

September 14, 2017

Agenda Item: 5

## **REPORT OF THE SERVICE DIRECTOR – CUSTOMERS AND HR**

### **LOCAL GOVERNMENT PENSION SCHEME – ADMINISTERING AUTHORITY DISCRETIONS.**

#### **Purpose of the Report**

1. To seek agreement from the Pensions Committee, in its role as Administering Authority, for the formulation of new and revised discretions under the LGPS regulations.

#### **Information and Advice**

##### **Background**

2. An administering authority discretion under the LGPS Regulations allows a scheme administrator to choose, whether to use a scheme option, or how to apply a scheme rule.
3. Some discretions are required to be formulated and published, whilst others may be left unconsidered until a case occurs.
4. Nottinghamshire County Council, in its role as Administering Authority of Nottinghamshire's Local Government Pension Fund, formulated and published a number of policy discretions when it was first required to do so under the LGPS Regulations 1997.
5. The Resources Committee took decisions in relation to the Pensions Fund prior to the creation of the Pensions Committee in the year 2000.
6. The LGPS regulations require administering authorities to keep their written discretions under review and formulate new ones as and when the scheme regulations require them to do so.
7. The published discretions approved by the Council's Resources Committee on 20<sup>th</sup> April 1998 currently require revision, and new discretions are required to be formulated in accordance with subsequent regulations.

#### **Administering Authority discretions that are required to be published.**

8. **Governance Policy** - Regulation 55 of the LGPS Regulations 2013

**Requirement** – A governance policy must state whether the administering authority delegates their function or part of their function in relation to maintaining a pension fund, to a committee, a sub-committee or an officer of the administering authority and, if they do so delegate, state:

- the frequency of any committee or sub-committee meetings.
- the terms, structure and operational procedures appertaining to the delegation.
- whether representatives of employing authorities or members are included and, if so, whether they have voting rights.

The policy must also state:

- the extent to which a delegation, or the absence of a delegation, complies with Secretary of State guidance and, to the extent it does not so comply, state the reasons for not complying.
- the terms, structure and operational procedures appertaining to the local pensions board.

**Current position** - The Authority has met this requirement by formulating and publishing a Governance Compliance Statement.

## 9. **Communication Policy** - Regulation 61 of the LGPS Regulations 2013

**Requirement** - A communication policy must set out the policy on provision of information and publicity to, and communication with, members, representatives of members, prospective members and scheme employers; the format, frequency and method of communications; and the promotion of the scheme to prospective members and their employers.

**Current position** - The Authority has met this requirement by formulating and publishing a Communication Policy Statement. An updated statement is included in the Annual Report 2017.

## 10. **Abatement Policy** - Transitional Provisions Reg 3(13) and Administration Regs 70(1) & 71(4)(c) and Regulation 109 & 110(4)(b).

**Requirement** - To decide a policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment.

**Current position** - The current policy, which was agreed by Resources Committee in 1998, and reviewed, without change, in 2011, is that pensions paid from the Pension fund, will not be abated on re-employment.

It is recommended that this policy continues unchanged, which reflects the current LGPS regulations 2014 for post 31 March 2014 elements of pension benefits.

## 11. Funding Strategy - Regulation 58 of the LGPS Regulations 2013.

**Requirement** – To decide a policy on a funding strategy for inclusion in the funding strategy statement.

**Current position** - The Funding Strategy Statement was approved at 22 June 2017 Pension Fund Committee and is published on the Funds website.

## 12. Early release of benefits where the member's former scheme employer has become defunct.

- Whether to allow the waiver of reductions on flexible retirement.
- Whether to allow the waiver of reductions on voluntary retirement
- Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.
- Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60.
- Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.
- Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.

**Requirement** - the administering authority of the fund is required to have a policy for the above discretions which would have been the responsibility of the pension member's former scheme employer.

**Current position** – There is currently no published policy. It is recommended that a new policy is published reflecting the following wording:

The Administering Authority will take into consideration the following:

- The cost (strain) to the Pension Fund.
- The funding level of the Pension Fund.
- The financial position of the member.
- Whether there are compassionate reasons, such as whether the member is unable to work because of poor health or has given up work to provide care for a family member.

13. There are a number of administering authority discretions that do not need to be formulated or published in advance of a case occurring. However in order that the

Administration Authority can apply a consistent approach a full list of delegations has been put together as part of the requirement of the LGPS regulations and are listed in Appendix to this report. The document lists the relevant delegation, the regulation and a proposed statement of how the delegation will be administered, along with the office that holds the delegated authority. The majority of discretions have previously been addressed by the Service Director, Customers and HR, Service Director Finance, Procurement & Improvement and Section 151 officer, or the Pension Manager, and where required the Pensions Committee.

14. With update of the full list of discretions in Appendix Scheme Employers will be able to use the document to help them formulate, prepare and publish their own employers discretions which they are required to publish under the current LGPS regulations.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION**

1. That the above changes to the Administering Authority's published discretions are agreed, and that the application of the discretions is delegated to the Service Director – Customers and HR, the Service Director – Finance, Procurement & Improvement and Section 151 officer and the Pensions Manager.

**MARJORIE TOWARD**  
**SERVICE DIRECTOR – CUSTOMERS AND HR**

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### **Constitutional Comments (GR 18/8/2017)**

Pursuant to the County Councils Constitution, the Nottinghamshire Pension Fund Committee has the delegated authority pursuant to Part 4 section 37 to consider the recommendations set out within this report.

### **Financial Comments (NS 7/8/2017)**

There are no specific financial implications arising from this report

### **Background Papers**

None

### **Electoral Division(s) and Member(s) Affected**

All