

PENSIONS COMMITTEE – 17 DECEMBER 2021

Report of the Director for Corporate Services

ADMINISTERING AUTHORITY DISCRETIONS POLICY

Recommendation of the Chair

1. That the Pensions Committee approves the revised and updated Administering Authority Discretions Policy, attached as Appendix 2.

Background

2. Regulation states, and best practice dictates, that a Pension Fund should have a range of written policies and procedures in place. Having such, not only proves regulatory compliance, but more importantly demonstrates good governance and provides a range of information to stakeholders.
3. Whilst the Staffordshire Pension Fund is compliant in having the full range of policies in place, following an initial audit by Officers, it was identified that some policies were out of date and in need of review. An ongoing work program was therefore put in place, to ensure that over the last 2 years the Fund has reviewed and updated all its policies. The Administering Authority Discretions Policy is the last of these.
4. Going forward, Officers propose to draw up a review cycle to ensure that all policies are reviewed at least every 2-3 years or annually, where regulation dictates or best practice suggests. These will be brought to Pensions Committee for approval and consulted on more widely if such is required under regulations or considered appropriate.

Administering Authority Discretions Policy

5. The introduction of the 2014 Local Government Pension Scheme (LGPS) Regulations was the trigger for a review of Administering Authorities policies. This particular policy relates to several areas within the Regulations where Staffordshire County Council, as the Administering Authority of the Staffordshire Pension Fund, may exercise its discretion. The current Administering Authority Discretions Policy was approved by Pensions Committee on 20 June 2014 and was published in accordance with the 2014 guidance before 30 June 2014. Each Scheme Employer must also produce and publish their own policy document in respect of their own areas of discretions and send a copy to the Administering Authority, for information.
6. Due to the length and technical complexity of the Discretions Policy, a regular review of the policy has not been undertaken, since it was published, and the policy approved in 2014 remains the current version.

The outdated policy was picked up as part of Officers' initial audit of scheme documentation and the opportunity for a complete refresh has now been taken.

7. The Administering Authority's new policy document is divided into 3 main areas:

Section 1 – Pensions Benefits and Administration

This section deals with discretions in respect of such things as:

- Transfer and Aggregation of benefits;
- Commutation of benefits;
- Internal Dispute Resolution Procedures;
- Payment of Death Benefits; and
- General Administration matters.

Section 2 – Statement of Policy

This section states the mandatory policies that an Administering Authority should have:

- Governance Compliance Statement;
- Funding Strategy Statement; and
- Communications Policy.

Section 3 – Employing Authorities

This section outlines the way in which the Administering Authority will deal with other Employing Authorities on matters such as:

- Admissions; and
- General Administration matters.

8. As well as minor amendments being made to the wording around the existing discretions, the policy document itself has been shortened and re-ordered to make it more readable and user-friendly. The policy has been updated with 3 discretions relating to the introduction of the Local Pensions Board under the LGPS Regulations 2013 (page 21).
9. Following recent Pension Ombudsman's determinations and best practice guidelines, the opportunity to review the discretions relating to the payment of death grants has been taken. Whilst there have been no fundamental changes to the current principles, several changes have been made to the discretions which now provide for greater transparency on the personal circumstances that might apply when this discretion is exercised (page 10).
10. Finally, two important Regulations are only briefly described in this document; Regulation 55 - Governance Compliance Statement and Regulation 58 -Funding Strategy Statement. The Fund's detailed policy covering these Regulations is contained in separate documents which the Committee review and approve separately from time to time.

Consultation

11. It is always important to consider whether there should be wider consultation on any policy, with the various stakeholders that may be affected. However, given this policy deals with the discretions of the Administering Authority, then an element of independence should be maintained in the approval of the individual discretions. Therefore, wider consultation with multiple stakeholders, who arguably may seek to influence and potentially benefit, is not considered appropriate in this instance.

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Background Documents:
Local Government Pensions Scheme Regulations 2013
Public Service Pensions Act 2013

Equalities implications: There are no direct equality implications arising from this report.

Legal implications: The legal implications in respect of the Local Government Pension Scheme Regulations 2013 and the Public Service Pensions Act 2013 are covered in the body of the report.

Resource and Value for money implications: There are no direct resource and value for money implications arising from this report.

Risk implications: There is always a risk of challenge when any discretion is exercised.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment screening: There are no health impact assessment implications arising from this report.

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

Administering Authority Discretions

60. -(1) A **Scheme employer** must prepare a written statement of its policy in relation to the exercise of its functions under regulations-

- (a) **16(2)(e)** and **16(4)(d)** (funding of additional pension);
- (b) **30(6) (flexible retirement)**;
- (c) **30(8) (waiving of actuarial reduction)**; and
- (d) **31 (award of additional pension)**,

and an **administering authority** must prepare such a statement in relation to the exercise of its functions under **regulation 30(8)** in cases where a former employer has ceased to be a Scheme employer.

(2) Each **Scheme employer** must send a copy of its statement to each relevant **administering authority** before 1st July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must-

- (a) keep its statement under review; and
- (b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each **Scheme employer** must send a copy of its revised statement to each relevant administering authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation a relevant **administering authority** in relation to a Scheme employer, is any authority which is an appropriate **administering authority** for that employer's employees.

