

REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES		
Pension Administration Strategy 2017/18	Classification Public	Enclosures 1
	Ward(s) affected ALL	AGENDA ITEM NO.
Pensions Committee 29th March 2017		

1. INTRODUCTION

- 1.1 The Local Government Pension Scheme Regulations (2013), Regulation 59, gives Administering Authorities the discretion to issue a Pension Administration Strategy following consultation with employers and other interested parties. The Pension Administration Strategy is an updated version to reflect recent regulatory changes including the introduction of the requirement for a local Pensions Board and the role of the Pensions Regulator.

2. RECOMMENDATION

2.1 Pensions Committee is recommended to:

- **Approve the updated Pension Administration Strategy for publication**

3. RELATED DECISIONS

- 3.1 Previous Pensions Committee meetings 23rd March 2016, 31st March 2015, 20th March 2014, 27th March 2013, 6th January 2010 and 19th March 2008 for approval of Pension Administration Strategy following consultation.

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 Putting a Pension Administration Strategy in place helps ensure that the role and responsibilities of both the administering authority and employers is clear. It is particularly important that employers are aware of their responsibilities in relation to the Pension Fund to help ensure that the accuracy of Scheme data is maintained and that scheme members have accurate pension records. In addition it ensures that the administration of the pension scheme is efficient, will help to keep costs to a minimum and ensure best practice. Where poor administration on the part of an employer leads to additional costs for administration, there is a mechanism for recouping those additional costs and these are set out in the Pensions Administration Strategy. Whilst these are only charged as a last resort and the costs are not significant in the overall cost of running the scheme, recouping additional charges helps to reinforce the need for employers to fulfil their administration responsibilities.
- 4.2 In addition it should be noted that there will be an enhanced role for the Pensions Regulator in respect of LGPS funds going forward and having accurate data and good administrative practices will ensure that the Fund is able to meet the Regulator's requirements for data and avoid undue scrutiny and potentially significant fines.

- 4.3 The establishment of a new local Pensions Board from 1st April 2015 to assist the Administering Authority with ensuring compliance with the regulations is also likely to see an increase in the level of scrutiny for funds in terms of the administration functions and how this impacts on scheme members. Having appropriate pensions administration strategies in place and monitoring thereof will help to ensure that the Pensions Board is able to gain assurance over this aspect of the Fund.

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The Local Government Pension Scheme Regulations (2013), Regulation 59 states that Administering Authorities may prepare a written statement on their pension administration strategies. It is therefore not a legal requirement to do so; however, it would seem best practice, thereby ensuring that the roles and responsibilities are clearly defined bringing overall benefits to the Fund by improving communication and maintaining good record keeping.
- 5.2 The Regulations require publication of the Strategy, which includes providing copies of the Strategy to employers and to the Secretary of State and keeping any Strategy under review and notifying revisions. This paper and the associated Appendix, Pension Administration Strategy, follow a review of the previous document demonstrating that the Strategy is being kept under proper review and that appropriate consultation is being undertaken.
- 5.3 There are no immediate legal implications arising from this report.

6. SUMMARY

- 6.1 The London Borough of Hackney act as the Administering Authority for the London Borough of Hackney Pension Fund and responsibility for the management of the Pension Fund has been delegated to the Pensions Committee.
- 6.2 The Local Government Pension Scheme Regulations 2013 (Regulation 59) give Administering Authorities the discretion to issue a Pension Administration Strategy document, following consultation with Employing Authorities and other interested parties. The Strategy covers areas such as the procedures for communication and liaison with employing authorities, performance levels of both the Administering and Employing Authorities and procedures for pension scheme administration.
- 6.3 In addition, Regulation 59(2)e of the 2013 regulations, allows a Fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. The Pension Administration Strategy 2017/18 clearly sets out the standards expected, and deadlines for the submission of data to the scheme administrators. It also sets out the associated costs of any additional administration the Fund may incur as a result of the unsatisfactory level of performance of a Scheme Employer.
- 6.3 The Strategy has been updated to include greater detail on the role of the Pensions Regulator in the LGPS and the greater reporting responsibilities on the Fund to the Regulator in regard to contributions, record keeping and internal disputes resolution. It is also emphasised to employers that should any fines be imposed on the Fund by the Regulator for any non-compliance, will be passed onto the relevant employer to pay. No changes have been made to any of the other costs recoverable from employers, or the circumstances under which these might be recovered. The draft Strategy was circulated to all employers (including schools) and other interest parties for comments, none were received.

- 6.4 Once approved, the Strategy will be published and circulated to all employers and interested parties, to take effect from 1st April 2017, with performance monitored accordingly. The Strategy will also be forwarded to CLG for information in accordance with the Regulations and a report on performance will be included in the Pension Fund Annual Report and Accounts.
- 6.5 The Pensions Committee receives as part of its quarterly reporting, an update on administration performance and key issues that affect the administration of the Scheme. In addition, the Committee receives an annual pension administration report which includes the performance of the third party administrator.
- 6.5 The Public Service Pensions Act 2013 established the requirement for local Pension Boards in the LGPS with responsibility for assisting the Administering Authority in relation to the following:
- Securing compliance with the scheme regulations
 - Ensuring the effective and efficient governance and administration of the scheme
 - Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - Such other matters as the LGPS regulations may specify.
- 6.6 Since 1st April 2015, The Pensions Board comprising equal numbers of employer and scheme member representatives, has assisted the Administering Authority in ensuring compliance with the regulations and in particular as this affects the administration of the Pension Fund. The Pensions Board therefore reviews the effectiveness of the Fund's Pension Administration Strategy on an annual basis and also receives reports on the Administration Strategy and its effectiveness.
- 6.7 The Strategy will be kept under review and revised as appropriate following any material changes to policies within the Strategy. Any material changes or major revisions to the Strategy will be brought back to Committee for review prior to consultation. The attached appendix to this report, Pension Administration Strategy, is now being put before Committee for final approval prior to publication and distribution.

List of Appendices

Appendix 1 - London Borough of Hackney Pension Fund, Pension Administration Strategy 2017/18

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