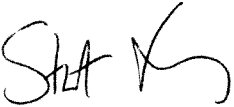




Report Title: Fund Administration Update

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

1. Purpose of the Report (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 Department for Communities and Local Government (DCLG).

2. Introduction by Cabinet Member (if necessary)

3. State links with Council Plan Priorities and actions and / or other Strategies

3.1 LGPS (Miscellaneous) Regulations 2009

3.1.1 These regulations make a number of technical amendments. The significant amendments are:-

- (a) Option to convert Compensatory Added Years and Gratuity payments to a funded payment.

A decision to switch from a revenue funded benefit to pension funded benefit would incur a capital cost or increased employer contributions over time.

Discussions with the fund actuary concluded that there was no advantage to Haringey Council switching to a funded basis for these payments.

- (b) Option for members with a nominated co-habiting partner to purchase pre April 1988 membership to increase a survivors pension.

A survivor's pension for a nominated cohabiting partner is limited to membership after 6th April 1998. Members have the option to pay Additional Survivor Benefit

Contributions (ASBCs) to buy-in any pre April 1988 membership they may have.

Medical Declaration

The Council has discretion to require that a declaration of good health from a member electing to buy-in any pre April 1988 membership. This is because the contract to buy-in a period of membership is honoured in full on ill-health retirement or death in service.

The Council's current policy for scheme members electing to buy-in added membership under Reg 14 of the Benefits Regulations 2007) states:-

'An application to purchase additional pension 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'

Members are asked to extend this requirement to members who elect to pay ASBCs under Regulation 14A of the above mentioned regulation.

As all scheme members are required to provide medical information in relation to their health when electing to pay additional contributions for extra pension or survivor benefits there is no conflict with the requirements of the Disability Discrimination Act. However, when considering a case of a member who has a medical condition that the DDA may apply to, the reasonable adjustments provision of the act is taken into account. Disability does not preclude members with a disability from being allowed to elect to pay additional contributions.

3.2 Equitable Life

- 3.2.1 During a Parliamentary debate, held on 21 October 2009, the Chief Secretary to the Treasury advised that a possible 1 million policyholders may now be covered by the government's planned ex gratia scheme. He went on to add that the design of the ex gratia scheme would be completed by spring of 2010 but refused to give a commitment as to when payments from the scheme would start. The government has also been silent on the total funds available to make payments to victims of the Equitable Life fiasco from the ex gratia scheme. It is possible that the inclusion of more policyholders in the ex gratia scheme will reduce the average payment to victims.

3.3 Pensions Increase 2010

- 3.3.1 Pension increases are based on the Retail Price Index (RPI) at September 2009. which this time round was a negative figure of -1.4%. However the rules under which public sector pensions are paid only refer to them being increased in line with RPI; there is no provision for them to be reduced. Consequently there will be no pension increase applied this year but equally, there will be no reduction made either.

3.4 Auto-enrolment Agency Workers

- 3.4.1 The Agency Workers Regulations 2010 [SI 2010/93] were laid before Parliament on 21 January 2010 and come into force on 1 October 2011. Under these regulations all agency workers are entitled to the same basic working and employment conditions as if they had been recruited by the employer or hirer. However, they will not have access to the employer pension scheme or to compensation for loss of office.

They will be auto enrolled into the Personal Accounts regime will apply to agency workers when it starts in April 2012. It has been announced that the Personal Accounts are to be renamed National Employment Savings Trust (NEST)

The Agency Regulations 2010 are the Government's response to EC directive of 19 November 2008 on temporary agency work.

3.5 AVC Workshops

- 3.5.1 Prudential invited Haringey employees to work shops on the AVC scheme held at the Civic Centre over two days in February

109 members registered to attend and 6 new applications were received.

3.6 CLG Guidance on Admitted Body Status

3.6.1 CLG have published guidance on “Admitted body status provisions in the Local Government Pension Scheme when services are transferred from a local authority or other scheme employer”. The main purpose of the guidance is to clarify the admission body status provisions within the LGPS and to encourage employers to address pension matters as early as possible in the outsourcing process.

3.6.2 CLG propose a further consultation on making the current regulatory framework more flexible in being able to deal with situations where employing bodies are merged, wound up, become new entities or go into administration. A letter from CLG will be issued as early as possible.

3.7 Brief Guide to the LGPS.

3.7.1 The Council currently issues a pre printed Guide to all new starters joining the Fund. The constant changes to the regulations mean that a pre printed version rapidly get out of date and has to be updated with inserts.

3.7.2 To ensure that members are directed to the most up to date information the hard copy Guide is to be replaced by an A4 sheet (see Appendix A) which will direct them to the Guide on HARINET or the Pensions Web Page or invite them to contact the Pensions Team for a hard copy.

3.7.3 This will also draw scheme member’s attention to the full range of leaflets and on-line pension links that are available and will encourage greater use of these facilities. Not renewing a print order to replace the current booklet will save £500 each year but will also contribute the Council’s Greenest Borough Strategy.

4 Recommendations

That the Administration Report update be noted

That the medical declaration required to purchase added membership under Regulation 14 of the LGPS (Benefit Membership and Contributions) Regulations 2007 (as amended) be extended to payment of Additional Survivor Benefit Contributions under Reg 14A of those regulations.

5 Reason for Recommendations

5.1 To ensure that members electing to buy-in extra benefits do not select against the Fund

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 set out 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 on the majority of its content. In respect of the content of paragraph 3.1.1. of the report, the Head of Legal Services comments that the action to require a declaration of good health of all relevant members of the scheme is not one based on the grounds of a person's disability and thus is not a breach of the provisions of the Disability Discrimination Act 1995. However a decision based on these provisions of the pensions regulations must take into account the reasonable adjustments duty under the 1995 Act where required to do so by virtue of a member's disability.

10 Head of Procurement

10.1 (Not Applicable)

11 Equalities & Community cohesion Comments

11.1 The Regulations provide rights and protection for temporary agency workers based on the principle of equal treatment as set out in article 5 of the directive

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12 Consultation

12.1.

13 Service Financial Comments

13.1 Savings of £500 per year can be expected by not ordering a reprint of the Brief Guide to the LGPS

14 Use of appendices / Tables and photographs

Appendix 1 Welcome to the LGPS Leaflet

Appendix 2 reports the number of Early Retirements and Capital Costs

Appendix 3 reports on Appeals in progress

Appendix 4 reports the receipt of Employee and Employer contributions

Appendix 5 is a compliance statement

15 Local Government (Access to Information) Act 1985

(List background documents)

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

15.1 LGE Bulletins 65 to 67



WELCOME TO MEMBERSHIP OF THE LOCAL GOVERNMENT PENSION SCHEME

Enclosed Is:-

- Your Statutory Notice confirming that your are a member of the Local Government Pension Scheme (LGPS).
- An Expression Of Wish Form to nominate you want to benefit from any death grant that may become payable.
- A form to provide a survivor benefit for a nominated cohabiting partner

A Brief Guide To The LGPS can be viewed on line by logging onto :-

HARINET: Click Personnel > Pay and Pensions > Local Government Pension Scheme > Employee Guides. **or**

Pensions Web Page www.haringey.gov.uk/pensionfund > Advice Tax And Benefits > Pensions > Local Government Pension Scheme > Employee Guides

If you want a hard copy of the Brief Guide or any of the leaflets available contact the Pensions Team

Telephone: 020 8489 3824:

Email: Pensions.Mailbox@haringey.gov.uk

Write to: The Pensions Team, Alexandra House, 10 Station Road N22 7TR

Leaflets Available	
Pensions Policy Statement (Employer Discretions)	Your Retirement Benefits
Transferring Pension Rights into the LGPS	Pensions and divorce/dissolution of civil partnerships
Life Cover and Protecting your Family	Leaving your job before retirement
Increasing Benefits	Tax Controls and your LGPS Benefits
Leave of absence and the LGPS	Help with Pension Problems
March 2010	

Appendix 2

Haringey Council Pension Fund	Early and Flexible Retirements 1 April 2009 to 31st December 2009			
Haringey Council	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
Early Retirement	7	£75,000	£0	£ 75,000
Flexible Retirement	6	£47,000		£47,000
Sub –Total	13	£122,000	£0	£122,000
Employing Bodies	Number of Cases	Basic Capital Cost	Cost of Added Years	Total Cost
<i>Early Retirement</i>	5	£253,000	£162,000	£415,000
Flexible Retirement	0	£0	£0	£0
Sub-Total	5	£253,000	£162,000	£415,000
Total For Haringey Council and Employing Bodies				
Total Q3 09/10	18	£375,000	£162,000	£537,000
Total Q3 08/09	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>				

Appendix 3

Appeals Report to Quarter ending 31 st December 2009				
Appeals Process Quarterly Report	Number Open	Upheld	Not Upheld/ Closed	On Going
Stage 1 Appeal	3	0	0	0
Stage 2 Appeal	0	0	0	0
Pensions Ombudsman	0	0	0	0

Appendix 4

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 2009**, the receipt of contributions from the Employing Bodies and Schools with their own Payroll Providers has been checked by Corporate Finance and payments have been received within the statutory time-limit.

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 Human Resources