

REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES		
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Pensions Administration Strategy - Review	Classification PUBLIC	Enclosures Two
	Ward(s) affected ALL	

Pensions Committee
20th January 2022

1. INTRODUCTION

- 1.1 This report includes the Fund's Pensions Administration Strategy which has been reviewed and updated. Generally, unless otherwise specified, the Fund's policy is to review policies every three years (or sooner if required, for example, due to changes in legislation). This Strategy has been updated to reflect the development of the Employer Self Service (ESS) portal for collecting monthly employer data.

2. RECOMMENDATIONS

- 2.1 The Pensions Committee is recommended to:
- Approve the updated Hackney Pensions Administration Strategy as outlined in Appendix 1 for further employer consultation.

3. RELATED DECISIONS

- Pensions Committee (September 2020) – Last update of Pensions Administration Strategy.

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

- 4.1 Ensuring that the Fund has clear policies in place helps maintain proper financial governance of the Fund. Some of the areas within the Fund's policies can impact the financial health of the Fund or change its exposure to certain risk factors. It is recognised that robust administration arrangements can reduce risk which could have financial consequences; for example having a structure that enables timely information provision helps ensure that legal deadlines are met.

4.2 There are no new immediate financial implications arising from this report.

5. **COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

5.1 The Council has established a Pensions Committee to act as the Scheme Manager of the Pension Fund as well as the delegation of various functions to the Group Director, Finance and Corporate Resources in accordance with legislation. The Council has also established the Fund's Local Pension Board which is required by legislation.

5.2 The functions of the Pensions Committee are contained within part 3 of the Councils' Constitution. To set the overall strategic objectives for the Fund, to review the Fund's policy and strategy documents on a regular cycle and to keep the Committees terms of reference under review are parts of this Committee's role.

5.3 Regulation 59 of the LGPS Regulations 2013 allows the Council, as the Administering Authority to the London Borough of Hackney Pension Fund, to publish a Pensions Administration Strategy setting out information relating to how it liaises and communicates with Scheme employers, the performance standards employers must meet, and the circumstances in which the Fund may issue additional administration charges to employers. It also requires the Council to keep the statement under review, to make revisions as appropriate and, where such revisions are made, to publish a revised statement.

6. **BACKGROUND TO THE REPORT**

6.1 Where a Pensions Administration Strategy is published, it is legally required to include:

- procedures for liaison and communication with Scheme employers
- levels of performance to be achieved by Scheme employers and the Administering Authority
- procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements
- procedures for improving the communication between the Administering Authority and Scheme employers
- circumstances in which the Administering Authority may require a Scheme employer to pay additional costs due to that employer's unsatisfactory performance
- the publication of annual reports covering
 - the extent to which the Administering Authority and its Scheme employers have achieved the performance standards set out in the Strategy
 - anything else in the Strategy that the Administering Authority considers appropriate
- any other matter that the Administering Authority considers appropriate to include in the Strategy.

6.2 When reviewing the Strategy the Administering Authority must consult with Scheme employers and any other persons or bodies it considers relevant. This period of consultation will follow Committee's approval of the draft amendments, with the final version to be brought back for approval at the March committee meeting before being published.

7. **PROPOSED CHANGES TO THE PENSIONS ADMINISTRATION STRATEGY**

7.1 The proposed Pensions Administration Strategy is attached as Appendix 1. Many of the original elements of the Strategy remain mainly unchanged. The Policy outlines:

- the Fund's administration aims and objectives
- the regulatory background
- communications and employer training
- performance standards and responsibilities
- how performance and objectives will be monitored
- the policy on the recovery of additional administration costs from employers.

7.2 The key updates made to the Policy include:

- A number of minor wording changes and clarifications
- Clarification of the sections of the Strategy that do and do not apply to Local Authority maintained schools (which are part of Hackney Council for pensions purposes but which may have outsourced payroll providers which are required to provide employee data to the Fund).
- Amendments made to reflect the implementation of the Employer Self Service (ESS) portal, particularly updating the section about the recovery of additional costs to make clear that the failure to use ESS (or to engage with the onboarding process) will result in additional charges.
- Amendments made to include the requirement to provide data required by the Fund to meet its obligations as a result of the McCloud judgement, including an update in the section about the recovery of additional costs to make clear that the failure to supply data (or to make every effort to locate data) will result in additional charges.
- An update to the section on The Pension Regulator's role, about the planned replacement of Code of Practice 14 with the new Single Modular Code in summer 2022.
- An update to the way objectives are measured – where a customer satisfaction survey is used to measure success, the target for positive responses has been amended from 95% to 90% to bring it into line with similar measures in the communications policy.

7.3 The Committee is asked to approve the updated Pensions Administration Strategy to be issued for consultation to the Scheme employers. The final version will be brought back to the March committee for final approval.

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Appendix 1 - Updated Pension Administration Strategy 2022-25

Appendix 2 - Updated Pension Administration Strategy 2022-25 (tracked changes version)