

Report for: Pensions Committee 11 July 2016

Item number: 7

Title: Pensions Administration Report

Report

authorised by : Mark Rudd - Assistant Director | Shared Services

Lead Officer: Janet Richards – Pensions Manager

☎ 020 8489 3824

✉ janet.richards@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/

Non Key Decision: N/A

1. Describe the issue under consideration

Pensions Administration Report.

2. Cabinet Member Introduction

Not applicable

3. Recommendations that members note:

3.1 Automatic re-enrolment took place on 1st April 2016. 137 Employees were re-enrolled. 106 of those to the Local Government Pension Scheme (LGPS) and 31 into the Teachers Pension scheme. As of 15th May 2016, 58 employees (42% of those auto re-enrolled) opted out of the Pension Scheme. There are approximately 1037 employees who will be brought into the fund on 1st October 2017.

3.2 The Brook School's cleaning contract with Superclean ended on 30th April 2016. The Brook School entered into a cleaning contract with Green Sky Clean Limited on 1st May 2016.

Recommendations that members agree:

3.2.1 That the cleaning contractor Green Sky Clean Limited be admitted to the Council's Pension Scheme as an Admission Body in relation to the provision of a cleaning contract with the Governing Body of The Brook School, subject to the contractor entering into an admission agreement with the Council in respect of the contract.

3.2.2 That an admission agreement satisfactory to the Council, be entered into - in respect of the contract and that the agreement is a closed agreement, as such that new members can not be admitted.

4. Reason for decision

Under the LGPS, if a body is an admission body as defined by the Regulations; the administering authority make an admission agreement with that body. The body's employees will be eligible for membership of the Scheme if designated under the terms of the agreement. An admission will provide a service in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or another arrangement.

5. Alternative options considered

5.1 N/A

6. Background information

Auto Re enrolment

- 6.1** The Government passed legislation under the Pensions Act 2008. The Act made provision for auto-enrolment of employees into a workplace pension scheme. This requires employers to auto-enrol eligible job holders into a pension scheme. All eligible New Starters were auto enrolled from 1st March 2013.
- 6.2** The legislation requires employers to automatically enrol eligible employees who opted out within the last 3 years.
- 6.3** Casual 'as and when' workers with a contract of less than three months are not eligible for immediate membership of the LGPS. They can elect to join if they wish. The postponement option is used for this group of employees to avoid the cost of providing an alternative qualifying schemes.
- 6.4** The Council took advantage of the transitional delay period that permits delaying the auto-enrolment of all eligible non contributing job holders until 1st October 2017. This delay applies to those who have previously opted out of the LGPS and the Teachers Pension Scheme (TPS). There will be approximately 1000 employees who may be brought into the scheme in October 2017. Most of these employees will not have been in a pension scheme for at least 4½ years.
- 6.5** 80% of eligible Haringey employees are in the pension scheme and 82.5% of Homes for Haringey employees are in the pension scheme. The end of the transitional delay exercise in October 2017 will enrol employees into the scheme.

	Haringey Council	Homes for Haringey
The numbers in the scheme	4881	552
The numbers being auto reenrolled / due to be auto re enrolled	137	106
The numbers who have declined over the last 3 years	307	-
Any other category	1037	11
Total	6055	669

Outcome of Auto Enrolment

- 6.6** There were 137 employees who were automatically re-enrolled on 1st April 2016. 106 were in the local government pension scheme and 31 in the Teachers Pension Scheme. 58 employees have opted out to date (42%).

In April 2016 a total of £24,597.36 in employee contributions were deducted for this group.

No additional resource was used.

6.7 Conclusion

Automatic re-enrolment is an employer statutory function which has to be carried out every three years. A large proportion of the staff auto re-enrolled are likely to opt out as they had made a positive election to do so previously. We will monitor this sample of employees over the next few months to confirm numbers of who has opted out following this exercise. The October 2017 exercise will be a big exercise. Nearly 1000 employees will be brought into the scheme who have not been in the pension scheme for at least 4½ years.

6.8 Membership of the Local Government Pension Scheme

Date	Active Member	Deferred Member	Pensioners	Dependent pensioners	Frozen refunds/undecided	Total
31/03/2014	6168	7212	5630	1084	465	20559
31/03/2015	5958	8287	5998	1082	525	21850
31/03/2016	6229	8386	6204	1100	613	22532

Membership of the LGPS has increased each year over the last three years in all categories. New employees are automatically brought into the pension scheme which increases the number of active members. There has also been an increase in the amount of leavers who are entitled to deferred pension payments. The number of pensioners and dependent pensioners has also increased.

New Employer seeking Admission Body Status

- 6.9** The Brook School outsourced its cleaning functions on 1 May 2016 to Green Sky Clean Limited under a contract between the school's Governing Body and Green Sky Limited.
- 6.10** Two staff will be tupe transferred; they are both members of the LGPS. The admission agreement will be closed and only the tupe transferred staff can participate in the LGPS.
- 6.11** The contract length is one year. Staff are required to work no less than 50% of their time on the contract. The actuary has confirmed that Green Sky Clean Limited can continue to pay the same employer contribution rate as the former contractor Superclean. i.e. 26.7% + 5% with no bond.

7. Contribution to strategic outcomes

7.1 N/A

8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities

8.1 Legal - The Haringey Pension Fund is obliged to admit Green Sky Clean Limited if they meet the requirements of Schedule 2 (Part 3) of the LGPS Regulations 2013. The Admission Agreement is yet to be agreed and is to be a closed agreement.

8.2 Finance - Once an employee is auto enrolled into the fund and the employee opts to remain, both the employee and employer are liable to make contributions into the fund based on the LGPS contribution rates and adjustments to the employer rate as calculated by the fund's actuary. Benefits start to accrue based on contributions received into the fund which creates a liability that the fund will have to discharge when the employee retires.

9. Use of Appendices

9.1

10. Local Government (Access to Information) Act 1985

10.1

1.