Pension Scheme Regulations 1995 (as amended) in relation to pre 1.4.98. scheme leavers

Regulation No-	Description of discretion	Current Highland Council practice / discretion	Proposed change
F7(1)	Suspension of spouses' pensions during remarriage or cohabitation	No suspension	None