



PENSIONS COMMITTEE 23 September 2014	REPORT

Subject Heading:	The Local Government Pension Scheme Charging Policy and Administrative Team work plan
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Policy context:	Local Government Pension Scheme Regulations
Financial summary:	There is no material, direct financial implications for the Fund arising from this report.

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

This report sets out the current work plan for the London Borough of Havering Administration Team. Future reports will be brought to the Committee to update on the progress of delivering the work plan.

RECOMMENDATIONS

1. The Committee is recommended to:
 - Note the Draft Charging Policy
 - Delegate to the Group Director of Resources the approval of the final Charging Policy following consultation with Scheme Employers.

2. The Committee is recommended to note:
 - The Administrative Team work plan for 2014-15.
 - That further progress update reports monitoring the Administrative Team work plan will be brought back to Committee

REPORT DETAIL

1. Charging Policy

The Pension Fund has developed a charging policy. The draft policy, at Appendix A, formally sets out the proposed Pension Fund policy relating to charges for specific areas of work carried out directly for scheme employers, together with other issues that may give rise to employer charges such as stain costs, poor performance and late receipt of contributions. This policy will improve Scheme Employer's knowledge and understanding of their obligations and liabilities in the Scheme and ensure a consistent approach to the monitoring of employer performance.

The Pension Fund Funding Strategy Statement does set out that costs are normally passed to the letting authority (transferor) and cessation costs are normally met by the scheme employer (transferee if an admission body). The draft Charging Policy sets out clearly for employers the extent of charges and the policy on where costs should be met from where relevant.

With the increase in the number of Scheme Employers, together with a significant increase in the information employers are required to retain and provide to the Pension Administration Team as a result of the Local Government Pension Scheme Regulations 2013 and the Transitional Regulations 2014, there is an increased requirement to control the risk of employers failing to meet the requirements. Setting out a comprehensive Charging Policy is currently the most appropriate way to minimise employer risk of failing to comply with the information

requirements and ensure the fund is not placed at risk of increased costs in supporting the growth in employers.

Following the comments of the Pension Committee the draft Charging Policy will be circulated to Scheme Employers for comment in September 2014 and subject to the comments received will be published for implementation from 1 November 2014. Any comments received will be discussed with the Group Director of Resources before publication of the policy.

2. Administrative Team Work plan

Due to the implementation of the new Local Government Pension Scheme 2014, together with the impact and pending impact of the Public Service Pension Act 2013, there is a considerable pressure on existing resources within the Pension Team and management of Transactional Services. The delivery of the work plan will be completed within existing resources, subject to engaging the Fund actuaries to support with specialist advice and guidance. Delivering the work plan within existing resources will have an impact upon measured performance indicators in 2014/15.

A plan of work that is already started, due to be started and to be delivered by the end of March 2015 is set out in the table below. It is proposed that the work plan be brought back to Committee and monitored during the current year.

Activity	Due Deadline	Responsible Officer
Review, revise and embed every pension process in line with the new pension scheme regulations 2014.	31/03/2015	Pension Administration Team
Updating all the member and employer communications in line with the new scheme.	31/03/2015	Pension Administration Team
Implement workflow to monitor and manage the day to day activities of the Pension Administration Team.	31/12/2014	Led by 2 Senior Transactional Agents (Pension Administration Team)
Members Self Service Automatic data interface between One Oracle system and Altair (payroll information).	TBI	Pension Team Leader
Employers Contribution	31/12/2014	Transactional Manager

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Guide.		
Officer and elected member training.	31/12/2015 (and on-going)	All
Pension Team review (Havering and Newham) – the Newham Pension Administration work is outsourced to the London Pension Fund Authority (LPFA) and the contract has recently been extended for 12 months to give the opportunity to review the delivery of Pension Administration for Havering and Newham as part of oneSource.	31/12/2014	Transactional Manager
TUPE manual - A comprehensive manual has been developed to aid compliance and reduce risk to the fund when scheme employers are outsourcing, and bringing new employers into the fund.	31/10/2014	Transactional Manager
Havering Admission Policy, to support the TUPE manual. <i>(A copy of the draft manual has been made available in the Members area)</i>	31/10/2014	Transactional Manager
Preparing for new Governance requirements. • New Pension Board (potentially with a joint approach agreed	31/03/2015	Transactional Manager

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<p>with the London Borough of Newham as part of oneSource). To be in place by 01/04/2015</p> <ul style="list-style-type: none"> • Data quality requirements • The Pension Regulator requirements 	<p>TBI</p> <p>On-going</p>	<p>HR, Payroll and Pensions Transactional Manager</p> <p>All</p>
<p>GMP reconciliation</p> <ul style="list-style-type: none"> - pension scheme administrators must reconcile the membership and Guaranteed Minimum Pension (GMP) data held on scheme records against HM Revenue & Customs' (HMRC) records in advance of the ending of contracting-out in April 2016. 	<p>TBI</p>	<p>Pension Team Leader and HR, Payroll and Pensions Transactional Manager</p>
<p>Revision of Annual Benefit Statements from 2014/15 to incorporate CARE Scheme 2014.</p>	<p>30/06/2015</p>	<p>Transactional Manager and Pension Team Leader</p>
<p>Working with the Director of Human Resources to commission and deliver ill-health training for Pension Administration and Human Resources staff (Corporate and Schools) following the Parry v Bridgend case.</p>	<p>31/10/2014</p>	<p>Director of Human Resources and Transactional Manager</p>

Set up protocols and monitoring arrangements for both the Administrative Authority and the London Borough of Havering utilisation of discretions policies.	31/10/2014	HR, Payroll and Pension Transactional Manager and Pension Team Leader
Havering Actuarial Services contract renewal from 01/04/2015.	31/03/2015	Transactional Manager

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications arising directly from this report.

However, the establishment of a charging policy would ensure that the cost of additional administration are charged fairly as possible amongst employers and that resources allocated in the most appropriate manner.

Legal implications and risks:

There are no direct legal implications arising from this report but issues may arise as a result of the consultation on the Charging Policy which will then be considered.

Human Resources implications and risks:

There are no direct HR implications arising from this report.

Equalities implications and risks:

Charging Policy

There are no direct implications on any individual members of the Pension Fund. The proposed Policy impacts on employers within the fund to ensure that those employers who consume actuarial and legal services meet the cost of these services, rather than the fund meeting the overall costs for the few employers.

The benefits payable from the London Borough of Havering Pension Fund are almost exclusively determined by the Department for Communities and Local Government (through the Local Government Pension Scheme Regulations) or in a small number of cases, by the scheme member's employer. The benefits package is rarely, if ever,

within the control of the Fund to adjust. When there is discretion that can impact on individual members of the Pension Fund, consideration will be needed to ensure that any negative equality implications are identified and, when possible, mitigated.

Administrative Team Work Programme

In implementing the work programme, reasonable adjustments should be offered to disabled staff members to ensure communications and other related material are accessible.

The availability of ill-health training, as identified in the work plan, will provide greater clarity for staff members on the process of determining early pension rights for staff members who obtain a disability and are no longer able to work. This will help ensure that administrators follow the correct process as defined by national regulations.

Draft Charging Policy