

Cambridgeshire Pension Fund

Pension Fund Committee

10 June 2022

Report by: Head of Pensions

Subject: Administering Authority Discretions Policy

Purpose of the Report: To present the updated Administering Authority Discretions Policy to the Pension Fund Committee for approval

Recommendations The Pension Fund Committee are

- 1) asked to consider and approve the updated Administering Authority Discretions Policy
- 2) delegate future revisions of the Administering Authority Discretions Policy to the Head of Pensions in consultation with the Chair

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1. Background

- 1.1 There are a number of areas within Local Government Pension Scheme (LGPS) legislation that provide either the administering authority (i.e. Cambridgeshire County Council as guardian of the Fund) or individual employers participating in the Fund with flexibility over how the particular provision is exercised. In some cases there is a specific requirement for a policy decision in relation to such provisions to be published.
- 1.2 This report presents a comprehensive “Administering Authority Discretions Policy” for consideration by the Pension Fund Committee. The proposed policy is only dealing with the discretions required to be exercised by Cambridgeshire County Council in its role as an administering authority. These policy decisions will apply to all employers and scheme members in the Cambridgeshire Pension Fund and not just Cambridgeshire County Council.
- 1.3 On the whole, administering authority discretions have little risk attached to them and relate to day to day operational matters.
- 1.4 In December 2018 the Cambridgeshire Pension Committee agreed an updated set of proposed policies in relation to the exercise of the discretions that may be exercised by the administering authority.
- 1.5 There was a commitment to review the policies as required in the light of changes to the LGPS legislation or other relevant legislation, and for them to be reviewed at least every three years.

1.6 Having a set of formally approved policies in this way fosters good governance and assists West Northamptonshire Council's Pensions Service to administer the Fund with consistency.

2. Proposed update of the Administering Authority Discretions Policy

2.1 A review of the policies agreed in December 2018 has been undertaken and while the proposed policies presented in Appendix 1 are largely unchanged, there are some updates to the existing document, which are explained below. For ease of reference, light shading has been applied to the updated policies.

2.2 Under Regulation 64 of the LGPS Regulations 2013, where the actuarial valuation for an exiting employer shows a funding surplus on the exit date, the administering authority must make a determination over the value of any exit credit that should be paid to the exiting employer. It was previously agreed to delegate the responsibility for making determinations regarding exit credits jointly to the Head of Pensions and Section 151 Officer of the administering authority. Since this decision, however, officers have received legal advice recommending that only one person be named as responsible for making determinations. In view of potential challenge to such determinations through the internal dispute resolution process (IDRP), the legal advice also recommends that the Head of Pensions should not review their own determination as an IDRP Stage 1 adjudicator. As it could also be considered inappropriate for the Head of Pensions to review the decision of a more senior officer, the proposal is therefore that the Employer Services Manager be named as the officer responsible for making the determinations (the first instance decisions) in relation to matters around exiting employers and exit credits.

2.3 There were other existing policies on the exercise of discretions that similarly referenced delegation jointly to the Head of Pensions and Section 151 Officer of the administering authority for determinations:

2.3.1 those relating to obtaining a revised rates and adjustment certificate if there are circumstances which make it likely a Scheme employer will become an exiting employer,

2.3.2 the extension of the period over which strain costs are paid, and

2.3.3 whether to agree to pay annual compensation on behalf of an employer and recharge payments to that employer.

The proposal is that the delegation of these determinations is similarly amended to be to the Employer Services Manager.

2.4 Clarifying updates have been made to distinguish a subtle difference in the provisions of the LGPS Regulations 2013 and the LGPS (Administration) Regulations 2008 regarding cases where a person is unable to deal with their own affairs, and the discretion to make payments to another person for their benefit.

2.5 An update to the policy in relation to whether an application to pay additional pension contributions (APC) or shared cost additional pension contributions (SCAPC) will be turned down if an applicant does not provide a declaration, countersigned by their General Practitioner, that they are in reasonably good health is proposed. The proposal, for the Head of Pensions to make a determination when exceptional circumstances prevent such a declaration being countersigned by a member's GP, follows issues during the course of the COVID-19 pandemic when availability of GPs to countersign such declarations was impacted.

- 2.6 The independent registered medical practitioners (IRMP) that may provide opinions to scheme employers to inform their decision making over ill health pension issues must be approved by the administering authority. The policy on this, delegating power to approve an IRMP power to the Head of Pensions, was included in the document approved in December 2018 however it appears to have been missed from a reformat of the document that was published in 2021. The policy has been reinstated into the proposed policy document.
- 2.7 A deferred member who left active membership of the LGPS before 1 April 1998 may request that their former scheme employer grant early payment of their benefits on compassionate grounds. Where their former scheme employer is no longer a scheme employer in the Fund, the decision falls to the administering authority. The proposal is that the administering authority would make their decision in line with Cambridgeshire County Council's own employer policy in this area.
- 2.8 Officers are seeking approval within the recommendations for future revisions of the Administering Authority Discretions Policy to be delegated to the Head of Pensions in consultation with the Chair. This would not prevent material revisions, where oversight of the Pensions Committee would remain appropriate, to be put before the Committee as a result of this consultation process.

3. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

4. Risk Management

- 4.1 The risks associated with the Fund not having in place an Administering Authority Discretions Policy have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Failure to administer the scheme in line with regulations and guidance	Green
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	Green
Information may not be provided to stakeholders as required	Green

- 4.3 The Fund's risk register can be found on the Pensions website at the following link: [Cambridgeshire Pension Fund Risk Register](#).

5. Communication Implications

Website: [The Administering Authority Discretions Policy](#) is published on the Fund's website

6. Finance & Resources Implications

6.1 There are no financial and resource implications associated with this report.

7. Legal Implications

7.1 There are no legal implications connected to the contents of this report.

8. Consultation with Key Advisers

8.1 Consultation with the Fund's advisers was not required for this report.

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 Proposed Administering Authority Discretions Policy

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 27 May 2022

Has this report been cleared by Head of Pensions? Mark Whitby – 12 May 2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 27 May 2022

Has this report been cleared by Legal Services? Amy Brown – 23 May 2022