

Essex Pension Fund Board	EPB/24/10
Date: 15 December 2010	

ADMINISTERING AUTHORITY DISCRETIONS

Report by the Pensions Services Manager

Enquiries to Jody Evans on 01245 431700

1. Purpose of the Report

- 1.1 To ask the Board to note the discretionary policies currently operated by Pensions Services and Investments in respect of certain administering authority discretions and which are shown in the attached Administering Authority Statement of Policy on Discretions in Relation to the Local Government Pension Scheme
- 1.2 To note that the Statement of Policy is subject to final review by a pensions lawyer and fund actuary, and any material changes will be brought back to the Board for further approval.
- 1.3 To ask the Board to approve the attached Statement of Policy.

2. Recommendations

- 2.1 It is recommended that the Board approves the policies shown in the attached Statement of Policy.

3. Background

- 3.1 The Pension Fund Board of Essex County Council, as the administering authority of the Essex Pension Fund, is required to make decisions on certain areas of flexibility (referred to as 'discretions') included within the Local Government Pension Scheme (Benefit, Membership and Contributions) Regulations 2007, as amended, and the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and related legislation.
- 3.2 Many of the discretions relate to relatively straightforward areas of administration such as how costs for granting additional membership are paid by employers. However there are some more significant areas such as the process for determining who should receive payment of a death grant.
- 3.3 It is best practice to publish a written statement of policy, indeed there is a statutory requirement in respect of certain of the discretions. The statement should set out the criteria that will be considered when making a decision about the use of administering authority discretions and where appropriate the policy that will be applied. Having such policy decisions made allows the Pension Services team to administer the scheme with the appropriate authority and in a more efficient manner.
- 3.4 Any decision relating to the discretionary provisions will be subject to the policy which is current at the time of the relevant event. In the event of a conflict between the discretion as written in the policy and the governing regulations, the governing regulations will prevail.
- 3.5 The policy decisions apply to all categories of schemes members (e.g. active, deferred, pensioners, pension credit members and dependents) from its effective date until such point as the policy is reviewed. For those who left employment prior to the effective date of the policy, the discretions will apply with regard to the equivalent provisions in previous versions of governing legislation.

4. Review of Policy Statement

- 4.1 Due to the complexity of the discretions, it is recommended that the proposed policy be reviewed by the fund actuary and a pensions lawyer. It has not been able to have such review done prior to this meeting. Any material changes will be brought back to the Board for approval.
- 4.2 Individual discretions will be reviewed on a regular basis by officers and any material changes thought necessary will be brought to the Board for approval.
- 4.3 In any event, it is considered best practice to fully review the policy statement at least every three years.

5. Link to Essex Pension Fund Objectives

5.1 Approval of this Administering Authority Statement of Policy on Discretions is consistent with the following objectives:

- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount

6. Risk Implications

6.1 The approval of this Statement will minimise the risk of inappropriate decisions being made or decisions being made without the relevant approval, which in turn will minimise the risk of any challenge by a stakeholder.

7. Communication Implications

7.1 Once approved, the Statement will be made available on the Essex Pension Fund website and it will be highlighted to the employers of the Fund. No further communication will be necessary.

8. Finance and Resources Implications

8.1 There are not expected to be any further finance or resource implications as a result of this Statement being approved.

9. Background Papers

9.1 None.