



NOTICE OF MEETING

Pensions Committee

IMPORTANT NOTE: THE ADVISOR WILL BRIEF ALL TRUSTEES OF THE PENSIONS FUND, PRIOR TO THE MEETING, AT 18:30 HOURS

THURSDAY, 13TH MARCH, 2008 at 19:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Rahman Khan (Chair), Mallett (Vice-Chair), Adje, Beacham, Basu, Butcher, Wilson and Aitken

IN ATTENDANCE: Howard Jones (Advisor to the Trustees) and Roger Melling (Union representative)

AGENDA

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS

The Chair will consider the admission of any late reports, related to any items for consideration under those agenda items. Any new items of urgent business will be considered either under Agenda Item 8 (unrestricted only), or 11 (exempt only).

3. DECLARATIONS OF INTERESTS

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest and if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct and/or if it relates to the determining of any approval, consent, license, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

4. MINUTES (PAGES 1 - 8)

To confirm and sign the unrestricted minutes of the meeting of the Pensions Committee held on 28 January 2008.

5. ATTENDANCE OF MANAGERS

Attendance and presentations by the three Fund Managers for a 15 minute presentation and 15 minutes of questions from Trustees, and the Advisor:

7:05pm – ING; **7.35pm** – Bernstein; **8:05pm** – Fidelity; **8:35pm** - Capital

6. FUND PERFORMANCE UPDATE - REPORT OF THE CHIEF FINANCIAL OFFICER (PAGES 9 - 18)

(Report of the Chief Financial Officer). To advise the Committee of Fund Managers' performance for the period to 31 December 2007, and budget monitoring for the 2007/8 period 9 (to end of December 2007).

7. FUND ADMINISTRATION UPDATE: (PAGES 19 - 52)

(Report of the Assistant Chief Executive, People, Organisation and Development)

8. ANY UNRESTRICTED ITEMS OF URGENT BUSINESS:

To consider any new unrestricted items of urgent business admitted under Agenda Item 2 above.

9. EXCLUSION OF PRESS AND PUBLIC

The following item is likely to be the subject of a motion to exclude the press and public from the meeting as it contains “exempt” information as defined in Section 100A of the Local Government Act 1972, namely that they contain information relating to the business or financial affairs of any particular person (including the Authority holding that information).

10. EXEMPT MINUTES: (PAGES 53 - 54)

To confirm and sign the exempt minutes of the meeting of the Pension Committee held on 28 January 2008.

11. ANY OTHER EXEMPT URGENT ITEMS

To consider any new exempt items of urgent business admitted under Agenda Item 2 above.

Yuniea Semambo
Head Local Democracy and Member Services
5th Floor
River Park House
225 High Road
Wood Green
London N22 8HQ

Clifford Hart
Non-Cabinet Committees Manager
Tel: 020 8489 2920
Fax: 020 8489 2660
Email: clifford.hart@haringey.gov.uk

5 March 2008

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**MINUTES OF THE PENSIONS COMMITTEE
TUESDAY, 29 JANUARY 2008**

PRESENT:

Councillors Rahman Khan (Chair), Mallett (Vice-Chair), Adje, Basu, Butcher and Wilson

Apologies Councillor Beacham, Howard Jones – Adviser to the Trustees

Also Present: Roger Melling – Designated Union representative

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PRPP34.	<p>APOLOGIES FOR ABSENCE</p> <p>An apology for lateness were received on behalf of Councillor Adje, and for absence from Councillor Beacham.</p> <p>NOTED</p>	
PRPP35.	<p>URGENT BUSINESS:</p> <p>The Clerk advised that whilst there were no items of urgent business there were TABLED revised minutes which had some small amendments.</p> <p>NOTED</p>	
PRPP36.	<p>DECLARATIONS OF INTERESTS:</p> <p>Councillor Rahman Khan declared a personal interest in respect of his membership of the Haringey Pension Scheme. He also declared a personal interest in respect of his attendance for improving his required skills for the benefit of discharge of council duties at various forums/ trainings/ conferences, including the LGC where some of the fund Managers or agencies were sponsors.</p> <p>Councillor Mallett declared a personal interest in respect of her membership of the Haringey Pension Scheme. She also declared a personal interest in respect of her attendance at a training course facilitated by pension fund managers.</p> <p>Councillor Wilson declared a personal interest in respect of his employment at the Association of British Insurers.</p> <p>Councillor Butcher declared personal interests in respect of his membership of the Haringey Council Pension Fund, and also confirmed that this was the case for the previous meeting of the Pensions Committee however this had not been recorded then.</p>	

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	NOTED	
PRPP37.	<p>MINUTES:</p> <p>RESOLVED</p> <p>That the minutes of the meeting of the Audit Committee held on 4 December 2007 be signed as an accurate record of the proceedings.</p>	
PRPP38.	<p>TRIENNIAL ACTUARIAL VALUATION RESULTS AS AT 31 MARCH 2007 AND APPROVAL OF REVISED FUNDING STRATEGY STATEMENT:</p> <p>In a brief introduction of the circulated report the Chief Financial Officer Mr Almeroth - reported that the report set out the results of the triennial actuarial valuation as at 31 March 2007 which was for noting and the Authority's revised Funding Strategy Statement for approval. Mr Almeroth advised that the level of funding had increased from 69 per cent to 77.7 per cent as at the 2007 valuation (31 March 2007), but the Haringey Council part of the fund has a funding level of 75 per cent as at 31 March 2007.. Following the 2007 valuation, the Actuary had agreed that the Council's contribution rate could prudently remain at the 2007/08 rate of 22.9 per cent, although the Councils' funding level, being 75%, in stead of 77.7%. The Actuary will issue the required report on the triennial valuation shortly and the required rates and adjustments certificate for each admitted, scheduled body and for the Council by the end of March 2008. Mr Almeroth further advised that it was deemed to be the right time to revise the Funding Strategy Statement (FSS). The Authority had received advice from the Actuary and had also shared the revised Statement with Admitted Bodies, Scheduled Bodies and the Independent Advisor to Trustees for any comments.</p> <p>The Actuary – Mr Bryan Chalmers from Hymans Robertson gave a brief presentation as detailed within the circulated papers which highlighted the 2007 valuation.</p> <p>In thanking Mr Chalmers for his presentation, and in asking if there were any questions from the Committee, the Chair referred to the triennial assumptions and asked how could the Authority can be assured of the assumptions. The Chair also asked clarification as to whether the data supplied has been independently tested.</p> <p>In response Mr Chalmers advised that the assumptions were a best estimate of what may happen in the future. Mr Chalmers commented on the prudent assessment that had been made. The data supplied had been independently assessed and Hymans Robertson had no concerns on the data supplied. Mr Chalmers also commented on a number of points in relation to the 2004 fund and the assumptions and actual costs which had been reasonably accurate in their forecast.</p> <p>In response to further points of clarification Mr Chalmers commented that the fund assessment was based on a rolling programme period of</p>	

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20 years and it was a prediction that actual employees would outnumber the fund itself i.e. the number of pensioners claiming from the fund would outstrip the actual number of employees contributing, within the next 15/20 years. Mr Almeroth commented that the current workforce was relatively young with an average age of 40 years. In terms of the 2007 assumptions the 6.1% had continued to be used and this was a stable calculation. In response to further points of clarification Mr Almeroth advised that the assumptions would be revisited in a few years.

In respect of the effect of market conditions Mr Charlmers advised that in terms of asset returns – investment returns had been at 13.1% p.a. with 6.3% p.a. more than discount rate of 6.3% (20% in total). With regard to liabilities – real gilt yields were 1.8% p.a to 1.3% p.a with liabilities up by c.12% (no change in strategy) therefore overall no change in financial liabilities. In respect of Benefits changes (affecting valuation) the principal changes had been the rule of 85 re-introduced from April 2005, commutation from April 2006, and the rule of 85 being removed for new entrants from October 2006, for existing members from 1 April 2008 (with protections), Civil Partnerships, Anti-age discrimination changes, and Tax simplification. Mr Charlmers highlighted the actual implications together with the changes to ill health retirement, the contribution changes, and longevity and mortality changes/implications.

In thanking Mr Charlmers for his further update the Chair asked if there were any specific comments from the Committee.

The Committee briefly discussed the issues of variation and assumptions, and the issue of mortality. In response to points of clarification Mr Chalmers advised that the national assumptions had been specific adjustment for Haringey but the figures were based on the national figures. With regard to the higher ethnicity of workers within Haringey this was the case in terms of comparisons with other London Boroughs, and also that in mortality terms in other Boroughs retired employees were living a little longer. Mr Chalmers, in reference to the table which showed expectations of life, gave a brief explanation of expectations from 2007-2033 with a likely increase of 1 year for every 10 years retired which was a significant improvement. He also highlighted the issues of medical advancement and genetic investigations which would have a positive effect on life expectancy and that this may well have a higher call on the pension itself.

The Chair, in drawing the discussions to a close, commented that in terms of the recommendations before the Committee in terms of the triennial actual valuation he was satisfied with the assumptions as detailed in paras 7.2-7.8, and paragraph 8, noting the comments of the Head of Legal Services with regard to Regulation 77 of the LG Pension Scheme Regulations 1997 in terms of actuarial valuations being obtained. The Chair particularly referred to page 47 of the circulated report and commented in respect of the need for an additional report to the Committee in respect of compliance in respect of responsibilities in relation to each employer's ill-health retirements, financial, demographic, regulatory & governance risk, including the exercise of discretions within

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	<p>the regulatory framework ,initial disputes etc/ and monitoring of overall risks, in addition to the existing items in administration report.</p> <p>On a MOTION by the Chair it was:</p> <p>RESOLVED</p> <ul style="list-style-type: none"> i. that the results of the triennial actuarial valuation as at 31 March 2007 be noted; and ii. that the revised Funding Strategy Statement be approved, and iii. officers be requested to report in each quarterly administration report the position re compliance in respect of responsibilities, in reference to each employer's ill health retirements, financial, demographic, regulatory & governance risks, including the exercise of discretions within the regulatory frameworks, initial disputes etc/and monitoring of overall risks, in addition to the existing items. 	
<p>PRPP39. GOVERNANCE:</p>	<p>In a brief introduction of the report the Head of Finance (Budgets, Projects and Treasury) - Mr Hardy advised that the report before the Committee set out proposals to further improve the Pensions governance arrangements for the Authority by increasing representation at Pensions Committee to cover all stakeholders. The report also set out Haringey's first Governance Compliance Statement, required to be published by 1 March 2008. It was proposed that a revised Governance Compliance Statement would be published once all stakeholders were represented on this Committee.</p> <p>Mr Hardy further commented that the former Pensions Panel on 5 October 2006 considered draft proposals issued by DCLG for consultation purposes and agreed that the 'best practice model' be submitted to a future meeting of Pensions Committee.</p> <p>The principles were detailed in the circulated report and the recommendations sought approval to those governance arrangements as detailed. In relation to recommendations 2.2 & 2.3 it was recommended that the Committee seek clarification of those employees represented by Mr Melling and whether there was a need for an additional representative. The Committee expressed the need for a separate representative for pensioners.</p> <p>The Chair thanked Mr Hardy for his brief introduction and asked if there were any specific questions. Councillor Mallett pointed out that in page 81, appendix-2,point-5,b (i) the correct composition of the panel members- would be 4 majority members and 4 opposition members. Councillor Adje sought clarification on the position of the employees representative and that it should be the case that one</p>	

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representative was sufficient for all trade unions. Mr Melling commented that he had attempted to clarify this issue but as yet had been unable to do so, but he explained his position as CEJCC representative on this Committee representing all recognised unions. In light of the need to clarify this CEJCC may well need to meet to consider and agree on the representative issue.

Councillor Wilson commented that in respect of the Pensioner representative he sought clarification as to the requirements of the person, and whether there would be anyone willing to take on such a role. Councillor Butcher also clarified as to the actual level of interest shown in this respect, and his concerns that the position of both representatives required some clarification as to their rights on sitting on this Committee via voting and access to all documentation.

The Chair commented that the elected member trustees, appointed by the Council, their lawful responsibilities would be for the entire fund, vis-à-vis to all the employers and as such it would be proper for the committee to have representations from all stake-holder; it was only right and proper for the Committee to have a representative from the Pensioners – looking out for their interests etc, which could be selected/voted on prior to the commencement of the Pensions AGM. In terms of the employees representative it was the current view and perspective that the 1 representative was sufficiently covering all employees.

Councillor Adje felt that the position of the CEJCC representative needed to be discussed prior to the CEJCC meeting in April 2008. Also the representation by a pensioner representative was an important one and there needed to be a voice to allow for concerns/worries to be expressed.

In response to a number of the points raised by the Committee the Pensions fund Manager – Mr Benson advised that as a way forward the Committee could seek clarification on both areas of representation prior to the AGM in July 2008 and that the representation of both CEJCC and Pensioner be confirmed at the AGM.

Mr Melling also commented on the need for transparency and credible representation, and the need for access by lay representatives of all relevant papers as well as consideration of voting rights, in order for them to be able to be objective in their deliberations and being able to influence in terms of voting. A review of the existing/current arrangements was swiftly required in his view.

The Chair in drawing the discussions to a close felt that there was a need for the Committee, in considering its position with regard to i. the need for two representatives – one being for the Staff side, as currently, and also 1 pensioners representative, and ii. non voting

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rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year.

The Chair asked for a show of hands in favour of his proposal on the two representatives – one being for the Staff side, as currently, and also 1 pensioners' representative. There being 4 for, nil against and 2 abstentions the proposal was agreed.

The Chair asked for a show of hands in favour of his proposal on non voting rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year. There being 4 for, the Chair commented that he assumed that Members previously abstaining were voting in the same manner as previous and announced that the proposal was agreed.

Councillor Butcher responded that this was not a correct assumption and that he had expressed valid concerns in relation to the voting rights and representation issue. It was wholly unacceptable in respect assuming abstention on the second issue, and he stated whether it was the case that any comments or views were not taken account of during the discussion.

Councillor Adje commented that in his view there had not been a clear indication from Members as to how they were voting and therefore there had been an assumption on the part of the Chair in line with the previous vote. In light of the comments of Councillor Butcher he felt it appropriate that the vote be put again.

The Chair commented that he would seek a further vote.

The Chair asked for a show of hands in favour of his proposal on non voting rights of lay representatives continuing as current, and reviewing such arrangements in 1 calendar year. There being 4 for, and 2 against, and nil abstentions the proposal was agreed.

In respect of the detailed recommendations the Chair asked the Committee if it were happy in relation to para 7.5 of the report - to the Overview and Scrutiny Committee scrutinising this Committee's performance and the Committee were in agreement to this.

Following clarification by Mr Melling of the time period in which the issue of equal access to Committee papers by lay representatives Councillor Adje commented that information supplied in the exempt part of the proceedings was as such commercially sensitive and that Members were bound by a code of ethics in terms of disclosure. The Chair commented that the voting rights of lay members would be examined within 1 calendar year.

There being no further points of clarification it was:

RESOLVED

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	<ul style="list-style-type: none"> i. That the revised governance proposals as set out in section 7 of the report be approved; ii. that staff be represented at Pensions Committee by 1 representative and admitted/scheduled bodies by 1 representative; iii. that 1 separate representative for pensioners at Pensions Committee be sought prior to the Pensions AGM in July 2008; iv. that approval be given to the Governance Compliance Statement be approved; v. That a revised Governance Compliance Statement be produced once all stakeholders were represented on this Committee; and vi. that the issue of voting rights of lay members be revisited by the Committee in approx 12 months. 	
<p>PRPP40.</p>	<p>TENDERING OF THE ACTUARIAL AND INVESTMENT ADVICE CONTRACTS - PROGRESS REPORT:</p> <p>In a brief introduction of the report the Head of Finance (Budgets, projects and Treasury) - Mr Hardy advised that the Pensions Panel on 26 March 2007 agreed that the provision of the actuarial and investment services contract be tendered from 1 June 2008 as two separate contracts to provide market testing and greater transparency. The report set out the timetable being worked to for tendering both contracts in accordance with the EU procurement process as it was now anticipate that over a three year period costs would exceed the OJEU limit of £139,893. Mr Hardy reported that it would be necessary to extend the current contract by two months because it would take longer than anticipated to tender the contracts.</p> <p>In response to clarification by the Chair the Chief Financial Officer – Mr Almeroth advised that it was necessary to do a short extension to the current contract with Hymans Robertson because it would take a little longer than anticipated to tender the new contracts. A review of the specifications and checking these against other London Borough's was in the process of being conducted.</p> <p>At this point in the proceedings the Committee agreed to exclude the public and press in order to consider the contents of the exempt documentation in relation to this item.</p> <p>NOTED</p>	
<p>PRPP41.</p>	<p>ITEMS OF NEW URGENT BUSINESS:</p> <p>There were no items of urgent business.</p> <p>NOTED</p>	

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PRPP42.	<p>DATE OF NEXT MEETING:</p> <p>28 April 2008.</p>	
PRPP43.	<p>EXCLUSION OF THE PUBLIC AND PRESS:</p> <p>RESOLVED</p> <p>That the Public and Press be excluded from the proceedings for consideration of items that contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); namely information relating to the business or financial affairs of any particular person (including the authority holding that information).</p> <p>SUMMARY OF EXEMPT/CONFIDENTIAL PROCEEDINGS</p>	
PRPP44.	<p>TENDERING OF THE ACTUARIAL AND INVESTMENT ADVICE CONTRACTS - PROGRESS REPORT:</p> <p>AGREED RECOMENDATIONS</p>	

COUNCILLOR GMMH RAHMAN KHAN

Chair



Haringey Council

Pensions Committee

On 13 March 2008

Report title: Fund performance update

Report of: Chief Financial Officer

Ward(s) affected: All

Report for: Information

1. Purpose

- 1.1 To consider the latest investment performance data for the Pensions Fund and for each of the Fund's investment managers.
- 1.2 To report 2007/08 budget monitoring to the end of December 2007.

2. Recommendations

- 2.1 That the Fund performance position as at end of December 2007 be noted.
- 2.2 That the budget monitoring position to end of December 2007 (period 9) be noted.

Report authorised by: Kevin Bartle – Head of Corporate Finance

**Contact officer: John Hardy, Head of Finance-Budgeting, Projects & Treasury
(tel no: 020 8489 3726)**

3. Executive Summary

This report sets out the fund performance to end of December 2007 and budget monitoring to end of December 2007 (period 9).

4. Reasons for any change in policy or for new policy development (if applicable)

No changes are proposed.

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Northern Trust performance monitoring reports

Fund performance update report to Pensions Committee on 4 December 2007.

6. Background

6.1 The investment performance of the Pensions Fund was last reported to Pensions Committee in December 2007. That report covered the period up to 30 September 2007, at which time the following points were noted:

- Since monitoring against the new benchmark commenced on 1 April 2007, the combined Haringey fund has increased in absolute terms by 3.73 per cent up to 30 September 2007, under performed the gross benchmark by 0.30% and also under performed the gross target by 1.12%.
- Up to the end of September 2007 performance by Fund Manager was as follows:
 - Bernstein's Global Equity and UK Equity mandates have under performed the targets by 1.23% and 1.67% respectively. The Global Equity mandate is 0.27% above benchmark.
 - Fidelity's Bond mandate is ahead of target by 0.06% but their Equity mandate is below target by 0.88%.
 - Capital's Equity and Bond mandates are below target by 0.15% and 1.27%. Their equity mandate is 0.85% above benchmark.
 - ING are below target by 0.12% but ahead of benchmark by 0.38%.

7. Combined Fund Performance

7.1 The last performance update to Pensions Committee on 4 December 2007 reminded trustees that our new investment structure was largely implemented on 16 March 2007. This report shows performance monitoring against the new benchmarks from 1 April 2007.

7.2 Performance of the combined Haringey fund compared to benchmark and target for the three months and nine months periods to end of December 2007 is shown below. The target is shown gross of Fund Managers fees and assumes that returns above benchmark are achieved evenly throughout the year.

	3 months to end of December 2007	9 months to end of December 2007
	%	%
Overall fund performance	- 0.84	+2.86
Benchmark	+0.32	+4.36
Performance versus benchmark	-1.16	-1.50
Overall fund performance	- 0.84	+2.86
Target	+0.73	+5.59
Performance versus target	-1.57	-2.73

7.3 This shows that in the nine months period to December 2007:

The performance of the combined Haringey fund has increased in absolute terms by 2.86%, the fund under performed the new benchmark by 1.50% and under performed the target by 2.73%.

7.4 Appendix 1 shows the following for the combined fund as at end of December 2007 and 2006 for comparative purposes: (1) top ten shares held and (2) fund holdings.

8. Fund Manager Performance

8.1 Appendix 2 shows for each Fund Manager investment performance to end of December 2007, compared to benchmarks and targets as supplied by our Custodian Northern Trust. As stated in paragraph 7.1 this is the third quarter since the new benchmarks were incepted, consequently we have limited historic data.

8.2 The new performance targets for each Fund Manager's mandates are shown below. They denote the percentage annual return above benchmark over a rolling 3 year period. The table also includes Pantheon, Investec and Record for completeness – we have had five calls on the Pantheon USA fund totalling £2.7 million to date although at this stage there are no performance numbers. We are in the process of finalising agreements with Investec and Record and therefore no investments have been made to date.

Bernstein – global equities	3.0% gross of fees
Bernstein – UK equities	2.0% gross of fees
Capital - equities	2.0% gross of fees
Capital - bonds	1.0% gross of fees
Fidelity - equities	1.7% gross of fees
Fidelity - bonds	0.6% gross of fees
ING	1.0% gross of fees
Pantheon – private equity	0.75% gross of fees
Investec – active currency	2% gross of fees
Record – active currency	2% gross of fees

8.3 Our latest quarterly meetings took place on 3 March 2008 between each Fund Manager (excluding Pantheon –where meetings are half yearly), the Independent Advisor to trustees and the Head of Finance – Budgeting, Projects & Treasury. A summary of the key issues discussed at those meetings is set out below.

8.3.1 **Bernstein**

- Performance to date.
- Volatility in markets/credit crunch.
- Future outlook for markets.
- Review of our Responsible Investment policy.

8.3.2 **Capital International**

- Performance to date.
- Volatility in markets/credit crunch.
- Future outlook for markets.
- Review of our Responsible Investment policy.

8.3.3 **Fidelity**

- Performance to date. Fidelity are in dialogue with Northern Trust to correct performance in line with their calculations/methodology. This piece of work is not concluded yet.
- Volatility in the market/credit crunch.
- Future outlook for markets.
- Agreed changes to the fixed income mandate to be implemented on 1 April 2008.
- Review of our Responsible Investment policy.

8.3.4 **ING**

- Performance to date.
- Volatility in the property market and future estimated returns.
- Investment opportunities to become fully invested to increased property benchmark.
- How Responsible Investments links in with property investments.

9. Conclusions

9.1 Since monitoring against the new benchmark commenced on 1 April 2007, the combined Haringey fund has increased in absolute terms by 2.86% per cent up to 31 December 2007, under performed the gross benchmark by 1.50% and also under performed the gross target by 2.73%.

9.2 There has been much volatility in the market over the past period due to credit issues that have arisen and are linked to the sub prime mortgage market in USA. This has impacted upon the performance of our portfolio and is still ongoing. We are monitoring the position carefully.

9.3 Up to the end of December 2007 performance by Fund Managers was as follows:

- Bernstein's Global Equity and UK Equity mandates have under performed the gross targets by 6.93% and 5.20% respectively.
- As previously mentioned Fidelity are in dialogue with Northern Trust to correct performance in line with their calculations/methodology. Appendix 2 shows performance as provided by Northern Trust. Assuming that Fidelity's calculations are correct the equity mandate is 0.4% above target and the bonds mandate 0.1% below target in the 9 month period to end of December 2007. I am also in dialogue with Northern Trust to clarify the position as soon as possible. The issue has been caused by the rebating of fees in each mandate.
- Capital's Equity and Bond mandates are below target by 2.78% and 2.87%.
- ING are ahead of target by 0.57%.

10. Budget monitoring for 2007/08 to end of December 2007

10.1 The Budget monitoring analysis to period 9 (end of December 2007) is attached in Appendix 3.

10.2 Significant variances to date are:

- transfer values paid and received where the volume will vary by year and timing within the year,
- capital costs are dependent upon approvals made,
- the amount of lump sums paid vary by year and timing within the year,
- employer contributions that are dependent on the number and grades of staff transferring into and out of the scheme,
- investment management expenses that are influenced by the timing of receipt of invoices from Fund Managers and market values,
- investment income that is dependent upon investments made.

10.3 In overall terms the budget is on target. The current surplus is being monitored carefully so that any net gain is invested at the appropriate time in line with the agreed investment strategy. The majority of current years in-house surpluses are earmarked to fund our private equity investments.

11. Invested cash

11.1 As previously explained part of the strategic review of the fund, trustees approved an increase in property holdings from 6% to 10%. Pending the identification of suitable investment opportunities by our Property manager, ING, an amount of cash equivalent to the increased holding has been ring fenced and invested for periods of up to 12 months on the money market. The Council's standard treasury risk protocols were followed when investing the money. The cash (approximately £18million) is shown on the Pensions Fund Balance sheet at the end March 2007. As at 31 December £8.9 million had been released to ING to fund investments including £ 7.1 million to fund European acquisitions. The downturn in the property market will impact on the timing of future investments such that the mandate is unlikely to be fully funded until the end of 2008.

TOP TEN SHARES HELD

Shares	As at 31 December 2007			As at 31 December 2006		
	Rank	Percentage of Fund	Market Value	Rank	Percentage of Fund	Market Value
		%	£'000		%	£'000
1.Shell	1	3.19	14,463	1	3.8	16,295
2.Vodafone	2	2.4	10,706	3	2.8	12,112
3.BP	3	2.1	9,664	6	2.0	8,850
4.Royal Bank Scotland	4	1.7	7,654	2	3.4	14,656
5.Glaxosmithkline	5	1.5	6,619	9	1.4	5,931
6.HBOS	6	1.4	6,276	4	2.5	10,734
7.Rio Tinto	7	1.2	5,521			
8.Barclays	8	1.2	5,320	7	2.0	8,773
9.HSBC	9	1.1	5,056	8	1.6	7,050
10.Aviva	10	1.1	4,972	10	1.2	5,321
Astrazeneca				5	2.5	10,708

FUND HOLDINGS

Fund Holdings	As at 31December 2007		As at 31December 2006	
	Percentage of Fund	Market Value	Percentage of Fund	Market Value
	%	£'000	%	£'000
UK equities	25.40	161,383	36.08	216,524
Overseas equities	22.31	141,786	22.23	133,383
Pooled investment vehicles	34.32	218,129	19.37	116,211
Index-linked securities	4.27	27,112	3.68	22,094
Fixed interest securities	6.45	40,972	11.25	67,512
Cash	2.37	15,046	1.72	10,305
Property	4.88	31,062	5.67	34,035
Totals	100.00	635,490	100.00	600,064

APPENDIX 2
 FUND PERFORMANCE TO 31 DECEMBER 2007
 GROSS OF FEES

	Market valuations 01.04.07 £'000	Market valuations 31.12.07 £'000	Weighted % Fund change 1 October to 31 December 2007 %	% benchmark change 1 October to 31 December 2007	% target 1 October to 31 December 2007	Under (-)/over (+) performance versus target 1 October to 31 December 2007 %	Weighted % Fund change 1 April to 31 December 2007	% benchmark change 1 April to 31 December 2007	% target 1 April to 31 December 2007	Under (-)/over (+) performance versus target 1 April to 31 December 2007 %
Capital -Equities	130,850	139,288	(1.35)	0.65	1.15	(2.50)	5.68	6.96	8.46	(2.78)
Capital -Fixed Income	60,713	63,555	3.30	4.62	4.87	(1.57)	3.21	5.33	6.08	(2.87)
Fidelity -Equities	130,475	140,519	1.31	0.51	0.94	0.37	7.33	6.52	7.80	(0.47)
Fidelity - Fixed Income	62,329	65,867	4.64	4.60	4.75	(0.11)	5.53	5.11	5.56	(0.03)
Bernstein -UK Equity	132,947	131,143	(3.32)	(0.35)	0.15	(3.47)	(1.36)	2.34	3.84	(5.20)
Bernstein - Global Equity	31,328	31,371	(4.83)	(0.13)	0.62	(5.45)	0.14	4.82	7.07	(6.93)
ING	46,584	51,955	(7.34)	(8.30)	(8.05)	0.71	(6.36)	(7.68)	(6.93)	0.57
Total	595,226	623,698	(0.84)	0.32	0.73	(1.57)	2.86	4.36	5.59	(2.73)
Pantheon - private equity	-	2,153								
In house cash - earmarked for property	18,000	9,100								
Other	6,813	539								
Total Fund	620,039	635,490								

APPENDIX 3

PENSIONS FUND

BUDGET MONITORING - PERIOD 9 (END OF DECEMBER) 2007)

	2007/08 Budget £'000	Plan to period 9 £'000	Actual to period 9 £'000	Over/under (-) to Period 9 £'000	Explanations of variations
Income					
Contributions and benefits:					
Employee Contributions	(8,600)	(6,450)	(6,552)	(102)	
Employer Contributions	(29,800)	(22,350)	(23,960)	(1,610)	Dependent on number and grade of staff transferring into and out of scheme
Transfer Values Received	(5,000)	(3,750)	(3,648)	102	Volume and timing varies
Capital costs	(900)	(675)	(349)	326	Dependent upon approvals made
Total income	(44,300)	(33,225)	(34,509)	(1,284)	
Expenditure:					
Pensions and other benefits					
Lump sums	22,500	16,875	16,758	(117)	
Transfer values paid	2,800	2,100	3,173	1,073	Volume and timing varies
Refunds on contributions	5,000	3,750	3,173	(577)	Volume and timing varies
Administrative expenses	50	38	9	(29)	
	650	488	433	(55)	
Total expenditure	31,000	23,250	23,546	296	
Net addition from dealings with members	(13,300)	(9,975)	(10,963)	(988)	
Returns on Investment:					
Investment income	(19,000)	(14,250)	(11,509)	2,741	Difficult to estimate
Investment management expenses	1,700	1,275	317	(958)	Timing of receipt of Fund Managers invoices, Funding Private Equity mandate
Investment administration expenses	700	525	131	(394)	Timing of receipt of Fund Managers invoices
Net return on investments	(16,600)	(12,450)	(11,061)	1,389	

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Haringey Council

Agenda item:

[No.]

Pensions Committee

On 13th March 2008

Report Title: Fund Administration Update

Forward Plan reference number (if applicable): Not Applicable

Report of: Assistant Chief Executive People and Organisational Development

Wards(s) affected: All

Report for: Information

1. Purpose (That is, the decision required)

- 1.1 To consider regulatory changes affecting the administration of the Local Government Pension Scheme together with relevant issues covered in circulars issued by the Local Government Pensions Committee (LGPC) and Communities and Local Government (CLG).

2. Recommendation

- 2.1 That the administration update be noted.
- 2.2 That the revised charges for Pension Sharing on Divorce as at Appendix 3 are agreed

Report Authorised by: Stuart Young – Assistant Chief Executive People and Organisational Development

Contact Officer: Ian Benson, Pensions Manager (tel no: 020 8489 3824)

3. Chief Financial Officer comments

- 3.1 The Chief Financial Officer has been consulted and concurs with the financial implications paragraph.

4. Head of Legal Services Comments

There are no specific legal implications arising from this report. The statutory basis for the issues considered is set out in full in the body of the report

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

LGPC Circular 207 Feb 2008

5.1

6. Strategic Implications

6.1 There are no strategic implications arising from this report

7. Financial Implications

7.1 The income generated from Pension Sharing on Divorce work is negligible as the number of cases which become subject to a Pension Share Order are very few.

7.2 The capital cost of all ill-health retirements will be monitored against employer budgets. There is no reason to believe that the capital costs for ill-health retirements will exceed the budget limit of 0.9% of pensionable payroll

7.3 There are no other financial implications.

8. Legal Implications

8.1 See paragraph 4.

9. Equalities Implications

9.1 There are no equalities issues arising from the current 85 Year Rule protections.

10. Consultation

10.1 The Employees Side have been consulted on the content of this report

11. The New Look Scheme (update)

11.1 Communicating the changes:

Since the last meeting of the Pensions Committee the new scheme changes have been publicised via:-

- Posters distributed around main Council Offices
- Team Brief and article in Smart Talk
- Pensions Bulletin sent to members.
- Creation of a web page on the Haringey Web Site
- New Scheme details uploaded onto Harinet and the Pensions Web page
- Video presentation available via Harinet and Pensions Web page
- Pensions Updates to all Employing Body bodies and advice to schools that have their own payroll providers.

Further information will be issued to members when the all the outstanding guidance, advice and regulatory changes are in place.

11.3 Pensions Policy Statement

A number of employer discretions require amendment arising from the new scheme changes and the policy to review the Policy Statement every three years following the Fund Valuation.

A copy of the draft report on the Pensions Policy Statement which was presented to General Purposes Committee on the 11th March is attached as **Appendix 1**

11.4 Pension Sharing On Divorce (Charges)

The Council is permitted to charge for work done in respect of Pension Share Orders arising from divorce proceedings. **Appendix 2** shows the Councils current charging rate.

Following a recent survey of London Boroughs conducted by L B of Wandsworth's Pension Team, the opportunity has been taken to revise the rates.

The first request for the value of the member's benefits expressed as a cash equivalent transfer value (CETV) is free. The member is entitled to this information and cannot be charged unless a second request is made within a 12 month period.

The revised schedule of charges is shown at **Appendix 3**. The starting point for these charges is based on advice issued to local authorities by the Employer's Organisation in 2002 plus an up-rating for inflation.

Although during the period April 2006 to January 2008 twenty initial calculations were processed none have so far resulted in a Pension Sharing Order.

11.5 LGPC Circular 207 Feb 2008.

The circular covers a range of administrative issues around implementation of the New Look Scheme. It also flags up the following matters:-

a) Councillor Members

There will be no changes to the councillors pension scheme for at least twelve months pending a report from the Councillors Commission.

b) Governance Policy Statement

The deadline for publishing the Governance Policy statement is to be pushed back. CLG have confirmed that this will be the 1st June 2008

c) Consultation on Admitted Body Status

Consultation on Admitted Body status provisions has been issued with a closing date of 10th April 2008. The consultation seeks views on how the cost of pensions risk between employer and contractor can be managed. It also looks at providing for a surplus to be refunded to the contractor at the end of the contract and at the issue of requiring admission agreement to be open to new staff working on the contract. The consultation document has been forwarded to the Employing Bodies.

A response will be drafted following a meeting of the Employers Organisation Officer Advisory Group on 2nd April 2008.

d) Consultation on Cost Sharing

The circular flags up the proposal to issue a consultation document on the degree of Cost Sharing between employees and employers. The consultation document was issued on the 18th February with a closing date of 30th May 2008. A response will be drafted having regard to advice from the Council's actuary and the Employer's Organisation.

11.6 Monitoring Ill Health Retirements

In setting the future service rates for each employer in the 2007 valuation an allowance was made for retirements due to ill-health. The annual budget set by the actuary for each employer in the Fund is attached as **Appendix 4**.

The Council's Funding Strategy Statement (FSS) states that to control the risk of increasing numbers of ill-health and early retirements the fund will monitor experience or charge additional contributions for non ill-health retirements.

The capital cost of non ill-health retirements are currently charged back to Service budgets or employers. The capital costs arising from ill-health retirements will be monitored against the budgets set out in **Appendix 4**.

Where budgets are exceeded, an additional payment could be demanded. If the entire budget is not used up, the allowance can be rolled forward to the next year.

The monitoring of ill-health retirements will be included in the quarterly report at paragraph 12 below.

11.7 Policy Statements and Internal Disputes Resolution Procedure (IDRP) Compliance.

All the Employing Bodies have been written to reminding them of their obligation to publish a Policy Statement and to specify a person to hear Stage 1 appeals under the IDRP.

When the responses are received an update will be provided at paragraph 12 below as part of this quarterly Administration Report.

12 Early Retirements and Appeals for quarter to 31st December 2007

Haringey Council		Early Retirements 1 April 2007 to 31 st December 2007		
Approved by CFO	Cases	Basic Capital Cost	Cost of Added Years	Total Cost
	<i>Redundancy:</i>			
	14	£83000	£0	£83000
	<i>Efficiency</i>			
	4	£127000	£0	£127,000
	<i>The 85 year rule</i>			
	0	£ 0	£0	£ 0
	<i>Flexible Retirement</i>			
	4	£48,000		£48,000
Sub -Total	22	£258,000	£0	£258,000
Approved by Members	Cases	Basic Capital Cost	Cost of Added Years	Total Cost
	<i>Efficiency</i>			
	0	£0	£0	£0
	<i>Redundancy</i>			
	1	£21,000	£0	£21,000
	<i>85 Year Rule</i>			
	0			
Sub Total	1	£21,000	£0	£21,000
Employing Bodies				

	Cases	Basic Capital Cost	Cost of Added Years	Total Cost
	Redundancy			
	7	£105,000	£0	£105,000
	Efficiency			
	0	£0	£0	£0
	<i>The 85 Year Rule</i>			
	0	£0	£0	£0
	Flexible Retirement			
	0	£0	£0	£0
Sub-Total	7	£105,000	£0	£105,000
Total For Haringey Council and Employing Bodies				
	30	£384,000	£0	£384,000

13 Appeals Process; Quarterly Report to 30th September 2007

Appeals Process Quarterly Report	Number Open	Upheld	Not Upheld/ Closed	On Going
Stage 1 Appeal	2	0	0	1
Stage 2 Appeal	2	1	1	0
Pensions Ombudsman	0	0	0	0

14. Statement on Compliance:

Pensions Scheme Regulations Local Government Pension Scheme Regulations 1997 (as amended)	The scheme is administered in compliance with the provisions of the scheme regulations and relevant advice.
Data Protection	Data held on records maintained by the Pensions Team is registered in compliance with the relevant Data Protection Legislation
Disclosure of Information The Occupational Pensions Schemes (Disclosure of Information) Regulations 1996	The scheme is administered in compliance with the Disclosure of Information Regulations 1996 (as amended) and relevant advice.
Member Communication	Communication with members and employers is conducted in accordance with the Communications Policy approved by Pensions Panel on 25 th January 2005
Best Practice	The scheme is administered having regard to the Best Practice Principles published by the UKSC

15 Conclusion

- 15.1 Members are asked to approve the Administration Report
- 15.2 Members are asked to approve the revised charges set out in Appendix 3 for work done in respect of Pension Sharing On Divorce

16 Use of Appendices / Tables / Photographs

- 16.1 Appendix 1** is the draft Report on the Pensions Policy Statement for General Purposes Committee.
- 16.2 Appendix 2** is the current Charging Schedule for Pension Sharing on Divorce
- Appendix 3** is the revised Charging Schedule for Pension Sharing on Divorce



Haringey Council

Agenda item:

[No.]

General Purposes Committee

On 11th March 2008

Report Title: Pensions Policy Statement Update

Forward Plan reference number (if applicable): Not Applicable

Report of: Assistant Chief Executive People and Organisational Development

Wards(s) affected: All

Report for: Information

12.Purpose (That is, the decision required)

12.1 To consider regulatory changes affecting the administration of the Local Government Pension Scheme and approve changes to the Council's Policy Statement on the exercise of its pensions discretions.

13.Recommendation

13.1 That the policy decisions set out in 14 **a–c** are approved

13.2 That the deletion of discretions from the current Policy Statement at 14 **d** are noted

13.3 That the amended policy statement at Appendix 1 is approved.

Report Authorised by: Stuart Young – Assistant Chief Executive People and Organisational Development

Contact Officer: Ian Benson, Pensions Manager (tel no: 020 8489 3824)

14.Chief Financial Officer comments

14.1 The Chief Financial Officer has been consulted and concurs with the financial implications paragraph.

15.Head of Legal Services Comments

There are no specific legal implications arising from this report. The statutory basis for the issues considered is set out in full in the body of the report

16. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

16.1 The Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007.

16.2 The draft Local Government Pensions Scheme (Amendment) Regulations 2008

16.3 The Government Pension Scheme Regulations 1997 (as amended)

17. Strategic Implications

17.1 There are no strategic implications arising from this report

18. Financial Implications

The Council expect to exceed the national target of 6.3% of pensionable pay. Informal advice from the Council's actuary suggests that Haringey Council will achieve 6.7% in line with other London Boroughs.

There are no other financial implications associated with this report.

19. Legal Implications

8.1 See paragraph 4.

20. Equalities Implications

9.1 There are no equalities issues arising from this report

21. Consultation

21.1 The Employees Side have been consulted on the content of this report

22. Background

22.1 The New Look Local Government Pension Scheme comes into effect on 1st April 2008, both introduces or amends a number of discretions which the Council as the Employing Body can exercise.

22.2 At the same time Council policy is to review the Policy Statement every three years to coincide with the actuary's report on the Fund Valuation. An interim report on the 2007 Fund Valuation was presented to Pensions Committee on the 29th January 2008.

22.3 A further report will be submitted following receipt of awaited regulations and guidance.

12 Policy decisions

a. New and amended Policy Decisions:-

i. Attributing salary bands

The New Look LGPS moves from a flat rate 6% contribution to a rate based on the member's salary band. (see **Appendix 1**).

Attributing a member to a salary band is an employer decision.

On 1st April 2008, the Council will attribute salary bands based on the member's basic annual pensionable pay on 1st April plus variable pensionable pay (bonus, sleeping-in allowance etc) earned over the last twelve months.

New starters will be attributed to a salary band on appointment.

No interim changes will be made to attributed salary bands to take account of promotions or reductions but a review will take place on the 1st April in each year. The exception will be back dated pay awards to 1st April.

This approach is not expected to have any adverse effect on achieving the target income from employee contributions of 6.3% although the position will be reviewed in the light of experience over the forthcoming inter-valuation period. Informal advice from the Council's actuary anticipates an income of 6.7% based on the 2007 valuation data.

To ensure the smooth implementation of this change any variations to this policy are delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

Policy decision:

That salary bands are attributed on 1st April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.

New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.

That with the exception of back-dated pay awards to 1st April, no variation will be made to a member's attributed salary band other than at each annual review date on 1st April of each subsequent year.

To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

ii. Early Retirement on Redundancy and Business Efficiency

This Policy Decision is amended to reflect the change in the early retirement date from 50 to 55 from 1st April 2008 and new rules covering the discretion to award added membership.

Members age 55 and over who are retired on redundancy or business efficiency grounds have entitlement to immediate payment of unreduced benefits. A member in the scheme at 31st March 2008 retains the right to immediate payment of benefits having attained age 50 provided they are retired on redundancy or business efficiency before 1st April 2010.

The scheme rules allow the Council to award added membership or added pension at retirement. Guidance from the Government Actuary on cost is outstanding.

The Council's current policy is not to award added membership on redundancy retirement.

No added membership is awarded on business efficiency retirement other than in exceptional circumstances where the Council requires additional flexibility to manage the workforce.

The discretion to award both added membership and added pension will be reviewed when the Government Actuary's Department publishes its advice on this provision.

Policy decision:

That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes advice on the cost of making these awards.

Any Capital Cost arising from an early retirement on retirement /business efficiency grounds will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

First and second tier Officers will require Member approval

iii. Choice of early payment of pension. (Regulation 30)

New regulation 30 draws together a number of provisions which allow eligible members leaving employment to request the early payment of their retirement benefits. Further advice is needed on the options available to members who leave before 1st April 2008 with a deferred pension entitlement.

A member who leaves a local government employment before entitlement to immediate payment of benefits may choose to receive payment of them once he/she has attained age 55. (age 50 for members on 31st March 2008 who make an election before 31st March 2010).

For a member under age 60, an election is ineffective without the consent of his/her employer or former employing authority.

Benefits put into payment before age 65 are likely to attract an actuarial reduction unless the 85 Year Rule protection applies.

The Council can determine on compassionate grounds that the actuarial reduction will not apply.

This Policy Decision is drafted to make clear that an eligible member leaving before the scheme's Normal Retirement Date of age 65 can request immediate payment of benefits which may be subject to an actuarial reduction unless the 85 Year Rule protection applies.

Policy Decision:

The Council's policy is to allow early payment of benefits as provided by Regulation 30 where there is a clear financial or operational advantage to the Council in doing so.

The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement (see Appendix 3 attached)

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.

First and second tier Officers will require Member approval.

b. Discretions which are deleted and no longer apply:-

- i. The right to set up a Shared Cost AVC scheme
- ii. Waiving the entry restriction for members who opted out of the scheme more than once. This restriction is not carried forward to the new scheme.

13. Decisions under Part1 B (Redundancy Compensation Regulations) and Part 2 (Councillors Scheme) remain unchanged. Amendments to the Councillors scheme have been put on hold for twelve months

14 Conclusion

Members are invited to approve the Policy Decisions **a – c** below, to note the deletion of the discretions described at paragraph **d** below and approve the updated Policy Statement at **Appendix 2**

a. Salary Bands

That salary bands are attributed on 1st April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.

New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.

That with the exception of back-dated pay awards to 1st April, no variation will be made to a member's attributed salary band other than at each annual review date on 1st April of each subsequent year.

To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

b. Redundancy / Business Efficiency Retirements

That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes its advice on the cost of making these awards.

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period

First and second tier Officers will require Member approval

c. Choice of early payment of pension

The Council's policy is to allow early payment of benefits as provided by Regulation 30 where there is a clear financial or operational advantage to the Council in doing so.

The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement (see Appendix 3 attached)

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.

First and second tier Officers will require Member approval.

d. Discretions removed by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007 as follows:-

- i The right to set up a Shared Cost AVC scheme
- ii Waiving the entry restriction for members who opted out of the scheme more than once. This restriction is not carried forward to the new scheme.

15 Use of Appendices / Tables / Photographs

Appendix 1 Is the Banded Contribution Rates

Appendix 2 is the Policy Statement updated to include the recommendations and changes referred to in this report.

Appendix 3 is the Councils definition of 'compassionate grounds' for the purpose Regulation 30 of the Local Government Pensions Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007

Appendix 4 is the current Policy Statement.

Appendix 1 (GP Report)

Band	Pay Range	Contribution rate
1	£0 - £12,000	5.5%
2	More than £12,000.	5.8%
3	More than £14,000	5.9%
4	More than £18,000.	6.5%
5	More than £30,000.	6.8%
6	More than £40,000	7.2%
7	More than £75,000	7.5%

POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS:

Reviewed and updated by General Purposes Committee on 11th March 2008

Part 1

The Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2007.

The Local Government Pension Scheme (Administration) Regulations 2008 Regulation 66

The Council and its employing bodies are required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.

This Policy Statement applies to members of the Local Government Pension Scheme employed by Haringey Council from 1st April 2005 and to Councillor Members from 1st December 2003.

Scheme members not employed by the Council must refer to the Policy Statement issued by their employing body.

Councillor Members should refer to Part 2

Part 1A ((Employee Members).

1. Choice of early payment of pension (Regulation 30)

A member who leaves a local government employment before entitlement to immediate payment of benefits may choose to receive payment of them once he/she has attained age 55. (age 50 for members on 31st March 2008 who make an election before 31st March 2010).

For a member under age 60, an election is ineffective without the consent of his/her employer or former employing authority.

Unless the 85 Year Rule protection applies, the member's pension will be subject to an actuarial reduction if claimed before age 65..

The Council can determine on compassionate grounds that the actuarial reduction will not apply. (see paragraph 2 below)

Policy Decision:

The Council's policy is to allow early payment of benefits as provided by Regulation 30 where there is a clear financial or operational advantage to the Council in doing so.

The Council will consider waiving any actuarial reduction on 'compassionate grounds' as defined in Paragraph 2 of the Policy Statement below.

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

Any Capital Cost arising will be met from Service/Business Unit budgets and will be paid into the Fund within a three month period.

First and second tier Officers will require Member approval.

2. Discretion to waive an actuarial reduction under Regulation 30

The Council has discretion to waive an actuarial reduction arising from Regulation 30, on compassionate grounds.

Policy Decision:

Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-

'Compassionate Grounds means that the scheme member is required to look after a sick dependant relative on a whole time basis, is therefore unable to

take up gainful employment, and in consequence is suffering financial hardship.'

In addition, the Council will satisfy itself that the sick dependant relative has a permanent long-term condition with a reasonable life expectancy having regard to his/her age.

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

3. Early Retirement on Redundancy and Business Efficiency

Members age 55 and who are retired on redundancy or efficiency grounds have entitlement to immediate payment of unreduced benefits. A member in the scheme at 31st March 2008 retains the right to immediate payment of benefits having attained age 50 provided they are retired on redundancy or business efficiency before 1st April 2010.

The scheme rules allow the Council to award added membership or added pension at retirement.

The Councils current policy is not to award added membership on redundancy retirement.

The discretion to award both added membership and added pension will be reviewed when the Government Actuary's Department publishes its advice on the capital cost required to be paid to the Fund.

Policy decision:

That members retired on redundancy or business efficiency under regulation 19 will not be awarded added membership or added pension. This decision will be reviewed when the Government Actuary publishes advice on the cost of making these awards.

Any Capital Cost arising from an early retirement on redundancy or business efficiency will be met from Service/Business Unit budgets and must be paid into the Fund within a three month period.

Each case will be considered on its merits and will be subject to approval by the Chief Financial Officer acting under delegated powers.

First and second tier Officers will require Member approval.

4. Flexible retirement (Regulation 18)

The Council will consider applications for Flexible Retirement from scheme members age 55 and over. Flexible Retirement is linked to the Council's existing policies on Flexible Working and extending employment beyond age 65. It provides opportunities for re-skilling and redeploying older workers across the workforce as well as retaining skills and experience as part of a transition towards retirement.

Flexible Retirement allows scheme members age 55 and over to apply to transfer to a lower graded post or to reduce hours of employment and at the same time access their retirement benefits. Both the transfer to a lower graded post or reduction in hours of work and the early release of retirement benefits is an employer discretion. As a minimum requirement, a member's pay must reduce by at least four spinal points or the equivalent in reduced hours.

In considering Flexible Retirement both the needs of the member and the Service must be taken into account. Initial approval rests with the Service Chief Officer e.g. Assistant Director or equivalent with final approval by the Deputy Head of Personnel.

The early release of benefits before age 65 has the potential to incur an actuarial reduction in benefits. The Council's Section 151 Officer has delegated authority to waive any actuarial reduction, but only in exceptional

circumstances that benefit the business and operational needs of the service. The cost to the Fund will be met from the Service budget.

Acceptance of Flexible Retirement debars the member from changing their job to a post offering higher pay within the Council or from returning to employment on higher pay with the Council for a period of not less than three years.

The procedure and criteria for approving Flexible Retirement applications is available on Harinet.

5. Payment of Death Grants for Active Members Reg 23, Deferred Members Reg.32 and Pensioner Members Reg 35,

A death grant will usually be paid in accordance with the member's nomination or, where there is no nomination, to the legal personal representatives. However where it is considered that:

- a) an existing nomination may no longer reflect the member's intentions (for example there is a subsequent marriage, divorce or children) or,
- b) there is a deserving recipient (who must have been his relative or dependant at some time) who would otherwise be excluded by payment to the Estate or,
- c) payment to the Estate may be inappropriate for other reasons (for example where inheritance tax may be a factor if payment were made to the Estate).

Payment may be made in the manner and proportions the Council believe appropriate in the circumstances of the case.

In all cases, the release of the Death Grant is delegated for approval to the Section 151 Officer.

6. Abatement (reduction) of pensions on re-employment

The pension payable to pensioner members who return to employment covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.

The abatement rule allows a reduction in pension if the pension plus salary in the new employment is more than the salary at date of retirement.

The Council's policy is to abate a pension where the member retired on medical grounds and returns to employment or Office covered by the LGPS.

Abatement is also applied on re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits

Policy Decision:

Members of the Fund who commence re-employment or who return to Office after 31st March 1998 will be liable for an abatement in their pension in the circumstances described below.

The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995.

Pensioner members who commence re-employment or return to Office in local government following retirement on medical grounds. or re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits will be subject to an abatement except in cases of Flexible Retirement agreed in accordance with Regulation 18.

7. Waiving of time limits

The Council's policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the requirement to make an election at the proper time.

8. Medical clearance to purchase Added Years of membership Regulation 55(4)

An application to purchase added years of membership will only be accepted if the member makes a declaration that he/she is in reasonably good health and has not been seen by a medical practitioner within the last 12 months or otherwise where the member provides a report by a registered medical practitioner of the results of a medical examination undertaken at the member's own expense.

9. Attributing salary bands

The New Look LGPS moves from a flat rate 6% contribution to a rate based on the member's salary band. (see Appendix 1)

Attributing a member to a salary band is an employer decision.

On 1st April 2008, the Council will attribute salary bands based on the member's basic annual pensionable pay on 1st April plus variable pensionable pay (bonus, sleeping-in allowance etc) earned over the last twelve months.

New starters will be attributed to a salary band on appointment.

No interim changes will be made to attributed salary bands to take account of promotions or reductions but a review will take place on the 1st April in each year. The exception will be back dated pay awards to 1st April.

This approach is not expected to have any adverse effect on achieving the target income from employee contributions of 6.3% although the position will be reviewed in the light of experience over the forthcoming inter-valuation period. Informal advice from the Council's actuary anticipates an income of 6.7% based on the 2007 valuation data.

To ensure the smooth implementation of this change any variations to this policy are delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

Policy decision:

That salary bands are attributed on 1st April based on basic annual pensionable pay plus variable pensionable pay over the last twelve months.

New starters to be attributed a salary band on the first day of membership based on basic annual pensionable pay.

That with the exception of back-dated pay awards to 1st April, no variation will be made to a member's attributed salary band other than at each annual review date on 1st April of each subsequent year.

To ensure the smooth implementation of this change any variation to this policy is delegated to the Head of Personnel subject to approval at the next available meeting of General Purposes Committee.

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) and the Local Government (Discretionary Payments) Regulations 1996 as amended

Staff of Employing Bodies should ask their Personnel Officer for a copy of their Policy Statement regarding the discretions listed below.

1 Compensation for Redundancy

Compensation on redundancy will be based on ; 1 weeks pay for each complete year of service up to a maximum of 20 years total service.

2 Increase of 1996 Act Redundancy Payments

The redundancy payment is based on the actual weekly rate of pay at the relevant date. (This is usually but not always, the date notice is given).

3 Injury Allowances: Summary of current Policy

An Injury allowance may be paid to an employee who sustains an injury or contracts a disease as a result of anything he/she was required to do in carrying out their work; and either:-

Is certified as being permanently incapacitated and ceases employment. or

Suffers a reduction in pay.

In deciding on the amount of Injury Allowance payable, the Council takes into account all the circumstances of the case.

The maximum amount payable is 85% of Final Pay.

Injury Allowances in payment are reviewed annually, and at age 65.

Each case is referred for a decision to the Section 151 Officer acting under delegated authority.

4 Gratuities for Non- Pensionable Service: Summary of current Policy:

Gratuities are paid to retiring employees for service with the Council during which they were not eligible to join the Local Government Pension Scheme.

Part Time employees who worked at least 15 hours per week for 35 weeks a year can count service up to 31/3/1987 for gratuity entitlement.

Part Time employees who worked less 15 hours per week can count service up to 16/8/1993.

Gratuity payments do not apply to casual employment

The payments are calculated on 3.75% of Annual Pay for each year of gratuity service as described above.

The employee can choose between a once off lump sum or an annuity payment.

A Death Gratuity is also paid if an employee dies in Service.

The Death Gratuity is paid to an employee's dependants. It is calculated on 3.75% of Annual Pay for all local government service up to 31/3/1987. It is payable to members of the Local Government Pension Scheme and non-scheme members alike.

Requests for early retirement estimates:

Any request for early retirement estimates or flexible retirement quotes must be referred to your Line Manager, Personnel Officer or Member Support Officer. All early retirements must be approved in the first instance by the Chief Finance Officer.

Contact information:

Contact the Pensions Team at:-

Alexandra House 10 Station Road London N22 7TR

Tel Number 020 8489 5916

E-Mail Pensions.Mailbox@haringey.gov.uk

Important Note:

Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.

Part 2

COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS: (Councillor Members).

The Local Government Pension Scheme Regulations 1997 (as amended) Regulation 106

The Council is required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.

The policy was updated by Pensions Panel on 10th October 2005

1. Voluntary early retirement from age 50 (Regulations 31)

Subject to the Council's consent, the Scheme Rules allow councillor members who cease to be a member of the Council between the ages of 50 – 65 to claim immediate payment of benefits. Early payment of benefits in these circumstances incur a cost to the Fund.

Policy Decision:

The Council will not exercise its discretion to release retirement benefits early to councillor members who cease or have ceased to be a member of the Council age 50 and under 65.

2. Early payment of Benefits from age 65 (Regulations 31)

If on ceasing to be a member of the Council the member's age and membership¹ equate to 85 or more, benefits are payable immediately and in full. If not, they are reduced by reference to tables produced by the Government Actuary.

The Council has discretion to waive this reduction.

If the benefits are left in the fund until age 70, they are paid without any actuarial reduction.

Waiving the actuarial reduction in these circumstances incurs a cost to the Fund

Policy Decision:

That the Council will not exercise its discretion to waive the actuarial reduction for councillor members who cease to be a member of the Council and claim immediate payment of benefits.

3. Re-employed pensioners – Abatement of pensions (Regulation 109)

The pension payable to pensioner members who return to employment or Office covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.

¹ For councillor members, this means membership as a councillor member in the Haringey Council Pension Fund

All members of the Fund who commence re-employment or who return to Office will be liable for an abatement in their pension. The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995. In general terms, this requires abatement where pensionable earnings and pension on re-employment / return to Office, exceed pensionable earnings on retirement.

Policy Decision:

The Council's policy is to abate a pension in all cases of :-

re-employment or return to Office in local government following retirement on medical grounds. or

re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits.

4. Waiving of time limits

The Council's general policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the option at the proper time. Each case is considered on its merits having regard to the interests of the employee and the Council's trusteeship of the pension fund.

Policy Decision:

That the time limits set within the Pension Scheme Regulations will be waived where the member could not have known of the requirement to make an election at the proper time.

Waiving restriction on entry to the Fund Regulation 7 (9)

The regulations permit elected members to opt in and opt out of the scheme. The regulations restrict the right to opt in if a member has opted out more than once. The Council has discretion to waive this restriction.

Policy Decision

The Council's policy is not to restrict re-entry to the Fund where a member has previously elected to opt out more than once.

Important Note:

Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.

For more information contact the Pensions Team at:-

Alexandra House 10 Station Road London N22 7TR

Tel Number 020 8489 5916

E-Mail Pensions.Mailbox@haringey.gov.uk

Definition of Compassionate Grounds for the purpose of Regulation 30 of the Local Government Pension Scheme (Benefits Membership and Contributions) (Amendment) Regulations 2007.

Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-

'Compassionate Grounds means that the scheme member is required to look after a sick dependant relative on a whole time basis, is therefore unable to take up gainful employment, and in consequence is suffering financial hardship.'

In addition, the Council will satisfy itself that the sick dependant relative has a permanent long-term condition with a reasonable life expectancy having regard to his/her age.

Each case will be considered on its merits and will be subject to approval by the Section 151 Officer acting under delegated powers.

COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS:

Reviewed and updated by Pensions Panel on 29th January 2007 (subject to any amendments from the Council and Employee Side Committee due to be considered on the 26th March 2007)

Part 1

The Local Government Pension Scheme Regulations 1997 (as amended) Regulation 106.

The Council and its employing bodies are required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.

This Policy Statement applies to members of the Local Government Pension Scheme employed by Haringey Council from 1st April 2005. Scheme members not employed by the Council must refer to the Policy Statement issued by their employing body.

Councillor Members should refer to Part 2

(Employee Members).

Part 1A**1 Voluntary early retirement (Regulations 31)**

Subject to the employer's consent, the Scheme Rules allow members age 50 and over to retire with immediate payment of benefits. If the member's age and membership equate to 85 or more benefits are paid in full.

If not, they are reduced by reference to tables produced by the Government Actuary. The Council has discretion to waive this reduction on compassionate grounds. (See 4 below).

Policy Decision:

The Council's policy is to allow early retirement in these circumstances where there is a clear financial or operational advantage to the Council in doing so,

Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.

Any Capital Cost arising will be met from Service/Business Unit budgets. Repayment over a period of not more than 3 years or as otherwise approved by the Director of Finance.

2 Early payment of Deferred Benefits from age 50 (Regulations 31)

Deferred Benefits apply to members who leave the Local Government Pension Scheme early with at least 3 months' membership or transferred-in membership. They become payable at age 65.

The Scheme Rules allow early payment of benefits before age 65 but between ages 50-59, this is subject to the employer's consent.

Benefits claimed before age 65 may be subject to a reduction unless the Council agrees to waive the reduction on 'Compassionate Grounds' (see 4 below)

Policy Decision:

The Council's policy is to allow early payment of Deferred Benefits only if the case can be considered on 'Compassionate Grounds' as defined in paragraph 3 below or otherwise where there is no financial disadvantage to the Council for doing so.

Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.

3 Discretion to release Deferred Benefits at NRD for active employees

Regulation 31(7) gives the Council the discretion to allow payment of Deferred Benefits to an employee who attains age 60 and reaches his/her Normal Retirement Date (NRD). This discretion will apply to active employees who have previously opted out of the scheme while continuing in employment

Policy Decision

The Council's policy is to allow the early release of Deferred Benefits held in the Fund for an active scheme member who has attained his /her NRD, subject to approval by the Acting Director of Finance and there being no financial strain placed on the Fund.

4 Discretion to waive an actuarial reduction under Regulation 31(5)

The Council has discretion to waive an actuarial reduction arising from Regulation 31 on compassionate grounds.

Policy Decision:

Although the term compassionate grounds is not defined in the regulations, the Council's policy is to apply the following definition:-

'Compassionate Grounds means that the scheme member is required to look after a sick dependant relative on a whole time basis, is therefore unable to take up gainful employment, and in consequence is suffering financial hardship.'

In addition, the Council will satisfy itself that the sick dependant relative has a permanent long-term condition with a reasonable life expectancy having regard to his/her age.

Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.

5 Early Retirement (Regulation 26) and Awards of Increased Membership (Regulation 52)

Members age 50 and over] retired on redundancy or efficiency grounds have entitlement to immediate payment of unreduced benefits

The Scheme Rules allow the employer to award increased membership at any time before a member leaves active membership of the scheme.

Policy Decision:

No added years to be awarded for redundancy retirements (Regulation 26).

No added years to be awarded for efficiency retirements (Regulation 26) other than in exceptional circumstances where the Council requires additional flexibility to manage change within the workforce. Subject to statutory limits, the maximum that can be awarded is 6 years 243 days.

The capital cost to the pension fund of early retirements to be met from Service/Business Unit budgets. Repayment over a period of not more than 3 years or as otherwise approved by the Director of Finance.

Each case will be considered on its merits and will be subject to approval by the Director of Finance acting under delegated powers.

First and second tier Officers will require member approval.

6 Flexible retirement Regulation 35

The Council will consider applications for Flexible Retirement from scheme members age 55 and over. Flexible Retirement is linked to the Council's existing policies on Flexible Working and extending employment beyond age 65. It provides opportunities for re-skilling and redeploying older workers across the workforce as well as retaining skills and experience as part of a transition towards retirement.

Flexible Retirement allows scheme members age 55 to apply to transfer to a lower graded post or to reduce hours of employment and at the same time access their retirement benefits. Both the transfer to a lower graded post or reduction in hours of work and the early release of retirement benefits is an employer discretion. As a minimum requirement, a member's pay must reduce by at least four spinal points or the equivalent in reduced hours.

In considering Flexible Retirement both the needs of the member and the Service must be taken into account. Initial approval rests with the Service Chief Officer e.g. Assistant Director or equivalent with final approval by the Deputy Head of Personnel.

The early release of benefits before age 65 has the potential to incur an actuarial reduction in benefits. The Council's Section 151 Officer has delegated authority to waive any actuarial reduction, but only in exceptional circumstances that benefit the business and operational needs of the service. The cost to the Fund will be met from the Service budget.

Acceptance of Flexible Retirement debars the member from changing their job to a post offering higher pay within the Council or from returning to employment on higher pay with the Council for a period of not less than three years.

The procedure and criteria for approving Flexible Retirement applications is available on Harinet.

7 Payment of Death Grants Regulation 38

A death grant will usually be paid in accordance with the member's nomination or, where there is no nomination, to the legal personal representatives. However where it is considered that:

- a) an existing nomination may no longer reflect the member's intentions (for example there is a subsequent marriage, divorce or children) or,
- b) there is a deserving recipient (who must have been his relative or dependant at some time) who would otherwise be excluded by payment to the Estate or,
- c) payment to the Estate may be inappropriate for other reasons (for example where inheritance tax may be a factor if payment were made to the Estate).

Payment may be made in the manner and proportions the Council believe appropriate in the circumstances of the case.

In all cases, the release of the Death Grant is delegated for approval to the Acting Director of Finance.

8 Shared Cost Additional Voluntary Contributions (SCAVCs) (Regulation 67)

The Council's policy is not to make use of this discretion at the present time.

9 Re-employed pensioners – Abatement of pensions (Regulation 109)

The pension payable to pensioner members who return to employment covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion..

All members of the Fund who commence re-employment or who return to Office after 31st March 1998 will be liable for an abatement in their pension. The abatement will be calculated in accordance with the provisions of Schedule 5 to the Local Government Pension Scheme Regulations 1995.

The Council's policy is to abate a pension in all cases of :-
re-employment or return to Office in local government following retirement on medical grounds. or
re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits.

10 Waiving of time limits

The Council's policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the requirement to make an election at the proper time.

11 Waiving restriction on entry to the Fund Regulation 7 (9)

The Council's policy is not to restrict re-entry to the Fund where a member has previously elected to opt out more than once.

12 Medical clearance to purchase Added Years of membership Regulation 55(4)

An application to purchase added years of membership will only be accepted if the member makes a declaration that he/she is in reasonably good health and has not been seen by a medical practitioner within the last 12 months or otherwise where the member provides a report by a registered medical practitioner of the results of a medical examination undertaken at the member's own expense.

Part 1B

Discretions exercised by Haringey Council in accordance with provisions of

The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) and the Local Government (Discretionary Payments) Regulations 1996 as amended

Staff of Employing Bodies should ask their Personnel Officer for a copy of their Policy Statement regarding the discretions listed below.

1 Compensation for redundancy

Compensation on redundancy will be based on ; 1 weeks pay for each complete year of service up to a maximum of 20 years total service.

2 Increase of 1996 Act Redundancy Payments

The redundancy payment is based on the actual weekly rate of pay at the relevant date. (This is usually but not always, the date notice is given).

4 Injury Allowances: Summary of current Policy

An Injury allowance may be paid to an employee who sustains an injury or contracts a disease as a result of anything he/she was required to do in carrying out their work; and either:-

**Is certified as being permanently incapacitated and ceases employment.
or**

Suffers a reduction in pay.

In deciding on the amount of Injury Allowance payable, the Council takes into account all the circumstances of the case.

The maximum amount payable is 85% of Final Pay.

Injury Allowances in payment are reviewed annually, and at age 65.

Each case is referred for a decision to the Director of Finance acting under delegated authority.

5 Gratuities for Non- Pensionable Service: Summary of current Policy:

Gratuities are paid to retiring employees for service with the Council during which they were not eligible to join the Local Government Pension Scheme.

Part Time employees who worked at least 15 hours per week for 35 weeks a year can count service up to 31/3/1987 for gratuity entitlement.

Part Time employees who worked less 15 hours per week can count service up to 16/8/1993.

Gratuity payments do not apply to casual employment

The payments are calculated on 3.75% of Annual Pay for each year of gratuity service as described above.

The employee can choose between a once off lump sum or an annuity payment.

A Death Gratuity is also paid if an employee dies in Service.

The Death Gratuity is paid to an employee's dependants. It is calculated on 3.75% of Annual Pay for all local government service up to 31/3/1987. It is payable to members of the Local Government Pension Scheme and non-scheme members alike.

Requests for early retirement estimates

Any request for early retirement estimates must be referred to your line manager personnel officer or Member Support Officer. All early retirements must be approved in the first instance by the Director of Finance

Contact information:

Contact the Pensions Team at:-

Alexandra House 10 Station Road London N22 7TR

Tel Number 020 8489 5916

E-Mail Pensions.Mailbox@haringey.gov.uk

Part 2

COUNCIL'S POLICY STATEMENT ON THE USE OF ITS DISCRETIONARY POWERS: (Councillor Members).

The Local Government Pension Scheme Regulations 1997 (as amended)
Regulation 106

The Council is required to make decisions on the use of the discretionary powers granted under relevant legislation as set out below.

The policy was updated by Pensions Panel on 10th October 2005

1. Voluntary early retirement from age 50 (Regulations 31)

Subject to the Council's consent, the Scheme Rules allow councillor members who cease to be a member of the Council between the ages of 50 – 65 to claim immediate payment of benefits. Early payment of benefits in these circumstances incur a cost to the Fund.

Policy Decision:

The Council will not exercise its discretion to release retirement benefits early to councillor members who cease or have ceased to be a member of the Council age 50 and under 65.

Early payment of Benefits from age 65 (Regulations 31)

If on ceasing to be a member of the Council the member's age and membership¹ equate to 85 or more, benefits are payable immediately and in full. If not, they are reduced by reference to tables produced by the Government Actuary.

The Council has discretion to waive this reduction.

If the benefits are left in the fund until age 70, they are paid without any actuarial reduction.

Waiving the actuarial reduction in these circumstances incurs a cost to the Fund

Policy Decision:

That the Council will not exercise its discretion to waive the actuarial reduction for councillor members who cease to be a member of the Council and claim immediate payment of benefits.

2. Re-employed pensioners – Abatement of pensions (Regulation 109)

The pension payable to pensioner members who return to employment or Office covered by the Local Government Pension Scheme is subject to an abatement at the Council's discretion.

All members of the Fund who commence re-employment or who return to Office will be liable for an abatement in their pension. The abatement will be calculated in accordance with the provisions of Schedule 5 to the

¹ For councillor members, this means membership as a councillor member in the Haringey Council Pension Fund

Local Government Pension Scheme Regulations 1995. In general terms, this requires abatement where pensionable earnings and pension on re-employment / return to Office, exceed pensionable earnings on retirement.

Policy Decision:

The Council's policy is to abate a pension in all cases of :-

re-employment or return to Office in local government following retirement on medical grounds. or

re-employment or return to Office with Haringey Council or its employing bodies in circumstances where the member has retired early with no percentage reduction to the retirement benefits.

5. Waiving of time limits

The Council's general policy is to waive time limits set within the Pension Scheme Regulations where it is satisfied that the individual could not have known of the option at the proper time. Each case is considered on its merits having regard to the interests of the employee and the Council's trusteeship of the pension fund.

Policy Decision:

That the time limits set within the Pension Scheme Regulations will be waived where the member could not have known of the requirement to make an election at the proper time.

Waiving restriction on entry to the Fund Regulation 7 (9)

The regulations permit elected members to opt in and opt out of the scheme. The regulations restrict the right to opt in if a member has opted out more than once. The Council has discretion to waive this restriction.

Policy Decision

The Council's policy is not to restrict re-entry to the Fund where a member has previously elected to opt out more than once.

Important Note:

Nothing stated above confers any statutory rights or overrides the provisions of the Local Government Pension Scheme Regulations 1997 (As Amended); the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended); the Local Government (Discretionary Payments) Regulations 1996 (as amended) or related legislation.

For more information contact the Pensions Team at:-

Alexandra House 10 Station Road London N22 7TR

Tel Number 020 8489 5916

E-Mail Pensions.Mailbox@haringey.gov.uk

Appendix 2

PENSION SHARING ON DIVORCE		
CURRENT SCHEDULE OF CHARGES		
<p>In common with other pension schemes charges are made for the administration of Pension Sharing Orders (and agreements under Scottish Law).</p> <p>These charges are detailed below, and are within the guidelines issued by the Local Government Pension Committee. They are correct as at 1st January 2006, and are subject to review.</p>		
<input type="checkbox"/>	Procedure Scheme Members Not Yet Retired	Cost
1	An initial CETV figure will be provided free of charge.	NIL
2	<p><i>Charges will apply if:</i></p> <ul style="list-style-type: none"> • A second request is for a CETV is made within a 12 month period. • A CETV is to be provided within a specified deadline, requested by the member or by the Court. 	£55*
3	Further information will be charged depending on the difficulty and the work involved.	£17 - £66*
4	<p><u><i>Court Order received:</i></u></p> <p>To cover all administrative costs from receipt of pension sharing order to either the transfer of the pension credit , or the setting up a pension and the completion of those pension payments :-</p>	£165
4a	Transfer Of Pension Credit to another appropriate pension arrangement (assuming all the documentation is in place) or	£364
4b	Retain Pension Credit in the fund	
5	Additional miscellaneous costs:-	
5a	Objections to an order by the Council (where an Order has been incorrectly drafted), or where an Order is subject to appeal	The fund will notify member/solicit or that costs will be passed on.
5c	Charges imposed by AVC provider	£ as applicable
5d	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable

CONTD →

Procedure Scheme Members Has Retired		Cost
1	Asses the value of the CEV	£240*
2	<i>Court Order received</i> To cover all administrative costs from receipt of pension sharing order to either the transfer of the pension credit , or the setting up a pension and the completion of those pension payments :-	
2a	Transfer Of Pension Credit to another appropriate pension arrangement (assuming all the documentation is in place) or	£165
2b	Retain Pension Credit in the fund	£330
3	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable
4	Objections to an order by the Council (where an Order has been incorrectly drafted), or where an Order is subject to appeal	The fund will notify member/solicit or that costs will be passed on.
5	Charges imposed by AVC provider	£ as applicable
6	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable
<p>All charges marked with an ‘ * ‘ must be paid by either party to the divorce, before the relevant action is undertaken. All other charges will be recovered in one of the following ways:-</p> <p>(a) Payment up front by the spouse (b) Deducting the charge from the cash equivalent granted to the spouse by the Court (c) Deducting the charge from any share of the member’s Additional Voluntary Contributions (AVC) pot awarded to the ex spouse.</p> <p>The Council will however comply with the charging requirements specified by the Court.</p>		
<p>VAT to be added to all charges.</p> <p>If for whatever reason payment is not made within 1 year of invoicing, the charge will be increased by RPI.</p>		
<p>All charges are correct as at 5/12/2005. The Council will increase its charges each April by RPI (over the 12 months to the previous September).</p>		
<p>All reasonable administrative costs incurred or likely to be incurred in complying with an ‘earmarking order’ will be charged to the pensioner member.</p>		

PENSION SHARING ON DIVORCE		
NEW SCHEDULE OF CHARGES		
<p>In common with other pension schemes charges are made for the administration of Pension Sharing Orders (and agreements under Scottish Law).</p> <p>These charges are detailed below, and are within the guidelines issued by the Local Government Pension Committee. They are correct as at 1st April 2008, and are subject to review.</p>		
<input type="checkbox"/>	Procedure Scheme Members Not Yet Retired	Cost
1	An initial CETV figure will be provided free of charge.	NIL
2	<p><i>Charges will apply if:</i></p> <ul style="list-style-type: none"> • A second request is for a CETV is made within a 12 month period. • A CETV is to be provided within a specified deadline, requested by the member or by the Court. 	£90*
3	Further information will be charged depending on the difficulty and the work involved.	£35 - £90*
4	<i>Court Order received:</i>	
4a	To cover all administrative costs from receipt of pension sharing order to either the transfer of the pension credit , or the setting up a pension and the completion of those pension payments :-	£215
4b	Transfer Of Pension Credit to another appropriate pension arrangement (assuming all the documentation is in place) or Retain Pension Credit in the fund	£500
5	<i>Additional miscellaneous costs:-</i>	
5a	Objections to an order by the Council (where an Order has been incorrectly drafted), or where an Order is subject to appeal	The fund will notify member/solicit or that costs will be passed on.
5c	Charges imposed by AVC provider	£ as applicable
5d	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable

CONTD →

Procedure Scheme Members Has Retired		Cost
1	Asses the value of the CEV	£240*
2	<i>Court Order received</i> To cover all administrative costs from receipt of pension sharing order to either the transfer of the pension credit , or the setting up a pension and the completion of those pension payments :-	
2a	<i>Transfer Of Pension Credit to another appropriate pension arrangement (assuming all the documentation is in place) or</i>	£215
2b	<i>Retain Pension Credit in the fund</i>	£500
3	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable
4	Objections to an order by the Council (where an Order has been incorrectly drafted), or where an Order is subject to appeal	The fund will notify member/solicitor that costs will be passed on.
5	Charges imposed by AVC provider	£ as applicable
6	Third party costs including specialist legal and or actuarial advice to be charged in full.	£ as applicable
<p>All charges marked with an ' * ' must be paid by either party to the divorce, before the relevant action is undertaken. All other charges will be recovered in one of the following ways:-</p> <p>(d) Payment up front by the spouse (e) Deducting the charge from the cash equivalent granted to the spouse by the Court (f) Deducting the charge from any share of the member's Additional Voluntary Contributions (AVC) pot awarded to the ex spouse.</p> <p>The Council will however comply with the charging requirements specified by the Court. VAT to be added to all charges.</p> <p>If for whatever reason payment is not made within 1 year of invoicing, the charge will be increased by RPI.</p> <p>Any additional costs arising if specialist actuarial, legal etc advice is requested will be charged in full in addition to the figure quoted above.</p>		
<p>All charges are correct as at 1/4/2008. The Council will increase its charges each April by RPI (over the 12 months to the previous September).</p>		
<p>All reasonable administrative costs incurred or likely to be incurred in complying with an 'earmarking order' will be charged to the pensioner member.</p>		

Company	Number Over 3 years	Cost £ p.a.	Cost % p.a.
Haringey Council	80.2	1,056,964	0.9%
Haringey Age Concern	0.1	£845	0.7%
MITIE	0.1	£406	1.5%
Age Concern Haringey	0.1	£845	0.7%
Greig City Academy	0.4	£8,153	1.4%
Haringey Accord Ltd	5.9	£66,004	2.3%
CONEL	2.5	£25,933	0.7%
Urban Futures Ltd	0.1	£1331	0.4%
Haringey CAB	0.3	£3147	0.9%
Accord PLC	5.9	£66,004	2.3%
Homes for Haringey	10.5	£127,773	0.8%
John Loughborough School	0.3	£4593	2.1%
Rokely Dene Home Ltd	0.5	£7303	1.6%
Alexandra Palace Trading Co	0.2	£1331	0.7%
Fortismere School	Pending		

The number in column 1 is the estimated number of retirements over the three year period from 1st April 2008

The monetary cost shown in column 2 is the percentage in column 3 applied to the estimated salary roll based on the valuation data.

The actual figures will be the percentage applied to the actual salary roll at each year end starting with 31st March 2008.

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