

Appendix 2 - London Borough of Hammersmith & Fulham Pension Fund Discretion Policy

	Discretion	Regulation	LBHF Discretions Policy
Applicable to the Fund			
	Governance Policy must state if the admin authority delegates their function for a pension fund to a committee, a sub-committee or an officer of the admin authority, meetings, terms, structure, procedures and voting rights. Including local Pensions Board	R55	Governance Policy to be defined, published and reviewed as required and is detailed in the report and accounts.
Fund	Decide appointment procedures, terms of appointment and membership of local pension board	R107(1)	The constitution of the London Borough of Hammersmith & Fulham Local Pension Board can be found on the Local authority's website

Applicable to the Fund	Discretion	Regulation	LBHF Discretions Policy
	Decide on Funding Strategy for inclusion in funding strategy statement	R58	Funding Strategy Statement published and reviewed at least every three years
	Whether to have a written pensions administration strategy	R59(1) & (2)	There is an administration strategy in place which is reviewed regularly.
	Communication policy must set out the policy on provision of information, frequency & method for communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method	R61	There is a Communication policy which is reviewed regularly.
	Date to which benefits on annual benefit statement are calculated	R89(5)	31 March of each year

Applicable to Fund Employers	Discretion	Regulation	LBHF Discretions Policy
Admission Agreement	Whether to agree to an admission agreement with a body applying to be an admission body	R5(5) & RSch 2, Part 3, para 1	The Administering Authority will consider an admission agreement with a body, subject to the body showing long term financial security by either a guarantee from a scheduled employer or with the provision of a financial bond. The Administering Authority will consider an admission agreement of a body as a result of a transfer of services or assets from a scheme employer or relates to the body that exists as a result of being specifically set up by a local authority, subject to showing long term financial security by either a guarantee from a scheduled employer or with the provision of a financial bond.
Payment	Decide frequency of payments to be made to Fund by employers and whether to make an admin charge	R69(1)	Payments will be made monthly and paid over by 19th of the following month. Any administration charges to be reviewed as part of the Administration Strategy.
Admission Agreement	Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	RSch2, Part 3, para 14	The Administering Authority will consider any cases on an individual basis.
	Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance	R70	The terms of this will be detailed within the Administration Policy which is currently under review.

Applicable to Employers	Discretion	Regulation	LBHF Discretions Policy
Admission Agreement	Whether to terminate a transferee admission agreement in the event of:- insolvency, winding up or liquidation of the body.- breach by that body of its obligations under the admission agreement.-failure by that body to pay over sums due to the Fund.	RSch 2, Part 3, para 9(d)	In the event of insolvency, winding up or liquidation the Fund would always terminate the agreement. Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund such as the failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund. The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund; or on termination of a deferred debt agreement will be decided on a case by case basis by the Pension Fund Committee.
Contribution rate	Whether to obtain revision of employer's contribution rate if circumstances which make it likely to become an exiting employer or significant events	R64(4)	Any revision of employer contributions rates will be made on advice from the Pension Fund's Actuary and in accordance with the Administering Authority's Funding Strategy Statement.
	Specify info to be supplied by employers to enable admin. authority to discharge its functions	TP23, R80(1)(b) & TP22(1)	The Administering Authority has set out employing body responsibilities in the Pensions Administration Strategy. These are also detailed on the LGPS Technical website. These will be supplemented by bulletins and targeted information and guidance on specific administrative processes as per the links LPPA Website LGPS Regs website

Applicable to Employers	Discretion	Regulation	LBHF Discretions Policy
	Whether admin. authority should appeal against employer decision (or lack of a decision)	R79(2), TP23	The Administering Authority will consider any cases on an individual basis and, where necessary, an appeal will be made when it is believed that action or inaction by an employer is incorrect under law and is material
IDRP	Decide procedure to be followed by admin authority when exercising its stage two IDRP functions and decide the manner in which those functions are to be exercised	TP23 & R76(4)	The Administering Authority has set out its procedures in the Internal Disputes Resolution Procedure (*IDRP) which is accessible from the LPPA's website.
	Whether to charge interest on payments by employers which are overdue	R71, L82(1)	Interest may be charged on contributions paid more than 1 month after the due date in accordance with the Pensions Administration Strategy. Interest will be charged in accordance with regulation 44 which states that interest should be charged at Bank of England Base Rate plus one percent. See Fund website.
	Decide form and frequency of information to accompany payments to the Fund	R69(4), L81(5)	Each payment to the Pension Fund must be accompanied with a schedule, in the format and submitted by the method prescribed by the Administering Authority and in accordance with the Pensions Administration Strategy.
	Decide frequency of payments to be made over to Fund by employers and if admin charge	R69(1), L81(1), L12(5)	Contributions must be paid on a monthly basis at the rates set by the Pension Fund's actuary. Payments must be received no later than the 19th calendar day of the month following the month of deduction in accordance with Local Government Pension Scheme Regulations & Pensions Administration Strategy, unless otherwise agreed by the Administering Authority.

Applicable to Employers	Discretion	Regulation	LBHF Discretions Policy
Policy	Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.	R61	The Administering Authority's Communication Strategy has been formulated and is kept under review. The Policy is published annually as part of the Annual Report and Accounts and is accessible from the Pension Fund's website.
Policy	Whether to have a written pensions administration strategy and, if so, the matters it should include	R59(1) & (2)	The Administering Authority's Pensions Administration Strategy (PAS) is being formulated and will be kept under review. Employers are consulted on changes to the Strategy which is approved by the Pensions Committee. The Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers. R61 Communication Policy Statement

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Policy	Decide on Funding Strategy for inclusion in funding strategy statement	R58*	The Administering Authority's Funding Strategy has been formulated in conjunction with the Pension Fund's Actuary and is kept under review. Employers are consulted on changes to the Strategy which is approved by the Pensions Committee. The Funding Strategy Statement is published annually as part of the Annual Report and Accounts which is accessible from the Pension Fund's website
Policy	Governance policy must state whether the admin authority delegates their function of part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state	R55*	The Administering Authority's Governance Compliance Statement has been formulated and is kept under review. The Statement is published annually as part of the Annual Report and Accounts and is accessible from the Pension Fund's web page
Actuarial reduction	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement. R30(8) Employer (or Admin. Authority where Employer has become defunct)	R30(8),	The administering authority will not wish to adopt this policy as it needs to ensure the effective use of financial resources. The Admin. Authority will exercise this discretion where the employer is defunct.

Applicable to Employers	Discretion	Regulation	LBHF Discretions Policy
Actuarial Strain costs	Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or before age 60 under B30 of B30A the waiver (in whole or in part) under R30(8) of any actuarial reduction that would be applied to benefits which member voluntarily draws before normal pension age or to benefits drawn on flexible retirement	R68(2), TPSch2, para 2(3)	To be paid by fund employers promptly on receipt of invoice after retirement has been processed.
Ill health	Approve medical advisors used by employers (for ill health benefits)	R36(3), L97(10), A56(2)	Unless exceptional circumstances are identified IRMP's will always be approved where the qualification criteria set out under the regulations

Applicable to Employers	Discretion	Regulation	LBHF Discretions Policy
Ill health	Whether to use a certificate produced by an IRMP under the 2008 scheme for the purposes of making an ill health determination under the 2014 scheme	TP12(6)	The administering authority will always ask that the IRMP complete the correct certificate. The Admin. Authority will exercise this discretion where the employer is defunct.
Ill health	Whether to use a certificate produced by an IRMP under the 2008 scheme for the purposes of making an ill health determination under the 2014 scheme	TP12(6)	The administering authority (via the Head of Pensions) will always ask that the IRMP complete the correct certificate. The Admin. Authority will exercise this discretion where the employer is defunct.
Death	Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2) B23(2) & B32(2) & B35(2) & TSch1 & L155(4) 38(1), SE8	Discretion will be exercised in the following manner: 1. If there is a valid nomination form, the death grant will usually be paid to the nominated beneficiaries in the proportions specified but each case will be assessed on its merits. 2. In other cases, the death grant may be paid to the deceased member's personal representative(s) or any person appearing to have been the member's relative or dependant at any time. 3. Death grants paid to the deceased member's personal representative(s) that do not exceed £5,000 limit set out in the Administration of Estates (Small Payments) Act 1965, will normally be made without the need for Letters of Administration/Grant of Probate 4. The Administering Authority (via the Head of Pensions) will require a formal declaration for death grants payable to a child under the age of 18. Any payment to a child will require a Trust Fund or bank account in their own name, unless in exceptional circumstances where a separate legal declaration may be required.

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Ill health	Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	R38(3)	The administering authority will make a determination having regard to the independent medical advisors recommendation. The Admin. Authority will exercise this discretion where the employer is defunct. The member will be expected to engage with the review otherwise payment of the benefit will cease.
Ill health	Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	The administering authority (via Head of Pensions) will make a determination having regard to the independent medical advisors recommendation. If the Fund determines that a member is in gainful employment whilst in receipt of this benefit. The Fund may cease the benefit and seek to recover overpaid benefit.

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Death	Whether to pay the whole or part of the amount that is due to the representatives (including anything due to the deceased member at the date of death) to: • the representatives, or • anyone who is beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount in s6 of the Administration of Estates (Small Payments) Act 1965	R82(2), A52(2), L95 TP17(5) to (8) & R40(2), R43(2) & R46(2)	The Head of Pensions will exercise discretion in the following: 1. If there is a valid nomination form, the death grant will usually be paid to the nominated beneficiaries in the proportions specified, but each case will be assessed on its merits. 2. In other cases, the death grant may be paid to the deceased member's personal representative(s) or any person appearing to have been the member's relative or dependant at any time. 3. The Administering Authority (via the Head of Pensions) may ask for any further information that it deems necessary including a copy of the deceased will.
	Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch1 & L23(9)	The administering authority (via the Head of Pensions) will consider each case, to ensure no detriment is suffered by the member

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Death	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	R17(12)	The administering authority would replicate the decision made when deciding payment of the Death Grant
Incapacity	Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83, A52A, B27(5), L47(2), SG11(2)	The Administering Authority will consider each case on an individual basis on receipt of Power of Attorney or relevant paperwork and, where appropriate, having established an appropriate beneficiary, will require a formal declaration that the pension will be used for the benefit of the member
Additional Pension Contribution(APC) Shared Cost Additional Pension Contribution (SCAPC)	Whether to refuse a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)	R16(1)	The administering authority (via Head of Pensions) will consider each request on a case by case basis in consultation with the Employer

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
APC	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC	R16(10)	Where the APC/SCAPC is to buy extra pension (and not 'lost days') then satisfactory medical clearance from a registered medical practitioner is required, if the member is within 10 years of scheme retirement or is looking to purchase more than £250 of additional pension. All applications will need approval by the Head of Pensions.
APC	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)	The report of the registered medical practitioner will be upheld by the Head of Pensions if such opinion is held.
Spouse pension	Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or co-habitation).	SF7	The Fund will continue to pay spouses benefits that are in payment for life, rather than cease the benefits should the spouse subsequently remarry or co-habit.
AVC	Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds	TP15(1)(d) & A28(2)	The administering authority will not charge either the member or the former employer

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Added Years	Extend time period for capitalisation of added years contract	TP15(1)(c) & TSch1 & L83(5)	The administering authority will not extend the period for capitalisation of added years contract
Children's Pension	Apportionment of children's pension amongst eligible children	47(1), SG11(1)	The Administering Authority(via the Head of Pensions) has determined that pension benefits will be divided equally between eligible children and, in the event that a child is no longer eligible, then the pension for the remaining children will be recalculated.
APC	Extend time period (30 days) for capitalisation of added years contract where the member leaves employment by reason of lost (ie strike, child related absence).	TP15(1)(c) & TSch1 & L83(5)	The Administering Authority (via the Head of Pensions) will consider each case on its merits having regard to the facts of the particular case. In general, the option period shall be three months from the date that the member has been notified of the costs of the added years contract. Will not apply.
Abatement	Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re employment	TP3(13) & A70(1) & A71(4)(c)	The Hammersmith & Fulham Fund does not enforce abatement of pensions to re employed staff. The Administering authority will not adopt this policy and will not require the abatement of any pension in payment

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Cohabiting Partner	Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member	RSch 1 & TP17(9)(b)	The Head of Pensions will consider the point that any benefits become payable and will require documentary evidence to provide proof of cohabiting for a continuous period of at least 2 years immediately prior to the member's death. i.e. evidence of shared bills or mortgage/rent documentation. The required conditions are: • both the member and their co-habiting partner were free to marry each other or to enter into a civil partnership with each other, and • the member and their co-habiting partner have been living together as if they were husband and wife, or civil partners, and • neither the member or their co-habiting partner have been living with someone else as if they were husband and wife or civil partners, and • either the co-habiting partner is financially dependent on the member or they are financially interdependent on each other.
Child benefit	Decide to treat child (who has not reached the age of 23) as being in continuous full -time education or vocational training despite a break	RSch 1 & TP17(9)(a)	The Head of Pensions will give consideration to each case to identify whether the break is fundamental to the overall qualification, or whether it was a true break. The spirit of the regulation is to permit reinstatement of the pension where the break was part of the overall qualification plan.
Death	Where member to whom use of average of 3 years pay for final pay purposes, dies before making an election, whether	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9) B10(2)	Where it appears to the Fund that if the member had made such an election, it would have been beneficial in the calculation of death benefits, then the Fund will make the election on behalf of the deceased member

	to make election on behalf of the member		
Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Transfers	Allow transfer of pension rights into the Fund	R100(7)	The Fund will accept transfer values from other pension arrangements.
Transfers	Extend normal time limit of 12 months since LGPS membership for acceptance of a transfer value	R100(6)	The Pension Fund will not accept any transfers outside of the 12 month period.
Transfers	Agree to bulk transfer payment	R98(1)(b)	The Administering Authority (via the Head of Pensions) will consider bulk transfer payments where appropriate based on advice obtained from the Pension Fund's Actuary, in agreement with : (i) the administering authority, (ii) the Scheme employer (if different), and (iii) the trustees or managers of the new scheme
85 year rule	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	TPSch2, paras 1(2) and 2(2)	The Administering Authority will only adopt this rule for active members a. The administering authority will not wish to adopt this policy for deferred members or those choosing Flexible retirement as it needs to ensure the effective use of financial resources. The Admin. Authority will exercise this discretion where the employer is defunct.

Applicable to Members and Beneficiaries	Discretion	Regulation	LBHF Discretions Policy
Service	Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment)	TP10 (9)	The administering authority (via the Head of Pensions) will consider each case, to ensure no detriment is suffered by the member
Pension benefits	Decide whether to commute small pension	R34(1)	The Administering Authority will apply this In line with HMRC guidance
Pension Benefits	Decide whether it wishes to offer voluntary scheme pays	2	The Administering Authority via the Head of Pensions will consider on a case by case basis provided the application is made no later than the tax year immediately after the tax year the member is liable for an annual allowance tax charge.
Flexible Retirement	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).	R30	R30(6) & TP11(2)

Key to Regulations

The Local Government Pension Scheme (Administration) Regulations 2013 [prefix R]

The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [prefix TP] (Prefix 2)

The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]

The Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 (as amended) [prefix B]

The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]

The Local Government Pension Regulations 1997 (as amended) [prefix L]

The Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011 [SI 2011/1791]

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006