

Policy on Administering Authority's Discretions

North East Scotland Pension Fund June 2015

The following table details the policy of North East Scotland Pension Fund in the exercise of its discretions under the Local Government Pension Scheme. Those discretions highlighted in **bold** must be published in a written policy by the administering authority and as such an extract of this policy will be posted on the Pension Fund website and distributed to scheme employers.

In the table below, regulations prefixed by “R” refer to The Local Government Pension Scheme (Scotland) Regulations 2014 and prefixed by “TP) refer to The Local Government Pension Scheme (Transitional Provisions and Protections) (Scotland) Regulations 2014. The table identifies those additional discretions from 01/04/2015 in relation to post 31/3/2015 active members and post 31/5/2015 leavers.

Regulation	Discretion	Policy
R4(5)(b)	Whether to agree to an admission agreement with a NHS Scheme employing authority	The Fund will generally allow admitted body status to bodies with the former Grampian Area, provided that such a body meets certain scheme criteria and provides evidence of legal status, good financial covenant, a financial guarantor where required and other related material factors
R3(5) & RSch2, Part 2, para 1	Whether to agree to an admission agreement with a body applying to be an admission body	The Fund will generally allow admitted body status to bodies with the former Grampian Area, provided that such a body meets certain scheme criteria and provides evidence of legal status, good financial covenant, a financial guarantor where required and other related material factors
RSch2, Part 2, para 9(d)	Whether to terminate a transferee admission agreement in the event of <ul style="list-style-type: none"> - Insolvency, winding up or liquidation of body - Breach by that body of its obligations under the admission agreement - Failure by that body to pay over sums 	The Fund will consider each case on its merits

	due to the fund within a reasonable period of being requested to do so	
RSch2, Part 2, para 12(a)	Define what is meant by 'employed in connection with'	The Fund determines that only employees of the body who are employed directly with the provision of the service to a scheme employer may be members of the Scheme;
R16(1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (eg where the sum being paid is very small and could be paid as a single payment)	The Fund has determined that each case will be determined on its merits
R16(10)	(i) whether to require a satisfactory medical before agreeing to an application to pay an APC/SCAPC (ii) Whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonably good health	The Fund has determined that it will consider whether or not a medical is required before agreeing to an application to pay an APC/SCAPC on a case by case basis,
R17(12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	The decision as to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member has been delegated from the Head of Finance to the Pensions Manager
R22(3)(c)	Pension account may be kept in such form as is considered appropriate	The decision as to how Pension account may be kept in such form as is considered appropriate, has been delegated from the Head of Finance to the Pensions Manager
TP10(9)	Decide, in the absence of an election within 12 months of ceasing a concurrent employment, which ongoing employment benefits those of the concurrent employment should be aggregated to (where there is more than 1 ongoing employment)	The Fund has determined that concurrent posts will be aggregated to best previous employment

R66(2)	Whether to require any strain on fund costs to be paid 'up front' by the employing authority following payment of benefits under R29(6) (flexible retirement), 29(7) (redundancy/business efficiency), or waiver (in whole or in part) under R29(8) of any actuarial reduction that would otherwise have been applied to benefits which a member draws voluntarily before normal pension age or to benefits under flexible retirement.	The Fund has determined that strain on the Fund costs are required to be paid up front
TPSch2, para 2(3)	- Whether to require any strain on fund costs to be paid 'up front' by the employing authority if the employing authority applies the 85 year rule for a member voluntarily retiring before normal pension age (other than flexible retirement) prior to age 60 or waives an actuarial reduction under TPSch2, Para 2(1) or releases benefits before age 60 under Benefit reg 30 of the 2009 regulations.	The Fund has determined that strain on the Fund costs are to be paid up front in the event of rule of 85 retirements.
R31(7)	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.	The Fund will extend the time limit within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.
R33(1)	Decide whether to commute small pension	The Fund will commute small pensions on application from the scheme members
R35(3)	Approve medical advisors used by employers (for ill-health benefits)	The Fund will require employers to seek Fund approval for medical advisors used for ill-health benefits. The Fund will maintain a list of those medical advisors it has approved
R36(3)	Decide whether a deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is	The Head of Finance has delegated to the Pensions Managers the decision as to whether or not a deferred beneficiary meets criteria of being permanently incapable of former job because of ill health

	unlikely to be capable of undertaking gainful employment before age 65	and is unlikely to be capable of undertaking gainful employment before age 65
TP17(5) to (8), R38(2), R41(2) & R44(2)	Decide to whom death grant is paid.	The Head of Finance has delegated the decision to whom death grant is paid to the Pensions Manager
R47(1)	Decide, in the absence of an election from the member, which benefit is to be paid when the member would be entitled to a benefit under 2 or more regulations in respect of the same period of scheme membership	The of Head of Finance has delegated the decision, in the absence of an election from the member, which benefit is to be paid when the member would be entitled to a benefit under 2 or more regulations in respect of the same period of scheme membership to the Pensions Manager
R52(1)	Whether to set up a separate admission agreement fund	The Pensions Committee on advice from the Head of Finance will determine whether or not to set up a separate admission agreement fund
R57(1) & (2)	Whether to have a written pensions administration strategy and , if so, the matters it should include	The Fund has determined to have a written pension's administration strategy (PAS).
R62(4)	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a scheme employer will become an existing employer	The Fund has determined to obtain revision of employer's contribution rate if there are circumstances which make it likely a scheme employer will become an exiting employer
R63	Decide whether to obtain a new rates and adjustments certificate if the Scottish Ministers amend the Regulations as part of the 'cost sharing' under R61 (Aggregate Scheme Costs)	The Fund has determined to obtain a new rates and adjustments certificate if the Scottish Ministers amend the Regulations as part of the 'cost sharing' under R61 (Aggregate Scheme Costs)
R67(1)	Decide frequency of payments to be made over to the fund by employers and whether to make an admin charge	The Fund has determined the frequency of payments to be made over to the fund by employers and whether to make an admin charge as detailed in the Funding Strategy Statement (FSS) schedule of employer rates

R67(4)	Decide form and frequency of information to accompany payments to the fund	The Fund has determined the form and frequency of information to accompany payments to the fund as detailed in the PAS
R68 & TP22(2)	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	The Fund has determined to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance as detailed in the PAS
R69(1)	Whether to charge interest on payments by employers which are overdue	The Fund has determined to charge interest on payments by employers which are overdue as detailed in the PAS
R77(2)	Whether admin authority should appeal against employer decision (or lack of decision) under R70 (first instance decisions)	The Fund has determined to appeal to Scottish Ministers where an employer fails to reach a decision as required under the regulations. Where the Fund disagrees with a decision made by an employer, on grounds that it either conflicts with the regulations, or is against the best interests of the member or the fund, attempts will be made to reach an acceptable compromise. Failure to reach a compromise will result in the matter being referred to the Scottish Ministers
R78(1)(b) & TP22(1)	Specify information to be supplied by employers to enable admin authority to discharge its functions	The Fund has/will determined the specify information to be supplied by employers to enable admin authority to discharge its functions
R80(2)	Whether to pay a death grant due to personal representatives or anyone appearing to be beneficially entitle to the estate without need for grant of probate/letters of administration where payment is less that amount specified in S6 of the Administration of Estates (Small Payments) Act 1965	The Fund will use it's discretion in accordance with the regulations and will in the first instance consider the member's expression of wish form where a valid nomination exists. In the absence of a nomination form a will may be considered as a nomination form provided it does not conflict with the provisions of the administration regulations. The ultimate decision in the exercise of this discretion rests with the City Council Head of Finance. Day to day administration is delegated to Pensions Manager.

R81	Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to a person having the care of the person entitled, or other such person as the authority may determine, to be applied for the benefit of the person entitled.	The Fund has determined that it will require a trustee arrangement to be put in place in the event that a person is incapable of managing their affairs. The Fund retains the right to vary this decision in respect of special circumstance.
R87(5)	Date to which benefits shown on annual benefit statements are calculated	The Fund has determined the date to which benefits shown on annual benefit statements are calculated
R96(1)(b)	Agree to bulk transfer	The Fund has determined to agree to bulk transfers
R98(6)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining LGPS	The Fund has determined not to extend normal time limit for acceptance of a transfer value beyond 12 months from joining LGPS
R98(7)	Allow transfer of pension rights into the fund	The Fund has determined to only allow 'CLUB TRANSFERS' into the Fund
TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & A43(10)	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e determine best pay figure to be used in the benefit calculations (pay cuts/restrictions occurring pre 01/04/15)	The Fund has determined to make election on behalf of deceased member with a certificate of protection of pension benefits i.e determine best pay figure to be used in the benefit calculations (pay cuts/restrictions occurring pre 01/04/15)
RSch 1 & TP17(9)(a)	Decide to treat child as being in continuous full time education or vocational training despite a break	The Fund has determined to treat child as being in continuous full time education or vocational training despite a break
RSch 1 & TP17(9)(b)	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member	The Fund has determined the evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member The Fund will publish a list of evidence required to determine financial dependence. The list will be reviewed on an

		annual basis
TP3(11)	Decide policy on abatement of pre 01/04/15 elements of pensions in payment following re-employment	The Fund has determined that it will not abate pensions of pensioner members on re-employment. Pension benefits resulting from the award of additional service to a member by an employer under the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations where that member has been retired on efficiency or redundancy grounds are still subject to abatement on re-employment as abatement under these provisions is not discretionary.
TP15(1)(c)	Extend time period for capitalisation of added years contract	The Fund has determined not to extend the time period for capitalisation of added years contracts

In the table below, regulations prefixed by “A” refer to The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, prefixed by “B” refer to the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) regulations 2008 and prefixed by “T” refer to the Local Government (Transitional Provisions) (Scotland) Regulations 2008. In relation to scheme members who ceased active membership on or after 01/04/2009 and before 01/14/2015

Regulation	Discretion	Policy
A25(2)	Whether to charge the member for provision of an estimate of additional pension that would be provided by the scheme in return for a transfer in of in house AVC / SCAVC funds.	The Fund will not charge members for estimates of additional pension that would be provided by transferring in AVC funds to the LGPS
<i>T Schedule 1</i>	Extend time period for capitalisation of added years contracts	The Fund will not extend the time period for capitalisation of added years contracts
A40(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	Outstanding employee and employer contributions due to the fund will be invoiced to the employer as an outstanding debt to the fund.

A43(10)	Make an election on behalf of a deceased member with a certificate of protection(i.e. determine best pay figure to use in benefit calculations)	The Fund will make an election on behalf of a deceased member with a certificate of protection to determine the best pay figure to use in benefit calculations.
A46(7) & (8)	Allow extension of period within which a scheme member must submit election for benefits or alter the date from which he / she elects to have the pension paid.	Members may make an election for payment of benefits from a specific date up to twelve months prior to their intended date of retirement in accordance with Regulation 7
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	The Fund will use it's discretion in accordance with the regulations and will in the first instance consider the member's expression of wish form where a valid nomination exists. In the absence of a nomination form a will may be considered as a nomination form provided it does not conflict with the provisions of Regulation 48 of the administration regulations. The ultimate decision in the exercise of this discretion rests with the City Head of Finance. Day to day administration is delegated to Pensions Manager.
A52(2)	Approve medical advisors used by employers to certify ill health retirement	The Fund shall approve medical advisors and maintain a list of those medical advisors it has approved for use by employers to certify ill health retirement.
A59(2)	Whether admin authority should appeal against employer decision or lack of decision.	The Fund will appeal to the Scottish Ministers where an employer fails to reach a decision as required under the regulations. Where the NESPF disagrees with a decision made by an employer, on grounds that it either conflicts with the regulations, or is against the best interests of the member or the fund, attempts will be made to reach an acceptable compromise. Failure to reach a compromise will result in the matter being referred to the Scottish Ministers.

A60(1)(b)	Specify information to be supplied by employers to enable the admin authority to discharge its functions.	<p>Details of information required on an ongoing basis from Employers is contained in the PAS. The PAS is reviewed on an annual basis or following change statutory regulation.</p> <p>Information in respect of year end or actuarial provision is supplied to employers on an annual and triennial basis.</p> <p>Ad hoc requests to employers may be made by the administering authority will a full explanation of the request if required to enable the administering authority to discharge its function</p>
B31	Decide whether deferred beneficiary meets permanent ill health criteria	<p>The Head of Finance has delegated to the Pensions Managers the decision as to whether or not a deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before age 65</p>
B23(2) & B32(2) & B35(2)& A95(4)	Decide to whom a death grant is paid	<p>The decision on the exercise of this discretion rests with the Head of Finance. Day to day administration of the discretion will be delegated Pensions Manager subject to agreed guidelines</p>
B25	Decide evidence required to determine financial dependence of nominated co-habitee on scheme member or financial interdependence of nominated co-habitee and scheme member	<p><i>The Fund has determined the evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member The Fund will publish a list of evidence required to determine financial dependence. The list will be reviewed on an annual basis</i></p>

B39 & A98	Decide whether to commute small pensions	<i>The Fund will commute small pensions on application from the scheme members</i>
B40 & A99	Decide whether to commute pension on grounds of serious ill health	Each case will be considered individually in consultation with the scheme employer and must be supported by a certificate from a fully registered person within the meaning of the Medical act 1983 to the effect that the member's life expectancy is less than one year.
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 two or more regulations in respect of the same period of scheme membership.	In the absence of an election from the member in these circumstances a decision will be made to award the benefit that maximises the member's financial return from the scheme.
A86(5)	Decide valuation day for pension sharing order	The valuation day for pension sharing orders shall be date of separation
A89(1) & (2)	Decide how to discharge Pension Credit liability	The Fund will discharge pension credit liabilities by either conferring appropriate rights under the scheme on the ex-spouse or ex-civil partner. Alternatively , the ex-spouse or ex-civil partner may request a transfer of those rights to a suitable qualifying arrangement (occupational pension scheme, personal pension scheme, appropriate annuity contract or suitable overseas arrangement)
A101	Decide charges to be levied in Pension Sharing cases.	Charges to be levied in Pension Sharing cases will be set according to guidance issued by the national Association of Pension Funds and will be uprated in line with Pensions Increases awarded each April.

The following table details the policy of Aberdeen the City Council Pension Fund in the exercise of it's discretions under the Local Government Scotland Regulations 1998 (as amended) in relation to pre 1.4.09 scheme leavers.

Regulation	Discretion	Policy
37(1) & 150(4)	Decide to whom death grant is paid in respect of post 31/03/98 / pre 01/04/09 leavers	The Fund will use it's discretion in accordance with the regulations and will in the first instance consider the member's expression of wish form where a valid nomination exists. In the absence of a nomination form a will may be considered as a nomination form provided it does not conflict with the provisions of the administration regulations. The ultimate decision in the exercise of this discretion rests with the City Head of Finance. Day to day administration is delegated to Pensions Manager.
46(1)	Apportionment of children's pension amongst eligible children (children of post 31/03/98 / pre 01/04/09 leavers)	Divide pension equally amongst the children
48 & 153	Agree to commutation of small pensions (pre 01/04/09 leavers or pre 01/04/09 pension credit members)	The Fund will commute small pensions on application from the scheme members
49 & 154	Commute benefits due to exceptional ill-health (pre 01/04/09 leavers or pre 01/04/09 pension credit members)	The Fund will commute benefits only where employees are aware of short life expectancy and in the best interests of member and or dependant.
79(5)	Whether to require any strain on fund costs to be paid 'up front' by employing authority following early payment of a deferred benefit on health grounds or from age 50 with employer consent (pre 01/04/09 leavers)	The Fund requires that 'strain on the fund' costs are either paid 'up front' or spread over a five year period.

79(7)(b)	Agree dates on which instalments under Reg 79(5) are due	Payments should be made on a monthly basis
88(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits (pre 1/04/09 leavers)	Outstanding employee and employer contributions due to the fund will be invoiced to the employer as an outstanding debt to the fund.
90(4)	Timing of pension increase payments by employers to fund (pre 1/04/09 leavers)	The Fund will charge the employer on a monthly basis
94	Pay death grant due to personal representatives without need for grant of probate/letters of administration (death of pre 01/04/09 leaver)	Small payment allows payments of less than £5000 to be paid without confirmation of estate.
96(10)	Approve medical advisors used by employers (re ill health benefits for pre 01/04/09 preserved benefits payable on health grounds)	The Fund shall approve medical advisors and maintain a list of those medical advisors it has approved for use by employers to certify ill health retirement.
98	Decide procedure to follow by admin authority when exercising its IDRPs functions and decide the manner in which those functions are to be exercised (pre 01/04/09 leavers)	First reference is to the Pensions Manager, followed by the Appointed Person who must respond within two months. Then the Scottish ministers who again must respond within two months. The final recourse is the Pensions Ombudsman who will have expected the member to first approach the Occupational Advisory Service.
104(1)	Appeal against employer decision, or lack of a decision (pre 01/04/09 leavers)	The Fund will appeal to the Scottish Ministers where an employer fails to reach a decision as required under the regulations. Where the Fund disagrees with a decision made by an employer, on grounds that it either conflicts with the regulations, or is against the best interests of the member or

		the fund, attempts will be made to reach an acceptable compromise. Failure to reach a compromise will result in the matter being referred
105A(5)	Date to which benefits shown on annual deferred benefit statement are calculated	Benefit statements will show benefits calculated as at 31st March.
115(4)	Recovery of half payment in lieu from refund of contribution (Under Part 111 of NI act 1965)	The Fund has determined not to pay half payment in lieu from refund of contribution (Under Part 111 of NI act 1965)
118	Retention of CEP where member transfers out (pre 01/04/09 leavers)	The Fund will retain CEP in the event member transfers benefits to a contracted in scheme
144	Discharge pension credit liability (pre 01/04/09 pension sharing orders)	The Fund will discharge pension credit liabilities by either conferring appropriate rights under the scheme on the ex-spouse or ex-civil partner. Alternatively, the ex-spouse or ex-civil partner may request a transfer of those rights to a suitable qualifying arrangement (occupational pension scheme, personal pension scheme, appropriate annuity contract or suitable overseas arrangement)

The following table details the policy of Aberdeen the City Council Pension Fund in the exercise of it's discretions under the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 1998 (as amended)

Regulation	Discretion	Policy
17(3)	Extending time limit for repayment of a previous refund (16.5.74 to 5.4.78)	The Fund set a normal limit of six months. Information is issued to all new starts in a booklet along with statutory notification. Period will only be extended when booklet is not issued with 6 month time scale

Note: the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 1998 have been revoked by regulation 2 and Schedule 1 of the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 [SSI 2008/229] but notwithstanding their revocation, they continue to apply to:

- a.) pre 1 April 2009 deferred or pensioner members
- b.) any person who may become entitled to a benefit in respect of such a person, and
- c.) any other person whose entitlement to the payment of any pension or other benefit has arisen before 1 April 2009

It is not clear whether the right to repay a refund would fall within (c) above. The Secretariat is seeking clarification from SPPA.

The following table details the policy of Aberdeen the City Council Pension Fund in the exercise of it's discretions under the Local Government Superannuation (Scotland) Regulations 1987 (as amended) in relation to pr 1.4.98 scheme leavers

Regulation	Discretion	Policy
E11ZA	Decide to whom death grant is paid in respect of pre 1.4.98. leavers	The Fund will use it's discretion in accordance with the regulations and will in the first instance consider the member's expression of wish form where a valid nomination exists. In the absence of a nomination form a will may be considered as a nomination form provided it does not conflict with the provisions of the administration regulations. The ultimate decision in the exercise of this discretion rests with the City Head of Finance. Day to day administration is delegated to Pensions Manager.
Definition of child in Schedule 1	Treat child as being in continuous education or training despite a break (children of pre 1.4.98. leavers)	To disregard break in continuous education and training only when a child is returning to complete a course, not where change of course is undertaken
E9(7)	Apportionment of children's pension amongst eligible children (children of pre 1.4.98. leavers)	Divide pension equally amongst the children
E9(7)	Pay child's pension to another person for the benefit of the child (children of pre 1.4.98. leavers)	Payment will be made direct t the child, unless in receipt of legal documentation

The following table details the policy of Aberdeen the City Council Pension Fund in the exercise of it's discretions under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)

Regulation	Discretion	Policy
31(2)	Agree to pay annual compensation on behalf of employer an recharge payments to employer	The Fund will pay compensation on behalf of an employer and recharge payments to the employer/ Payments must be made within 30 days