



## REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

### Fund Administration Policy Updates

Pensions Committee  
16<sup>th</sup> June 2021

Classification  
**PUBLIC**

Ward(s) affected

**ALL**

Enclosures

Three

**AGENDA ITEM NO.**

## 1. INTRODUCTION

- 1.1 This report includes various policies that have been reviewed and updated. Generally, unless otherwise specified, the Fund's policy is to review policies every three years (or sooner if required, for example, due to changes in legislation). This report includes three policies that have reached the review date and have had some minor recommended updates.

## 2. RECOMMENDATIONS

- 2.1 The Pensions Committee is recommended to:
- Approve the three updated policies which are Communications, Voluntary Scheme Pays and Administering Authority Discretions.

## 3. RELATED DECISIONS

- Pensions Committee 26 March 2019 – Communications Strategy
- Pensions Committee 23 July 2018 – Voluntary Scheme Pays Policy
- Pensions Committee 23 July 2018 – Administering Authority Discretions Policy

## 4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Ensuring that the Fund has clear policies in place helps maintain proper financial governance of the Fund. Some of the areas within these policies can impact the financial health of the Fund or change its exposure to certain risk factors; ensuring that clear policies are in place helps maintain a consistent and prudent approach to these areas.
- 4.2 There are no new immediate financial implication arising from this report other than:
- The Administering Authority Discretions Policy includes a new provision relating to the potential return of a surplus to ceasing employers.

## **5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

5.1 The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension fund. In carrying out those functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering Authority, particularly by the 2013 Regulations. Those obligations include producing written policies in certain areas including communications and some discretionary areas.

5.2 It is sensible against this background, and consistent with good administration and governance, to publish written policies in areas where this is not specifically required by the 2013 Regulations, such as for Voluntary Scheme Pays.

## **6. BACKGROUND TO THE REPORT**

6.1 The London Borough of Hackney is the Administering Authority for the Pension Fund; delegated powers under the Council Constitution have been given to the Pensions Committee to oversee its management. This includes the approval of all Hackney Pension Fund policies.

## **7. COMMUNICATIONS STRATEGY**

7.1 Regulation 61 of the 2013 Regulations requires each administering authority to publish its strategy for communicating with various stakeholders.

7.2 The strategy was last approved in March 2019 and at that stage it was agreed to review the strategy every two years. The strategy is therefore due for review.

7.3 In this review we have taken the opportunity to update this to a triennial review (or sooner if required, for example due to legislative changes). This will bring the review of the Communications Strategy in line with most other Fund policies that are reviewed on a triennial basis.

7.4 We have made some minor updates to the wording as highlighted in appendix 1, including to reflect The Pension Regulator's New Code, due to be launched later this year or early next year, and also to reflect the imminent introduction of the Employer Self Service portal. There are no significant changes to the strategy.

## **8. VOLUNTARY SCHEME PAYS POLICY**

8.1 This policy was last reviewed in July 2018, so is due for its triennial review. It covers the Fund's approach for dealing with requests from scheme members to use 'Scheme Pays' to pay tax charges that have arisen due to the level of the member's benefits but where the criteria for mandatory scheme pays are not met.

8.2 The Regulations do not require a written policy on voluntary scheme pays, but it is good practice to publish one setting out the circumstances in which an application may be accepted so members understand their options. This

also ensures the third party administrator for Hackney Pension is clear about the approach that should be taken in these situations.

- 8.3 The policy has been updated to reflect the new income levels that apply for assessing whether a member is affected by the tapered annual allowance. We have also updated the dates used in various examples throughout the policy. There are some other minor wording updates but no significant amendments to the previous policy. The amendments are all highlighted in the appendix 2.

## **9. ADMINISTERING AUTHORITY DISCRETIONS POLICY**

- 9.1 This policy statement sets out all the areas in which the Administering Authority has the discretion to make a decision, within the parameters set out in legislation. The policy statement was last reviewed in July 2018 so is due for its triennial review.
- 9.2 The 2013 Regulations (plus earlier regulations that still apply to benefits built up before 2014) contain a number of areas where administering authorities have discretion to make a decision about how the regulations apply. Examples include determining whether a co-habiting partner meets the criteria to receive a partner's pension in the event of a member's death, or whether to enter into an admission agreement with a new employer. The Regulations do not require a written policy to be published in relation to all the areas of discretion, but given it is required in relation to a small number of areas it is good practice to include all administering authority discretions in the policy, to ensure members, employers and the Fund's third party administrators understand the Fund's approach.
- 9.3 The policy statement, included at appendix 3, has been updated throughout to reflect the revised job titles of the officers to whom responsibility for certain discretions has been delegated. All references to the 'Head of Pensions Administration' have been changed to 'Pensions Manager' and all references to the 'Head of Pension Fund Investments' have been changed to 'Head of Pensions'.
- 9.4 There have also been some minor amendments to wording as highlighted to help clarify some discretions and policies.
- 9.5 Two discretions have been deleted as they are no longer relevant as shown. One discretion has been added which is highlighted – this is the discretion for the administering authority to determine the amount of any exit credit (i.e. funding surplus) in respect of an employer leaving the Fund. It is recommended that this will be decided by the Director, Financial Management having regard to the advice of the Fund Actuary after following the process set out in the updated Funding Strategy Statement.

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**Appendices**

Appendix 1 – Communications Strategy

Appendix 2 – Voluntary Scheme Pays Policy

Appendix 3 – Administering Authority Discretions Policy