

West Northamptonshire Council

Pension Committee

29/06/2022

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administering Authority Discretions Policy
Report Author	Gary McLellan, Principal Regulations Officer – Technical, gary.mclellan@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Paul Hanson on behalf of Catherine Whitehead	31 May 2022
S151	James Smith on behalf of Martin Henry	8 June 2022
Head of Pensions	Mark Whitby	12 May 2022

List of Appendices

Appendix A – Proposed statement of policy on Administering Authority Discretions

1. Purpose of Report

- 1.1. To seek approval for the proposed updates to the Administering Authority Discretions Policy.

2. Executive Summary

- 2.1 West Northamptonshire Council as administering authority to the Northamptonshire Pension Fund are required to formulate policy decisions for areas where the Local Government Pension Scheme legislation allows it the exercise of discretion.
- 2.2 The Pension Committee approved a comprehensive “Administering Authority Discretions Policy” in July 2021 and, following legal advice, some updates to the existing statement of policy document have been recommended.

3. Recommendations

- 3.1 The Pension Committee is asked to approve the updated proposed “Administering Authority Discretions Policy” provided in Appendix A to this report.

4. Report Background

- 4.1 There are a number of areas within Local Government Pension Scheme legislation that provide either the administering authority (West Northamptonshire Council) or individual employers participating in the Fund with flexibility over how the particular provision is exercised.
- 4.2 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.
- 4.3 Since this decision, however, officers have received legal advice recommending that only one person be named as responsible for making any particular determination. 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. A decision-making framework is being agreed between the S151 Officer and Head of Pensions to enable exit credit determinations to be delegated to the Employer Services Manager.
- 4.4 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:
- 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,
 - the extension of the period over which strain costs are paid, and
 - 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.
- 4.5 Appendix A sets out the comprehensive Proposed statement of policy on Administering Authority Discretions and for ease of reference, light shading has been applied to the updated policies.

5. Issues and Choices

- 5.1 On the whole, administering authority discretions have little risk attached to them and relate to day to day operational matters.
- 5.2 Following receipt of legal advice on exit credit determinations, a review of the statement of policy on Administering Authority Discretions has been undertaken and Appendix A sets out the proposed updated statement.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

6.3.1 The mitigated risks associated with this report has 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

The Fund's full risk register can be found on the Fund's website at the following link:
[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- To 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.
- To 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.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

6.5 Consultation

6.5.1 Not applicable.