

# Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	27 June 2014	AGENDA ITEM NUMBER <b>13</b>
TITLE:	<b>LGPS 2014: Policy on Discretionary Policies and Procedures, Abatement and Additional Pension Contributions - Minimum Regular Payments</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 – LGPS 2014: Discretionary Policies and Procedures		

## 1 THE ISSUES

- 1.1 The new regulations for the LGPS 2014 include the requirement to have discretionary policies made and published. This report sets out for approval the Avon Pension Fund discretionary policies and procedures required by the regulations.
- 1.2 This report also explains the current situation on abatement of pension.
- 1.3 There is also a procedural requirement that requires ratification in regards to the minimum regular payments when purchasing additional pension.

## 2 RECOMMENDATION

### That the Committee

- 2.1 Agrees to the three proposed discretionary policies and the delegated powers as set out in Appendix 1.
- 2.2 Agrees to maintain the current policy on abatement pending a future review
- 2.3 Agree that a minimum regular contribution level of £10 per month be set for purchasing addition pension under Regulation 16, LGPS Regulations 2013

### **3 FINANCIAL IMPLICATIONS**

- 3.1 For the purpose of the regulations covered in this report, any administrative and management costs incurred by Avon Pension Fund are recovered from the Fund
- 3.2 There are no immediate financial implications. There could potentially be costs to the Fund when a decision is made to waive an actuarial reduction, as there would be a fund strain cost similar to that levied to employers for redundancies. The cost to the Fund would be determined by the circumstances in each case [e.g. Number of years to normal retirement age / amount of benefits].

### **4 LGPS Regulations: Discretionary Policies**

- 4.1 Appendix 1 sets out the discretionary policies and procedures required by Avon Pension Fund to fulfil its obligations under the regulations

### **5 LGPS 2014: Abatement of Pension**

- 5.1 Abatement of Pension is where a pensioner within the Avon Pension Fund obtains further employment which gives further eligibility to the LGPS.
- 5.2 Until 1 April 1998, all such cases required an automatic review to check if the pension plus the pay in the new employment exceeded the pay on which the pension was based. If this occurred, then the pension was either partially or wholly suspended.
- 5.3 Following the 1997 Regulations each administering authority could set out their own conditions and Avon Pension Fund resolved to only abate if the pension resulted from an employer decision to pay pension benefits early [e.g. Redundancy, Ill health]
- 5.4 Following the April 2008 regulation changes to the LGPS the Pension Committee resolved to continue the same policy it had previously adopted.
- 5.5 The LGPS 2014 has not included abatement within the regulations but abatement is still applicable where benefits are calculated under previous regulations and therefore the pre April 2014 benefits will continue to require reviewing on re employment in an LGPS post.
- 5.6 The implications of this change will therefore be monitored over the coming months and a full review of abatement will be made and brought to the Committee.
- 5.7 In the interim the Committee are asked to continue the existing policy until this time.

### **6 LGPS 2014: Additional Pension Contributions [APCs]**

- 6.1 The regulations allow a Scheme member to pay additional contributions to purchase additional pension benefits.
- 6.2 Payment can also be made by one lump sum.
- 6.3 The member can also elect to pay by regular monthly payments over any number of years from 1 to the number of years until retirement.
- 6.4 Where it would be impractical to allow APCs to be paid by regular contributions because of the low amount involved, the appropriate administering authority can determine that the member either reduces the repayment period or pay by lump

sum. Approval is sought for this minimum level to be set at £10 per month. This level will be periodically reviewed and any changes reported to the Committee

## **7 RISK MANAGEMENT**

7.1 No specific issues to consider.

## **8 EQUALITIES**

8.1 None as this report is primarily for information only.

## **9 CONSULTATION**

9.1 This report is primarily for information and therefore consultation is not necessary.

## **10 ISSUES TO CONSIDER IN REACHING THE DECISION**

10.1 The issues to consider are contained in the report.

## **11 ADVICE SOUGHT**

11.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Business Support) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Alan South Technical Manager (Tel: 01225 395283)
<b>Background papers</b>	<i>Local Government Pension Regulations 2013</i> <i>Local Government Pensions Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	