



PENSIONS COMMITTEE

Subject Heading:

The Havering Pension Fund Pensions Administration Strategy and Charging Policy

ELT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Caroline Guyon
01708 432185
caroline.guyon@havering.gov.uk

Policy context:

Local Government Pension Scheme Regulations 2013.

Financial summary:

The Pensions Administration Strategy and Charging Policy ensure there is no adverse financial impact on the Fund regarding the scheme employers and their obligations and aids an efficient administration service.

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

People	Supporting our residents to stay safe and well	[x]
Place	A great place to live, work and enjoy	[x]
Resources	Enabling a resident-focused and resilient Council	[x]

SUMMARY

The Pensions Administration Strategy (PAS) is made under Regulation 59 of the Local Government Pension Scheme Regulations 2013 which allows an administering authority to prepare a PAS for the purpose of improving administrative processes to enable provision of a cost-effective, high quality pension administration service.

The Havering Pension Fund (the Fund) introduced a PAS in 2021 following a recommendation from the Pensions Regulator. The PAS is reviewed every three years. The amendments made this review follow the introduction of mandatory monthly reporting requirements which should ease the administrative burden on employers and their payrolls by negating the need to submit individual member forms.

The charging policy was originally introduced in November 2014 to formally set out the Fund's policy relating to the actuarial and legal charges for specific areas of work along with more general costs such as strain costs or charges relating to poor performance and late payment of scheme contributions or member benefits.

The charging policy is reviewed every three years. This year the policy has been updated to provide more specific detail of the charges that can be applied if an employer does not meet their obligations under the PAS.

RECOMMENDATIONS

It is recommended that Committee:

- approve the Pensions Administration Strategy for a further 3 year period, or earlier if required to reflect changes in regulation
- approve the Charging Policy for a further 3 year period

REPORT DETAIL

The Pensions Administration Strategy (PAS)

1. The LGPS Regulations 2013 (Regulation 59) enables an administering authority to prepare a Pensions Administration Strategy (PAS).
2. The Fund introduced a PAS in 2021 to provide clear guidelines on the responsibilities of being a part of the LGPS for scheme employers and the

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administering authority. An effective PAS will aid in the provision of a good quality pension administration service, ensure clean and accurate data and an improved member experience.

3. The PAS includes a clear set of performance standards that the administering authority and scheme employers should meet and an escalation process for any unsatisfactory performance.
4. The main amendments to the PAS are to accommodate the change from submitting individual member forms to a full monthly return via the LPPA secure online portal. We are also changing the effective date of the policy to 1 April 2025, rather than 1 December 2024, to ensure consistency throughout a full scheme year and to allow sufficient time to communicate the updates with scheme employers.
5. The draft PAS has been reviewed by the Local Pensions Board and the comments received have been incorporated.
6. The draft PAS was sent to all scheme employers on 14 October 2024 for consultation with feedback requested by 8 November 2024. One employer commented that non-compliance may be as a result of their payroll provider not submitting information on time. The responsibility of ensuring the Fund receive the information required to administer the scheme sits with the scheme employer, and not their chosen payroll provider so no update to the PAS has been made following the feedback. We have however, initiated a support programme for all employers to demonstrate how they can access the LPPA portal to provide an overview of the performance of their payroll team. The Administering Authority did not consider that there were any other persons appropriate to consult.
7. The PAS will next be reviewed in 2027 or earlier if required to reflect changes in regulations, governance or working practices.

The Charging Policy

8. The Fund introduced a charging policy in 2014 to provide guidance on the charges associated with being an employer in the LGPS and provide clarity on who is responsible for meeting those costs.
9. The policy has been updated to provide more specific detail of the charges that can be applied if an employer does not meet their obligations and reporting requirements under the PAS.
10. Setting out a charging policy is an effective tool to minimise the risk to the Fund of increased costs associated with supporting a growing number of scheme employers and encourages good practice in the flow of data to ensure an efficient fund administration service.

11. The draft charging policy has been reviewed by the Local Pensions Board and the comments received have been incorporated.
12. The draft charging policy was sent to all scheme employers on 14 October 2024 for consultation with feedback requested by 8 November 2024. The only feedback received is detailed in point 6 of the report. The Administering Authority did not consider that there were any other persons appropriate to consult.
13. The charging policy will next be reviewed in 2027 or earlier if required to reflect changes in regulations, governance or working practices.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising directly from this report.

However, the establishment and review of a charging policy ensures the costs of scheme administration are charged as fairly as possible amongst employers. Underperforming employers can be held to account via the PAS and charging policy which should help to ensure good quality timely data is used in the scheme valuation.

Legal implications and risks:

Regulation 59 of the Local Government Pensions Schemes Regulations 2013 requires the administering authority to consult scheme employers and any other persons it considers appropriate before making revisions to the Pensions Administration Strategy.

With any statutory consultation the consultees must be given sufficient time and information to respond meaningfully and the decision maker must then carefully take any comments they make into consideration before making a final decision. The Report sets out the consultation that has been undertaken which appears to comply with these legal requirements and therefore there is minimal risk in approving the recommendations.

Human Resources implications and risks:

There are no HR implications or risks arising directly that impact on the Councils workforce.

Equalities implications and risks:

There are no direct equality implications regarding this matter.

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The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are not equalities and social inclusion implications and risks associated with this decision