

Pension Panel

29 April 2019

Policy Documents (Administering Authority Discretions, Administration Strategy and Communication Policy Statement)

Report by Director of Finance, Performance and Procurement

Summary

As part of the transfer of administration to Hampshire County Council, a number of policy documents have been reviewed and amended.

Recommendation(s)

1. That the Panel note the Administering Authority Discretions including:
 - a. The removal of abatement for any members who have retired and have been re-employed from transfer date;
 - b. The clarification in respect of early retirement strain costs being paid upfront by an employer by default, with the option to request recovery over three years, by exception.
2. That the Panel note the Administration Strategy.
3. That the Panel consider the Communication Policy Statement

Background

1. The Pensions Administration function is being transferred to Hampshire County Council and this requires a change to a number of policy documents. These need to be in place at the time of the transfer to enable members, employers, officers and Hampshire County Council to be aware of the necessary processes.

Review of Pension Fund policy documents

2. The Pension Fund is required by law to keep and maintain a number of policy documents.
3. The transfer of the administration function has necessitated a change in a number of policies that either make reference to the Pension Fund Administrator or set out various pension administration processes.

Administering Authority Discretions

4. The Local Government Pension Scheme (LGPS) is a Statutory Scheme. The rules and Regulations governing the Scheme are laid down under Act of Parliament. However there are some provisions within the Scheme that are discretionary, allowing the administering authority to determine how, or if, they should be applied.
5. The administering authority is therefore required to have and maintain a statement of policy about exercise of these discretionary functions as required under the Local Government Pension Scheme Regulations 2013.
6. The current administering authority discretions have been reviewed. Attention is drawn to the following amendments:
 - The administering authority no longer seeks to abate (reduce or suspend) a pension for retired pensioner members, who subsequently become re-employed with any Scheme employer where they are eligible to join the LGPS in that employment. The current discretion is to apply abatement and it is proposed that this amendment would be effective after the date that the pension administration transferred to Hampshire County Council. If amended, scheme employers should be made aware of this change, and they should be asked to review their processes to restrict re-employment to manage that they are not paying twice out of the public sector budget.
 - Additional clarifications have been included in respect of payment of early retirement strain costs and a default position is adopted requiring that early retirement strain costs will be paid for 'up front' by an employer, with the option of an employer requesting to repay the cost over a maximum of three years, by exception. This would be referred to the Head of Finance.
7. The changes are made through the Director of Finance, Performance and Procurement's delegated powers.
8. The Regulations requiring the discretions policy and the policy are included in Appendix A. This has been shared with employers. No feedback has been received on the content of the policy.

Administration Strategy

9. The LGPS Regulations 2013 states that an Administering Authority may prepare a written statement of the authorities' policies in relation to the administration of the Fund.
10. This has been updated to reflect the service standards agreed with Hampshire County Council as part of the administration transfer. Whilst the key processes (retirements, estimates and transfers) have a service standard of 15 days, there is a 100% target for delivery against these. A refund of contributions has a 20 day service standard, whilst processing a deferred members notification has a 40 day target. The service standard for

the current Capita administration is 10 days for all case types except a deferred member notification.

11. The Strategy has been agreed by the Director of Finance, Performance and Procurement in line with her delegated powers.
12. The Regulations requiring the administration strategy and the revised Administration Strategy are included in Appendix B. This has been shared with employers. No feedback has been received on the content of the policy.

Communications Policy Statement

13. The Fund is required to set out its policy concerning how it communicates with members and Scheme employers.
14. Opportunity has been taken to review the content of the Communication Policy Statement.
15. The Regulations setting out this requirement and the revised Communication Policy Statement are included in Appendix C.

Katharine Eberhart

Director of Finance, Performance and Procurement

Contact: Rachel Wood, Pension Fund Investment Strategist
033 022 23387 | rachel.wood@westsussex.gov.uk

Appendices

Appendix A - Statement of Policy about Exercise of Discretionary Functions
Appendix B - Pension Administration Strategy
Appendix C - Statements of policy concerning communications with members and Scheme employers

Background Papers

None