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| <p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Pensions Committee</p> <p style="text-align: center;">3 July 2023</p> |  |
| <p>Report of: Caroline Holland Interim Director Resources</p> | <p>Classification: Open</p> |
| <p style="text-align: center;">Administering Authority Discretions</p> | |

Executive Summary

The Local Government Pension Scheme (LGPS) in England and Wales was amended from 1 April 2014 so that benefits for service after 31 March 2014, build-up on a defined benefit career average revalued earnings (CARE) basis, rather than on a defined benefit, final salary basis.

This full review of all required Administering Authority discretions and policies has been undertaken with support from the Fund actuaries. This paper and appendix sets out the updated discretionary requirements for approval.

Recommendations:

The Pensions Committee is recommended to:

1. Consider and approve the recommended administering authority discretions policy.
2. Note that policies have been implemented following legal developments and recommendations from the Local Government Association:
3. Consider and approve the Death Grant Policy.
4. Consider and approve the Child Pension Policy and.
5. That the Committee approve publication on the Pension Fund website.

1. REASONS FOR THE DECISIONS

- 1.1 To facilitate strong governance, administering authorities are required to formulate mandatory /may (non-mandatory) discretionary policies in respect of Local Government Pension Scheme (LGPS). These discretions must be published and kept under review.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternatives to this report. Regulation states, and best practice dictates, that a Pension Fund should have a range of written policies and procedures in place. Not only does this prove regulatory compliance, it also demonstrates good governance and provides a range of information to stakeholders.

3. DETAILS OF THE REPORT

- 3.1 The Local Government Pension Scheme give some responsibilities and discretions to the administering authorities in relation to benefits or options that can be made available to scheme members under those regulations. These are usually referred to as administering authority discretions. (Appendix A).
- 3.2 There are also responsibilities governing participating employers. These are referred to as employer discretions.
- 3.3 Employer discretions that fall to the administering authority where the employer has become defunct is also included in appendix A.
- 3.4 Discretions fall into two categories: Those which must be formulated and published (mandatory discretions) and those which don't need to be formulated and published (non-mandatory discretions).
- 3.5 Whilst Tower Hamlets Pension Fund is compliant in having a range of policies in place over the years, due to the length and technical complexity of the Discretions Policy, a regular review of the policy had not been undertaken. Following an initial audit by Officers, it was identified that some policies needed documenting, in need of review or updated with the list of discretionary policies in respect of the Local Government Pension Scheme (LGPS) published by the LGA. The scheme actuary along with officers prepared the one document which includes all major discretions relating to members. (Appendix A)
- 3.6 The Administering Authority's new policy is divided into 5 main sections:
- Statement of policy stating mandatory policies that an Administering Authority should have:
 - Governance Compliance Statement
 - Communications Policy
 - Administration Strategy
 - Funding Strategy Statement
 - Independent Dispute Resolution Procedure (IDRP)
 - For active members or members who left on or after 1 April 2014 or in respect of current policies.

- For members who left on or after 1 April 2008 and before 1 April 2014
- For members who left on or after 1 April 1998 and before 1 April 2008
- For members who ceased active membership before 1 April 1998

3.7 Whilst there are no changes to the actual policies, detailed policies in relation to payment of death grants and child pensions have also been prepared to ensure transparency. (Appendices 2 and 3)

4. EQUALITIES IMPLICATIONS

4.1 There are no direct equality implications arising from this report however having a policy in place ensures all scheme members are treated equally.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

Risk Management

5.2 There is always a risk of challenge when any discretion is exercised.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no direct resources and value for money implications arising from this report.

7. COMMENTS OF LEGAL SERVICES

7.1 Under the LGPS Regulations, the Council, as Administering Authority is required to formulate and keep under review the policies that apply in respect of exercising the discretions referred to in this report.

7.2 The Council must publish written statements of the policies.

Linked Reports, Appendices and Background Documents

Linked Report

- List any linked reports.
- NONE.

Appendices

- List any appendices [if Exempt, Forward Plan entry MUST warn of that]
- Administering Authority discretions policies
- Death Grant payment
- Child Pension

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- <https://www.lgpslibrary.org/assets/gas/ew/DISCLv1.10c.doc.pdf>

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