

DELEGATED RESPONSIBILITIES

Delegation:	Delegated Officer(s):	Communication and monitoring of Use of Delegation
<p>Approving administering authority discretions policy (including the Voluntary Scheme Pays Policy and Over/underpayments Policy) other than in relation to:</p> <ul style="list-style-type: none"> • any key strategy/policies and • some matters relating to admission bodies and bulk transfers as included in the scheme of delegation. 	<p>CFM and CE (having regard to the advice of the rest of the PAP)</p>	<p>Copy of policies to be circulated to PFC members once approved.</p>
<p>Action taken –</p> <p>The Statement of Administering Authority Discretionary Policies as drafted was approved. In addition to the Statement the following background information was provided:</p> <p>Administering Authority Discretionary Policies</p> <p>There are a number of provisions in the Local Government Pension Scheme Regulations 2013 (as amended) and related legislation where administering authorities have some choice (or discretion) as to how matters are dealt with. There is a legal requirement to publish a statement of policy in relation to some of these, and it is good practice to collate a written statement of policy decisions in relation to all provisions. This provides transparency to scheme members as well as ensuring all officers work within agreed policies and procedures on a day to day basis. Prior to now, a full statement of policies has not been developed and key policy decisions have been made as and when required.</p> <p>The statement lists all the relevant areas of policy and the recommended approach for the Clwyd Pension Fund. The approaches vary depending on the nature of the discretionary area and include:</p> <ul style="list-style-type: none"> • areas where a separate full written policy is agreed by the Pension Fund Committee (such as the Funding Strategy Statement and Administration Policy) • areas where a clear approach is to be followed • areas where a named officer(s) has delegated authority to consider the matter as each case arises (sometimes with regard to advice from the Fund's advisers) • a combination of the last two points. 		

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Action taken –

The Voluntary Scheme Pays Policy as drafted was approved. In addition to the Policy the following background information was provided:

Scheme Pays Policy

Annual Allowance is one of the limits set by the Government in relation to the level of an individual’s pension savings, known as pension input, before a tax charge becomes due to HM Revenue and Customs (HMRC).

Scheme members are normally required to pay their tax charges directly to HMRC, however, where the member exceeds the standard annual allowance (currently £40,000) and their annual allowance charge in a tax year exceeds £2,000, members are entitled to elect to meet some or all of the tax charge from their future pension benefits. This is known as the Mandatory Scheme Pays (MSP) option. This option requires the Pension Fund to pay the tax charge on the member’s behalf and then to reduce their future pension benefits accordingly.

Local Government Pension Scheme (LGPS) administering authorities now have the power to grant a member’s request to pay their annual allowance charge even if they do not meet the criteria for MSP; this mechanism has become known as Voluntary Scheme Pays (VSP).

Voluntary Scheme Pays can apply where the member does not have an entitlement to MSP, , and the member may ask the Pension Fund to pay their annual allowance tax charge on a voluntary basis via the Voluntary Scheme Pays option with a corresponding reduction to their LGPS benefits. This would include those members adversely affected by HMRCs tapering rule (i.e. members with taxable income in excess of £150,000 in any year which is likely to mean they have an annual allowance of less than £40,000) and could also be used where the member's tax charge is less than £2,000. This, however, is subject to the Administering Authority’s approval which is discretionary. There are a number of other circumstances where voluntary scheme pays would be permitted.

The draft CPF policy has been developed to allow voluntary scheme pays in circumstances where it will not result in a major amount of additional work for the CPF Administration Team and where the charge purely relates to membership in CPF (i.e. not also relating to other pension arrangements). It is considered this approach is fair to the scheme member and the exceptions are justifiable.

This policy, as drafted, would therefore permit voluntary scheme pays in the following circumstances:

- A member is subject to the Tapered Annual Allowance or the Money Purchase

Annual Allowance and has a tax charge of more than £2,000 relating to input in the Clwyd Pension Fund, and the irrevocable election is received by 30th November following the end of the tax year in which the input arises (i.e. 30th November 2019 for input in the 2018/19 year).

- A member meets all the criteria for Mandatory Scheme Pays but was unable to meet the 31st July deadline due to an administrative error or omission by Flintshire County Council, in its role as administering authority, (i.e. the member was not notified of their pension input in time for them to meet the deadline). In these circumstances the application for Voluntary Scheme Pays should be made within 2 months of the member receiving notification of their pension input.

The draft policy also outlines some situations where voluntary scheme pays should not be permitted. In particular it is not considered practical to allow voluntary scheme pays where charges are partly due to pensions growth in other schemes, as this could result in complications and a large amount of administration compared to CPF only cases. The excluded scenarios are as follows:

- The member's tax charge relating to pension input in the LGPS in England & Wales is less than £2,000, but they have applied for Voluntary Scheme Pays because their total tax charge when taking input from other arrangements into account is more than £2,000.
- The member has a Mandatory Scheme Pays right in respect of pension input in the LGPS in England and Wales, but has also asked the Fund to pay a tax charge relating to input in a separate pension arrangement.
- The member's tax charge is less than £2,000.

A member did not meet the 31st July deadline for applying for Mandatory Scheme Pays, and this failure to meet the deadline was **not** due to any administrative error or omission by Flintshire County Council, in its role as administering authority.

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<p>June 2018 PFC Delegation relating to administration staffing structure:</p> <p>"That the Committee approve that the Chair and Chief Executive or Corporate Finance Manager under delegation approve further staffing resources upon receipt of a more detailed business case."</p>	<p>Chair and either CFM or CE.</p>	<p>Updated via delegation form at next Committee meeting.</p>
<p>Action taken –</p> <p>Approved:</p> <ul style="list-style-type: none"> • the increase to the vacant Pension Officer post from 3 days to 5 days. 		

- 2 x Pension assistant posts on 12 month temporary contracts.

Background information

Following a review of current resource and workload, it was recommended that the current Pension Officer vacancy (3 days) be increased to a full time staff member (5 days) to assist with the increased volume of work within the operational team dealing with Retirement and Death cases.

Additional workload streams due to regulation changes have impacted on KPI results and the long term impact is not yet clear. To avoid backlogs developing, the appointment of temporary Pension Assistants would alleviate the problem in the short term. Close monitoring of the situation will be undertaken and reviewed monthly in conjunction with the KPI reporting.

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Other urgent matters as they arise	CPFM and either CFM or CE, subject to agreement with Chairman and Deputy Chairman (or either, if only one is available in timescale)	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC.

Action taken –

Approved the write off of the overpayment of pension and lump sum to 3 pensioner members totalling approx. £3500 and communications to members. This is as a result of a combination of system and manual error. An over/underpayments policy is separately being developed.

Background information

This request asked for the approval to write-off overpayments to 3 pensioner members whilst awaiting clarification within the under/ overpayments policy.

Whilst completing Project Apple, 3 pensioner members were identified as having been overpaid pension and lump sum due to issues outside of the project. The payment errors were caused due to a combination of a system error at that time and manual input. The system error has since been rectified and additional steps to check benefit calculations have been put in place. These members do not fall within the Principles of Project Apple so require separate authorisation.

The member records have been rectified and the correct pension amount will be paid from the 1st April 2019. All members will be notified accordingly of this correction and that no recovery of the overpayments will be made.