




Haringey Council

Agenda item:

[No.]

Pensions Committee On 19th March 2009

Report Title: Fund Administration Update	
Report of Assistant Chief Executive People and Organisational Development	
Signed  Stuart Young Assistant Chief Executive P.O.D	
Contact Officer : I M Benson Pensions Manager (0208 489 3824)	
Wards(s) affected: All	Report for: Non Key Decision
<p>1. Purpose of the Report (That is, the decision required)</p> <p>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 Department for Communities and Local Government (DCLG).</p>	
2. Introduction by Cabinet Member (if necessary)	
<p>3. State links with Council Plan Priorities and actions and / or other Strategies</p> <p>3.1 <u>DCLG Consultation on Cost Sharing Mechanism</u></p> <p>3.1.1 Following consultation in May 2008, DCLG notified their intention to have a dry run of the model fund to provide an opportunity for all parties to see how effective it will be in benchmarking future costs of the LGPS.</p> <p>3.1.2 Data for the model Fund was provided by Administering Authorities via their actuaries.</p> <p>3.1.3 The results of the dry run were published in December and showed a Model Fund Cost of 12.7% which is below the proposed capped cost for future service of 14%. DCLG have commented that this preliminary result may possibly be optimistic.</p> <p>3.1.4 DCLG also issued draft regulations to set the framework within which the model fund will operate. The Council's response is attached as Appendix 1. Since making this response, the LGA and the LGE have also voiced concern at the proposed timescales being imposed on administering authorities and have suggested that any adjustment to fund valuation results should be reviewed twelve months after each valuation date. This will allow time for valuation data to be properly cleansed before being submitted for use in</p>	

the Model Fund.

3.1.5 On 11th February 2009 DCLG wrote to all administering authorities emphasising the need to improve data flow between the employing bodies and the administering authority. DCLG asked that the period between now and the next valuation date be utilised to smooth out known problems and in particular to enter into Administration Agreements (SLAs) which can be used to impose fines on employer's who fail to supply timely and accurate data.

3.1.6 Work is in hand to ensure the timely receipt of end of year returns and member data from employing bodies and school payroll providers. The template Administration Agreement will be provided to Pensions Committee for approval.

3.2 Equitable Life Compensation Payments.

3.2.1 In July 2008 the Parliamentary Ombudsman published a report into the regulatory supervision of Equitable Life. The report highlighted instances of maladministration and injustice on the part of the regulatory bodies

3.2.2 The Ombudsman's main recommendation is that the Government should establish and fund a scheme to compensate those who are assessed to have been adversely affected by the maladministration.

3.2.3 In December 2008, the government announced plans to appoint a High Court judge to decide which policy holders should be compensated for their disproportionate losses.

3.3 Pensions Drop-in Session

3.3.1 On 27th January staff working in the main administrative buildings in Wood Green were invited to attend a drop-in session to meet Pensions Officers and representatives of our AVC providers. Over 90 scheme members attended.

3.3.2 This was a test run for future sessions which will be targeted at staff who do not currently belong to the scheme.

3.4 Survey of Councillor Members

3.4.1 A survey of pension provision for Councillors in England was conducted by the Employers Organisation in 2004. This showed that of 4311 councillors eligible to join the LGPS, 912 (21.15%) took up the option. The survey conducted in 2008 showed that of 4062 councillors eligible to join, 1090 (26.83%) took up the option.

3.4.2 For Haringey Council, of the councillors under age 75 eligible to join, 22 have taken up the option (29.33%).

3.5 Merger of CONEL and Enfield College

3.5.1 Merger talks between CONEL and Enfield College are at an advanced stage. Subject to Ministerial agreement, it is anticipated that the merger will take place on 1st August 2009.

It is expected that seventy five staff from Enfield College will be TUPE transferred to CONEL on that date, and the respective actuaries for Haringey and Enfield Council's will agree a bulk transfer payment to the Haringey Fund as required by the scheme regulations. Hymans Robertson have advised that the bulk transfer payment would be calculated to fully fund the transferring liabilities. CONEL have confirmed that they will wait for the outcome of the merger/transfer terms before seeking further advice on their longer term funding position and employer contribution rate

3.6 Receipt of Employee and Employer Contributions

3.7 Receipt of employee and employer contributions from the Employing Bodies and School Payroll Providers is monitored to ensure compliance with statutory requirements. Receipt of contributions is required by the 19th of the month following the month in which the deductions are made. The compliance statement at **Appendix 3** has been updated to

confirm the position at 31st December 2008.

4. Recommendations

4.1 .That the Administration Report update be noted

5. Reason for Recommendations

5.1 Not applicable

6. Other options considered

6.1 Not applicable

7. Summary

7.1 This report updates the Committee on general administration issues arising from the Local Government Pension Scheme.

8. Chief Financial Officer Comments

8.1. The Chief Financial Officer concurs with the Service financial comments that are detailed in paragraph 13.

9. Head of Legal Services Comments

9.1 The Head of Legal Services has been consulted on the content of this report and has no specific comment to make.

10. Head of Procurement

10.1 (Not Applicable)

11. Equalities & Community cohesion Comments

11.1 There are no equalities issues arising from this report

12. Consultation

12.1 The Employees Side have been consulted on the content of this report and have commented that they support the response to CLG in Appendix 1 of this report.

13. Service Financial Comments

13.1 There are no anticipated liabilities likely to fall on the Fund arising from the CONEL/ Enfield College merger. CONEL will cover any funding liabilities through their employer contributions.

14. Use of appendices / Tables and photographs

14.1 Appendix 1 is the Council's response to the DCLG letter of 27th Nov. 2008

Appendix 2 is the number of Early Retirements agreed under the Councils Policy Statement.

Appendix 3 is the Compliance Statement

15. Local Government (Access to Information) Act 1985

(List background documents)

(also list reasons for exemption or confidentiality (if applicable))

15.1 None

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This matter is being dealt with by:-

I M Benson

8th December 2008

Dear Ms Patel

**Local Government Pensions Scheme
Consultation on Sustaining the LGPS in England and Wales**

The Council has already agreed the principle of have a Shared Cost Mechanism as part of the LGPS funding arrangements. We await the outcome of the 'Dry Run' on the model fund to which this authority has contributed its data.

Regarding the draft LGPS (amendment) Regulations 2009 we are concerned that the time scales for submitting data to GAD and the deadline for GAD to report on its findings are very tight.

The Department will be aware of the problems experienced by Administering Authorities in receiving data from their employing bodies and from schools which use their own payroll providers. It is pulling this externally controlled data together and then cleansing that data to the standard required by the actuary which impedes the valuation process and which in turn will impact adversely on the proposed timescales.

We are also concerned that the budget making process in a valuation year may be hindered by the need to have reference to the Secretary of States guidance as required by draft regulation 36 A (1). Budget making starts in November of each year and reports are presented to Council in January which is the earliest date that any guidance can be issued.

There is an alternative model put forward by the Hymans Robertson who act as the Fund actuary which would obviate the need for the model fund and the inbuilt delays which it appears to manifest.

We await the results of the 'dry run' on the model fund following which the Council may wish to make further submissions to the Secretary of State.

Yours sincerely

Cllr Gmmh Rahman Khan
Chair of Pensions Committee.

Appendix 2

Haringey Council Pension Fund	Early Retirements 1 April 2008 to 31 st December 2008			
Approved by Section 151 Officer	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Early Retirement	21	£479,000	£0	£ 479,000
Flexible Retirement	5	£0	£0	£0
Sub -Total	26	£479,000	£0	£479,000
Approved by Members	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Early Retirement	1	£218,000	£0	£218,000
Flexible Retirement	0	£0	£0	£0
Sub Total	1	£218,000	£0	£218,000
Employing Bodies	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
<i>Early Retirement</i>	2	£58,000	£0	£58,000
Flexible Retirement		£0	£0	£0
Sub-Total	2	£58,000	£0	£58,000
Total For Haringey Council and Employing Bodies				
	29	£755,000	£0	£755,000
<p>The discretion to release benefits early has been exercised in accordance with the relevant employing bodies Policy Statement and the Capital costs have been paid into the Fund within the timescale agreed by the Fund actuary.</p>				

Appeals Report to 31 st December 2008				
Appeals Process Quarterly Report	Number Open	Upheld	Not Upheld/ Closed	On Going
Stage 1 Appeal	2	0	2	0
Stage 2 Appeal	3	0	3	0
Pensions Ombudsman	0	0	0	0

Appendix 3

Pensions Scheme Regulations Local Government Pension Scheme Regulations (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 23 rd June 2008
Best Practice	The scheme is administered having regard to the Best Practice Principles published by the UKSC

Receipt of contributions from employing bodies;

Employing bodies are informed that they have a statutory duty to remit pension contributions to the Fund no later than the 19th of the month following the month in which the deductions are made.

For the quarter ending 31st December 2008, the receipt of contributions from the Employing Bodies and Schools with their own Payroll Providers has been checked by the Head of Finance (Budget Management, Treasury and Pensions) and have been received within the statutory time-limit.

Settlement of employee benefits:

Employee benefits are settled within 10 working days of all paperwork being received in line with performance standards approved and monitored by the Head of Personnel

Customer Satisfaction Surveys:

Customer satisfaction surveys are planned for this year, and on a regular basis thereafter.