Meeting:	Pension Board
Date:	17/07/2026
Title:	ADMINISTRATION DISCRETIONS POLICY
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Purpose:	Review the Administration Discretions Policy

1. Purpose of the Report

To present the revised **Administration Discretions Policy** for the Gwynedd Pension Fund to the Pension Board for review and scrutiny.

The Pension Board is asked to consider whether the proposed policy demonstrates compliance with the requirements of the Local Government Pension Scheme (LGPS) Regulations and whether the arrangements described support effective, consistent and transparent administration of the Fund.

2. Background

Administering authorities are required under the Local Government Pension Scheme Regulations to formulate, publish and maintain policies setting out how they will exercise specified discretions relating to scheme administration.

The purpose of maintaining a formal Administration Discretions Policy is to:

- ensure decisions are taken consistently and transparently;
- provide clarity to scheme members, employers and officers regarding administrative practices;
- support compliance with legislative and regulatory requirements;
- reduce operational and legal risk arising from inconsistent application of discretions; and
- support good governance and effective decision-making.

The policy does not alter members' statutory benefits but establishes the framework through which the Fund exercises those administrative discretions available under the Regulations.

3. Review of the Policy

The Fund's Administration Discretions Policies have not been comprehensively reviewed or updated for a number of years, with the previous policy having been approved in 2009.

During that period, changes to LGPS regulations and guidance have introduced additional discretions that administering authorities are required to consider and document. As part of this review, the policy has been fully refreshed to ensure that all relevant discretions that the Fund is required to maintain are included within a single, up-to-date document.

The revised policy therefore seeks to:

- consolidate all current administration discretions into one document;
- ensure compliance with current LGPS requirements;
- reflect current administrative practice and governance arrangements;
- clarify responsibilities and delegated authority; and
- improve transparency and consistency in decision-making.

It is proposed that the document will be reviewed annually going forward to ensure that the Fund's Administration Discretions Policy remains current, reflects any legislative or operational changes, and continues to meet regulatory requirements.

4. Main Proposed Change

The main proposed changes to the discretions are:

4.1 Abatement Policy

The revised policy changes the Fund's approach to **abatement**, which is the reduction of pension payments where an LGPS pensioner returns to employment in circumstances permitted under the Regulations.

Under the previous policy (adopted in 2015), abatement could only apply where a member was receiving a **Tier 1 or Tier 2 ill-health pension** or had been awarded **additional years** by their employer. In practice, no cases have been identified where abatement has been applied since the policy was introduced. Additional years have not been awarded for a number of years and Tier 1 and Tier 2 ill-health retirements are exceptional cases.

The revised policy therefore proposes removing abatement entirely and confirms that the Fund will
not apply abatement in future cases. This reflects the Fund's operational experience, actuarial advice and alignment with approaches adopted by other LGPS administering authorities.

4.2 Medical Requirements for Contributions

The revised policy updates the Fund's approach to medical requirements for members purchasing additional pension.

Under the previous policy, members applying for **Additional Regular Contributions (ARC)** were required to submit a satisfactory medical report before their election could be accepted. Under the revised policy, reflecting current arrangements for **Additional Pension Contributions (APC)** and **Shared Cost**

Additional Pension Contributions (SCAPC), members will instead complete a health declaration form.

The Fund retains discretion to refuse an application where health concerns are identified. This approach reduces administration while continuing to protect the Fund where appropriate.

4.3 Pension Strain Costs

The revised policy updates the Fund's approach to recovering pension strain costs from employers.

Previously, employers could pay strain costs either as a lump sum or in instalments over a period of up to five years. Under the revised policy, strain costs will normally be payable as a **single lump-sum payment**, with repayment arrangements only considered in cases of financial hardship and subject to interest on any outstanding balance.

The policy also clarifies that system-generated strain costs arising from flexible retirement from age 60 onwards will be disregarded where they do not represent a genuine actuarial cost.

4.4 Admission Agreements and Criteria

The revised policy simplifies the discretions relating to admission bodies.

Detailed requirements previously included within the policy, such as audited accounts, business plans, guarantor arrangements and administration charges, are now managed through the **Funding Strategy Statement** and associated governance documents.

4.5 Death Grant Payments

The revised policy retains **Expression of Wish** forms as the primary guide when determining payment of death grants but introduces greater flexibility where no valid nomination exists.

Rather than following a fixed order of payment, the Fund will consider all relevant circumstances and may pay the death grant to the member's estate or another appropriate beneficiary where appropriate.

4.6 Education Breaks for Eligible Children

The policy continues to treat education or training as continuous where a break does not exceed one academic year.

The revised policy adds clarification that payments will be reinstated and backdated, where appropriate, once evidence is received confirming that full-time education has resumed.

4.7 Medical Advisors

The revised policy strengthens governance arrangements relating to medical advisors.

It confirms that the approved list of independent registered medical practitioners is maintained jointly with Clwyd Pension Fund to improve resilience and continuity. It also formalises the requirement to verify practitioners against the General Medical Council register before approval.

5. Governance and Risk Considerations

Maintaining and periodically reviewing the Administration Discretions Policy supports the Fund's governance framework by:

- promoting consistent decision-making;
- improving transparency for employers and members;
- supporting regulatory compliance;
- reducing operational and reputational risk; and
- providing a clear audit trail for administrative decisions.

Failure to maintain an up-to-date policy could increase the risk of inconsistency and challenge in the application of administrative decisions.

6. Financial Implications

There are no direct financial implications arising from adoption of the policy.

The proposed removal of pension abatement is not expected to create a material financial impact based on historic experience and the absence of identified cases under the existing policy.

7. Legal Implications

The Fund is required under the LGPS Regulations to maintain and publish policies relating to specified discretionary functions.

The revised policy supports compliance with those obligations and ensures that all relevant discretions are documented and regularly reviewed.

8. Recommendation

The Pension Board is asked to:

1. Review and scrutinise the Administration Discretions Policy attached at Appendix 1.
2. Consider whether the policy provides sufficient clarity, consistency and governance controls in relation to the exercise of discretionary powers under the LGPS Regulations.
3. Note the proposed changes to the Fund's approach to pension abatement.
4. Provide observations and recommendations to the Pensions Committee for consideration prior to adoption of the policy.