




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>	
<p>2. Introduction by Cabinet Member (if necessary)</p>	
<p>3. State links with Council Plan Priorities and actions and / or other Strategies</p> <p>3.1 <u>Monitoring Ill-Health Retirements</u></p> <p>3.1.1 Following the 2007 Fund Valuation, the actuary allocated a budget for each employing body to cover ill-health retirements. As the number of ill-health retirements had dropped significantly, the assumption on ill-health adopted for the 2007 valuation was reduced which in turn had the effect of slightly reducing employer contribution rates.</p> <p>3.1.2 The Council as the Administering Authority monitors the cost of Ill-Health retirements and where an employing body's budget is exceeded, an increased employer contribution rate would need to be considered.</p> <p>3.1.3 For the first period from April 2008 to March 2009 there were 9 ill-health retirement cases from Haringey Council at a cost to the Fund of £318k. This is well within the budget set by the actuary as set out in Appendix 1</p>	

3.2 Equitable Life Compensation Payments.

- 3.2.1 The Parliamentary Ombudsman has released a special report on the Government's response to her recommendations for members who were adversely affected by the collapse of Equitable Life.
- 3.2.2 The Ombudsman's main recommendation was 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.
- 3.2.4 It is the Parliamentary Ombudsman's view that the Government's response will mean that not everyone who has suffered injustice will have that injustice put right.
- 3.2.5 The position regarding Haringey staff who contributed to the AVC scheme provided by Equitable Life will continue to be monitored.

3.3 South Tyneside Appeal Case

- 3.3.1 Staff from five magistrates court committees who were members of the Tyne and Wear Pension Fund transferred to the Northumbria Magistrates Courts Committee (NMCC). This followed the scrapping of the local Courts Committees and the transfer of staff to the new body on 1st April 2000. Only current staff were transferred leaving deferred and pensioner members in the Tyne and Wear Pension Fund. The NMCC was itself abolished and the liabilities passed to the Lord Chancellor.
- 3.3.2 South Tyneside C.C. argued that the NMCC had a continuing liability from 1st April 2000 to contribute to the Tyne and Wear Pension Fund to cover the cost of the former deferred and pensioner members who remained in that fund and that that liability had subsequently transferred to the Lord Chancellor. The Lord Chancellor disputed this claim.
- 3.3.3 The dispute was ultimately heard in the Court of Appeal which ruled in favour of the Lord Chancellor. The judgement effectively says that only an employing authority with active members in a particular fund can be liable to pay employer contributions to that fund.
- 3.3.4 In the Court's opinion, the LGPS regulations do not provide a mechanism to charge public sector employers for past liabilities in the same way as private contractors who are required to make a cessation payment for outstanding liabilities when a contract comes to an end.
- 3.3.5 This ruling impacts on the current negotiations for a bulk transfer payment from Enfield Council to Haringey Council following the merger of Enfield College and CONEL. This is because as Enfield Council will not be able to charge CONEL on an ongoing basis for the deferred and pensioner members remaining in their Fund, they will seek to negotiate a reduced bulk transfer payment. These negotiations are at an early stage. Where agreement cannot be reached the matter is adjudicated by an independent actuary.

3.4 Pension Surveys

- 3.4.1 An on-line survey of new starters for the period April 08 to March 09 has been carried out. Of the 115 members sent the survey seeking views on the quality of the service they received. Only 11 responses were received. The results are shown at **Appendix 4**
- 3.4.2 One respondent said the service was poor and the issues around that complaint have been addressed. Further work will be carried out to identify other areas where the service was rated less than good.

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 and comment as follows:-

While, in budgetary terms, it might sound like good news that spending on ill health retirements fell well below estimate, it tends to confirm a concern that the trades unions have raised previously. Even before the changes to the statutory regime we felt that it was becoming increasingly difficult for staff members to be recommended for ill health retirement even when suffering significant long term illness. We fear that this under spend may have been achieved at the price of more dismissals on the grounds of capability and resignations in desperation.

13. Service Financial Comments

13.1 The liability falling on the Fund for ill-health retirement costs are well within the budgets set by the fund actuary. The criteria for ill-health retirement is set out in the scheme regulations and referrals are certified by an independent medical consultant qualified in occupational health

13.2 The bulk transfer payment for staff transferring from Enfield College to CONEL will be negotiated by the Fund actuary as required by the LGPS regulations. Any shortfall in funding will be reflected in the employer contributions paid by CONEL .

14. Use of appendices / Tables and photographs

- 14.1 Appendix 1 is the Ill-Health Retirement Budget Monitoring Data 2008/09
Appendix 2 is the schedule of Early Retirements agreed under the Councils Policy Statement.
Appendix 3 is the receipt of contributions from Employing Bodies and Schools
Appendix 4 is the results of the Pensions Survey
Appendix 5 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 Briefing from Hymans Robertson on South Tyneside Appeal Case April 2009

Appendix 1

Ill-Health Retirement Budget Monitoring 2008 / 09					
Employing Bodies	Expected number over three years	Actual number in Year 1	Cost as a % of Payroll	Expected Cost £'s p.a.	.Actual Cost Year 1
Haringey Council	80	9	0.9%	£1,071,255	£318,000
Enterprise Ltd	6	1	2.3%	£59,800.00*	£13,000
No Ill-Health retirements certified for the remaining employing bodies. *(Based on an estimated pensionable payroll of £2.6m)					

Appendix 2

Haringey Council Pension Fund	Early Retirements 1 April 2008 to 31st March 2009			
Approved by Section 151 Officer	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Early Retirement	22	£496,000	£0	£ 496,000
Flexible Retirement	6	£45,000		£45,000
Sub –Total (Sub –Total 07/08)	28 (24)	£541,000 (£309,000)	£0 (£0)	£541,000 (£309,000)
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 (Sub –Total 07/08)	1 (2)	£218,000 (£85,000)	£0 (£0)	£218,000 (£85,000)
Employing Bodies	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
<i>Early Retirement</i>	2	£56,000	£9000	£57,000
Flexible Retirement		£0	£0	£0
Sub-Total (Sub –Total 07/08)	2 (7)	£56,000 (£105,000)	£9000 (£0)	£57,000 (£105,000)
Total For Haringey Council and Employing Bodies				
Total (Total 07/08)	31 (33)	£755,000 (£499,000)	£0 (£0)	£755,000 (£499,000)
<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 31st March 2009				
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

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 March 2009**, the receipt of contributions from the Employing Bodies and Schools with their own Payroll Providers has been checked by Corporate Finance and apart from the Employing Body /School mentioned below have been received within the statutory time-limit.

TLC at Cooperscroft Ltd. Contributions received 22nd April 2009

Mulberry School Contributions received 7th May 2009

The above –named have been informed in writing that failure to pay contributions by the due date is a civil offence under the Pensions Act 1995.

Appendix 4

Pension Survey of New Starters 2008/09					
Number Surveyed	115	Number Responded	11	Response %	10%
Q1 How frequently have you contacted the Pensions Team in the last year ?					
Not at all	18%	1-5 times	73%	6-10 times	9%
				More	0%
Q2 How highly do you rate the service? (1 being Poor 6 being Excellent)					
	Poor	11%	Mid Range	66%	Excellent
				22%	
Q3 How highly do you rate the Pensions Information you received in your Starter Pack? (1 being Poor and 6 being Excellent)					
	Poor	0%	Mid Range	81%	Excellent
				18%	
Q4 Which three areas would you like to see improved					
Time scale to complete action	43%	Clarity of response	29%	Standard of advice /assistance	14%
Q5 Which three areas particularly impressed you ?					
Clarity of response	44%	The Officer I dealt with	33%	Timescale to complete action	22%

Appendix 5

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

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