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WIRRAL

Pensions Committee

Date:	**Monday, 19 September 2011**
Time:	**6.00 pm**
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Pat Phillips
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SUPPLEMENTARY AGENDA 1

10. DRAFT ANNUAL REPORT (Pages 1 - 4)

14. AUTO ENROLMENT (Pages 5 - 12)

15. ACADEMIES (Pages 13 - 28)

17. TAYLOR SHAW - REPORT (Pages 29 - 32)

20. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)

To consider any other business that the Chair accepts as being urgent.

20.A ADMISSION BODY APPLICATION - AGILISYS

21. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

23. EXEMPT APPENDIX - TAYLOR SHAW (Pages 37 - 38)

28. EXEMPT APPENDIX - ADMISSION BODY APPLICATION - AGILIYS (Pages 39 - 40)

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	**DRAFT ANNUAL REPORT**
WARD/S AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide Members with the Draft Annual Report of Merseyside Pension Fund for 2010/11. This report is linked to the separate report on the Statement of Accounts for 2010/11 on this agenda.

1.2 A copy of the Annual Report will be available for Members at the meeting.

2.0 RECOMMENDATION

2.1 That Members approve the Draft Annual Report of Merseyside Pension Fund for publication.

3.0 REASON FOR RECOMMENDATION

3.1 Regulation 34 of the Local Government Pensions Scheme (LGPS) Administration Regulations requires local authorities to produce an Annual Report for the year to 31 March by 1 December of that year.

4.0 BACKGROUND AND KEY ISSUES

4.1 The LGPS regulations require the Pension Fund Annual Report to contain the Fund Account and Net Asset Statement with supporting notes and disclosures, prepared in accordance with proper practices.

4.2 International Standards on Auditing (UK&I) 720 requires that auditors read any information published with the accounts. It also states the auditor should not issue an opinion until that other information is published. For the accounts published in the Annual Report, that other information would be any content of the Annual Report that refers to financial performance.

4.3 For 2010-11 the Audit Commission has stated that it is continuing its policy of the last two years of reviewing the Annual Report along with the accounts, presenting the Annual Governance Report to the Pensions Committee and then presenting the Annual Governance Report to the Audit & Risk Management Committee.

5.0 RELEVANT RISKS

5.1 Not relevant for this report.

6.0 OTHER OPTIONS CONSIDERED

6.1 Not relevant for this report.

7.0 CONSULTATION

7.1 Not relevant for this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no implications arising directly from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are no implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no implications arising directly from this report.

REPORT AUTHOR: **Paddy Dowdall**
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APPENDICES

The Annual Report of Merseyside Pension Fund will be provided at the meeting.

REFERENCE MATERIAL

None used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
PENSIONS COMMITTEE : DRAFT ANNUAL REPORT	**27 September 2010**
PENSIONS COMMITTEE : DRAFT ANNUAL REPORT	**22 September 2009**

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	**AUTO – ENROLMENT**
WARDS AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report informs Members of workplace pension reforms which include a new duty on all employers to ensure employees are auto–enrolled into a qualifying pension scheme. The reform aims to encourage greater private pension savings, particularly amongst those on low or moderate incomes to overcome the fact that many workers miss out on valuable pension benefits.

2.0 RECOMMENDATION

2.1 That Members note the report.

3.0 REASON FOR RECOMMENDATION

3.1 There is a requirement for Members of the Pensions Committee to be kept up to date with legislative developments to carry out their decision making role in order to enable them to make informed decisions.

4.0 BACKGROUND AND KEY ISSUES

Auto-Enrolment and NEST

4.1 The Pensions Act 2008 introduced the basic provisions and legislative framework around workplace pension reform, the Act was followed by a series of consultations on the detail with the final prescriptive provisions to be formalised upon Royal Assent of the Pensions Bill 2011.

4.2 The crux of the legislation, to come into force in 2012, is that each employer will have to make arrangements for all employees to automatically join a qualifying pension scheme that satisfies certain minimum requirements. Employers must also make appropriate contributions on behalf of those who choose to remain members of the scheme.

4.3 The Local Government Pension Scheme satisfies the criteria of a qualifying scheme as it is a UK tax registered defined benefit scheme that is contracted out on a salary related basis and meets the reference scheme test. This test prescribes minimum levels of benefit that a scheme must meet in order to be able to contract out of the state second pension.

4.4 The Government has established a “national pension scheme" the National Employment Savings Trust (NEST). This scheme is effectively a statutory default auto-enrolment scheme, intended for employers that do not want to use or establish their own provision to fulfil their duties.

4.5 NEST is a trust-based scheme, run separately from the Government with a set of trustees and subject to similar rules and legislation as an occupational defined contribution scheme. As statutory bodies local authorities ‘power to act’ are limited to matters for which they have implied power. There is a specific power requiring local authorities to contribute to the LGPS under Section 111 and 112 of the Local Government Act 1972. Therefore there is currently no implied power for local authorities to offer NEST as a qualifying pension scheme.

4.6 Admitted bodies to the scheme may be able to offer NEST as an alternative to the LGPS which may lead to community admission bodies seeking to terminate their participation, thereby crystallising liabilities which would need to be recovered by MPF.

Staging Dates

4.7 The legislation sets out the dates known as staging dates from which employers of a certain size (starting with the largest employers) must comply with the new duties. Employers with at least 120,000 employees will have to comply from the earliest date of 1 October 2012 with employers with between 800 and 119,999 employees required to comply by 1 October 2013.

Employers’ New Duties

4.8 With effect from the staging date each employer will have to undertake the following functions:

- Enrol eligible jobholders who are not already active members of a qualifying scheme into an auto-enrolment scheme.
- Maintain a jobholders membership of the auto-enrolment scheme as long as he or she is employed by the employer and chooses to be a member.
- Make relevant employer contributions on the basis of qualifying earnings.
- Provide certain information to jobholders and workers.
- Register with the Pensions Regulator and keep records to prove compliance with their enrolment duty.
- Ensure processes are in place to handle any requests they may receive from a worker to become a member of a pension scheme.

Employee Safeguards

4.9 Employers must be aware of the following legal safeguards that have been put in place to protect the rights of individuals under the pensions reform effective from 1 October 2012:

- An employer must not take, or fail to take, any action that results in a jobholder ceasing active membership of a qualifying pension scheme.
- It is important that any jobholder's decision to opt out should be taken freely and without influence by the employer.
- An employer must not try to screen job applicants on grounds relating to potential pension scheme membership, known as prohibited recruitment conduct.

Categories of 'Workers'

4.10 The three main categories of worker to which the employer duties apply are:

- Jobholders who are aged **between 22 and state pension age** and earn above the personal income tax threshold of **£7,475 pa** and are eligible for automatic enrolment
- Non-eligible jobholders are not eligible for automatic enrolment but can choose to opt into a pension scheme and are aged at least **16 and under 75** and have earnings above the lower national insurance earnings limit of **£5,035** pa but below the personal income tax threshold of **£7,475 pa**
- Entitled workers are 'entitled' to join a pension scheme, are aged at least **16 and under 75** with earning below the national insurance earnings limit **of £5,035** pa

Scheme Membership

4.11 If an eligible jobholder is already an active member of a qualifying scheme on their automatic enrolment date, the employer does not need to take any further action, other than to provide them with information about the scheme of which they are a member.

4.12 Although enrolment into a pension scheme is compulsory, an individual has a right to opt out within one month of membership. This option is valid for three years, following which the employer must re-enrol the individual, who once again has the right to opt out within one month. This would continue every three years should the individual always choose to opt out.

4.13 Employers will have the option of waiting for up to three months before auto-enrolling eligible jobholders although they can opt in during the waiting period. Consequently the LGPS Regulations will require amending to allow a member with a contract of less than 3 months to be automatically enrolled in to the scheme.

4.14 For employers with a defined benefit scheme with an existing level of auto-enrolment, there may be an additional four year transition period from 1 October 2012 to 30 September 2016, during which time, existing workers who are not currently scheme members, but who have been and continue to be eligible to join the Scheme, would not need to be auto–enrolled by the employer.

Compliance

4.15 The new requirements come with a new regulatory regime to oversee compliance. This will be the responsibility of the Pensions Regulator, whose power is being extended to enable it to gather information and impose enforcement notices, including escalating financial penalties on offending employers. The wilful failure by employers to comply with the auto-enrolment requirements could result in imprisonment for up to two years.

4.16 The Pensions Regulator and Department for Work and Pensions (DWP) are currently organising meetings with local authorities HR/Pensions and Finance Sections to ensure employers are aware of their duties and have the relevant administrative processes in place to comply with the requirements of the pension reforms.

4.17 A circular is expected to be published by LGPC in the Autumn clarifying the likely implications on local authorities and admitted bodies following the implementation of auto-enrolment in 2012.

5.0 RELEVANT RISKS

5.1 The DWP will be delivering a marketing campaign to raise the profile of NEST and private pension saving in 2012.

5.2 It is also expected that private-sector insurance and financial companies will develop new pension vehicles that they will actively market to employers during 2012.

5.3 There is a risk of Community Admitted Bodies deciding to close LGPS participation to their employees and offer NEST which will lead to a reduction in the membership base and potential issues regarding recovery of substantial liabilities.

5.4 Publicity surrounding personal pension schemes promoting inferior cheaper alternatives to the LGPS may tempt scheme members to opt out and reduce their pension contributions. This would mirror previous experience following amendments to the scheme in 1988 permitting non-participation in the Scheme. This ultimately culminated in the judicial judgement on mis-selling of Personal Pensions.

5.5 There is a risk that the required detailed clarification surrounding the reform is delivered too late for employers to implement changes to HR/payroll systems and administrative procedures to comply with the requirements of the legislation.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 The DWP has launched formal consultation on the outstanding regulations addressing various aspects of the legislative framework for automatic enrolment from 2012. MPF has shared a Mercer update to all Scheme Employers (attached at Appendix 1) informing them of the opportunity to respond before the consultation close of 11 October 2011.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 MPF will be required to carry out a significant communication exercise to prevent a large number of members opting out. It will be necessary to promote the value of the LGPS benefits as opposed to alternative pension provision, which may appear cheaper in the short term, but will ultimately result in meagre un-guaranteed pension benefits at retirement.

9.2 As auto-enrolment is implemented from 2013 there will be significant increased costs of additional pension contributions for employers, and increased administration costs for employers and for MPF.

10.0 LEGAL IMPLICATIONS

10.1 None arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising from this report.

11.2 Equality Impact Assessment (EIA)
(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

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APPENDICES

1 – Mercer Update on Auto-enrolment - August 2011

REFERENCE MATERIAL

Mercer Guide to Auto-enrolment and Nest
The Pension Regulator's Website
http://www.thepensionsregulator.gov.uk/docs/Pensions-reform-employer-duties-defining-workforce-v2.pdf

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	**ACADEMIES**
WARDS AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report informs Members of a substantial increase in the number of Scheme Employers, resulting from local authority schools choosing to convert to Academy status under the Academies Act 2010.

2.0 RECOMMENDATIONS

2.1 That Members note the implications for MPF in terms of higher workloads and additional costs.

2.2 That a report be presented to the Employment and Appointments Committee on the additional staffing requirements arising from this report.

3.0 REASON FOR RECOMMENDATIONS

3.1 There is a requirement for Members of the Pensions Committee to be kept up to date with legislative developments to carry out their decision making role in order to enable them to make informed decisions.

4.0 BACKGROUND AND KEY ISSUES

Academies and the Local Government Pension Scheme

4.1 The Academies Act 2010 enables more schools to apply for academy status, to become independent from local authority control and funding. Academies are charitable trusts, set up as companies limited by guarantee and defined by a contractual relationship with the Secretary of State for Education through a funding agreement.

4.2 Non-teaching staff of an academy school are eligible to participate in the Local Government Pension Scheme by virtue of paragraph 21 of Schedule 2 of the LGPS (Administration) Regulations 2008.

4.3 Academies funding comes direct from the Department for Education (DFE) via the Local Authorities Central Services Equivalent Grant (LACSEG) on the principle that they should receive the same level of per-pupil funding as they would receive from the local authority as a maintained school.

4.4 The DFE is currently undertaking a consultation on the appropriate level of grant funding allocation to both local authorities and academies. The DFE intends to protect academies who applied for conversion on or before 7 April 2011 and convert before 1 September 2011. Therefore, it has given guarantees of a specified level of funding set at 90% of the grants received under the former method of calculating the LACSEG.

4.5 As a consequence of Government incentives, MPF has received 17 applications from schools converting to Academy status on 1 September 2011.

4.6 Local authority schools irrespective of funding streams, autonomy or governance arrangements are treated as part of the Council and share the same employer contribution rate.

4.7 If a school decides to convert to an Academy it will automatically become a separate Scheme Employer within MPF and will require its own bespoke contribution rate. It is likely this rate will be subject to increased volatility compared to that of the Council due to the much smaller staffing profile. Any changes to membership, payroll and experience relating to incidence of retirement will impact on the pension obligations and costs.

4.8 DFE guidance advocates that funding grants for Academies are broadly the same before and after conversion to Academy status, and that the ceding authority loses a comparable level of funding. It is therefore deemed equitable for the deficit in respect of pensionable service prior to conversion to transfer from the local authority to the Academy through the transfer agreement signed prior to conversion

4.9 The actuarial calculation of an Academy's future service element of the employer rate will reflect its own employee profile but the deficit funding element is capitalised in line with the contributions previously paid whilst grouped with the Council based on a 25 year recovery period.

4.10 There is concern that Academies can only rely on a seven year funding guarantee and, as such, recovery periods should be aligned to reflect this. However the Actuary has confirmed that it is satisfactory to permit Academies to fund over the longer term recovery period of 25 years afforded to local authorities. The Actuary is comfortable that the seven year limited funding argument is flawed as the seven year timeframe relates to a notice period for changing from Academy status, when the funding guarantee would then cease. The deficit would then revert to the local authority or conversely if notice is not given continue to be funded by the Academy in the normal way.

4.11 Discussions are taking place between the DFE and the Department for Communities and Local Government (DCLG) on this issue. If it is decided that the recovery period for Academies could only be a maximum of seven years then the contribution rate would be increased significantly.

4.12 The Local Government Association has requested that the Government alleviates the concerns of the potential risk of academies exiting pension funds leaving unrecoverable debt by providing a legislative guarantee to underwrite any residual unfunded pension costs.

4.13 There are also a number of implications on the school's administrative obligations when it converts to an Academy as the pension and HR function will no longer be automatically provided by the Council. Thereafter the Academy is responsible for the correct remittance of both employer and employee contributions and provision and reconciliation of annual returns. The Academy must assume responsibility for maintenance of employees' pension records by ensuring timely completion of the required notifications in accordance with the Pension Administration Strategy.

4.14 The Academy will be responsible for employer decisions including policy making in respect of employer discretions, awarding ill health retirement benefits and dealing with complaints under the Internal Dispute Resolution Procedure.

4.15 MPF has produced and notified local authorities of a fact sheet available on the MPF website highlighting the pension implications and administrative and statutory requirements for schools considering converting to Academy status. A copy is attached at Appendix 1.

5.0 RELEVANT RISKS

5.1 The LGPS regulations facilitate automatic participation to the LGPS for Academies but the current undefined position as to whether the Government will provide a legislative guarantee could subject MPF to unmitigated risk. Academies could therefore be construed to represent a body of weak covenant with no protection for MPF on cessation.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 None.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 As Academies qualify under the regulations as Scheme Employers, MPF must now establish separate administration records, update accounting and reconciliation processes and conduct employer communication exercises for each individual academy.

9.2 These administrative tasks were previously performed for all schools under the umbrella of the Council and will result in increased volumes of work, impact on staff resources and increase administrative costs.

9.3 The actual implications on staffing resources and administrative procedures cannot be accurately measured as the increase in costs and volumes of work are dependent on the number of schools that choose to convert to Academies.

9.4 An additional officer is likely to be required for every seven Academies, mostly to be located in the Administration Section but some will be required in Financial Control. The average cost of an employee is £30,000 inclusive of oncosts . All additional costs will be recharged to the Academies.

9.5 A report will be submitted to the Employment and Appointments Committee detailing the actual requirements.

10.0 LEGAL IMPLICATIONS

10.1 None arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 None arising from this report.

11.2 Equality Impact Assessment (EIA)
(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

FNCE/189/11

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APPENDICES

1 – Fact Sheet – Academies and the Local Government Pension Scheme.

REFERENCE MATERIAL

Local Government Group letter of 18 April 2011 to Department for Education.
DFE Briefing note - http://media.education.gov.uk/assets/files/pdf/l/local%20government%20pensions%20scheme%20guidance.pdf

SUBJECT HISTORY (last 3 years)

Council Meeting	

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ACADEMIES/FREE SCHOOLS

AND THE LOCAL GOVERNMENT PENSION SCHEME

2011 2012

Merseyside
PENSION FUND

INTRODUCTION

The Local Government Pension Scheme on Merseyside

With 4.6 million members, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK.

The LGPS is a nationwide scheme and is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the Scheme.

The Scheme is administered locally for participating employers through 99 regional pension funds. Merseyside Pension Fund administers the Scheme for over 130 relevant employers throughout the Merseyside region.

Academies and the LGPS

The LGPS (Miscellaneous) Regulations 2010 made an amendment to the LGPS (Administration) Regulations 2008 to allow an Academy established under the Academies Act 2010, to become a scheme employer.

The amendment facilitates that schools who satisfy the qualifying criteria as 'Free Schools' by entering in to Academy Arrangements specified under the Act in accordance with the terms prescribed under the Education Acts of 1996 and 2002, also automatically become scheme employers.

This guide details those pension responsibilities any newly established Academy or 'Free School' will acquire within the LGPS.

OBLIGATIONS AND RESPONSIBILITIES

If you are a school considering converting to an Academy under the Academies Act 2010, you need to be aware of the pension obligations which that will entail.

The Local Government Pension Scheme (Miscellaneous) Regulations 2010 requires that **all** non-teaching Academy staff under age 75 with contracts of employment of 3 months or more must be automatically enrolled into the Local Government Pension Scheme (LGPS).[1]

Merseyside Pension Fund deals with the LGPS administration and investments on behalf of the five Merseyside District Councils and Local Authority Schools irrespective of funding streams, autonomy or governance arrangements.

The schools are treated for pension purposes, as part of the district councils and share the same generic contribution rate assessed for the Council. The rate incorporates a past service adjustment to fund the Council's deficit over the long term in accordance with the Fund's Funding Strategy Statement.

What are the direct implications of changing to Academy Status?

If the school chooses to convert to an Academy it will automatically become a separate Scheme Employer within Merseyside Pension Fund and will be treated in isolation of the Local Education Authority for pension purposes.

The Academy will require its own bespoke contribution rate and will have direct responsibility for administration, financial reporting and remittance of contributions and communication with the Fund.

[1] Those employed on a 'casual' basis must have entered into a mutual obligation casual contract for at least 3 months to be eligible to be automatically enrolled into the Scheme.

THE CONTRIBUTION RATE

Prior to the school converting to Academy Status it will be necessary to obtain from the Fund Actuary:

- An assessment of the school's pension liabilities in respect of its own scheme members and potential scheme members
- The rate at which the Academy will be required to pay employer contributions as an independent employer of the Fund.

In line with Department for Education (DfE) guidance it is the Fund's understanding that the past service deficit in respect of the staff transferred from the Council to the Academy would transfer as facilitated within the transfer agreement.

The guidance implies that academies will be awarded funding for deficit contributions in line with the local authority. You can find full information at the DfE website at:

http://tinyurl.com/66jbrba
http://tinyurl.com/62z277g

In order for the Actuary to calculate the liability transfer and contribution rate the school must provide the Fund with a list of the staff currently paying pension contributions. The data should include:

- National Insurance number
- Full name
- Date of birth
- Contracted weekly hours
- Current pensionable pay and
- Employee pension contribution rate

The details supplied will be checked against the pension administration system and any discrepancies will be raised with the school.

Once the data is verified as accurate, it will be submitted to the Fund's Actuary; they will take between 4-6 weeks to provide the financial costs of participation in the Scheme. The Actuary will charge the Fund for this activity, with this cost being recharged to the Academy in the first financial year of Scheme participation.

Is the employer's contribution rate likely to differ after conversion to Academy Status?

Once set up as a new employer the Academy will have its own employer contribution rate which will differ from the Council's rate. This rate will be reviewed every three years as part of the actuarial valuation of the Fund based on its membership profile.

It is likely that the employer contribution rate will be subject to increased volatility compared to the Council's, due to the much smaller staffing profiles and any changes to membership, payroll and incidence of retirement will impact on the Academy's pension obligations and costs.

ADMINISTRATIVE REQUIREMENTS

If an Academy continues to use the Payroll and HR services of their respective local authority, there will be little difference to the administrative processes already in place

However, as it is likely that an Academy will appoint an external provider for Payroll and HR services, there are many issues that need to be considered and are the responsibility of the scheme employer:

- Each scheme employer is required to pay to the Fund both their Employer and Employee contributions before the **19th** of the following month after the payroll have been processed. The payments must be accompanied by form **LGP41 Remittance Advice Slip** fully completed.

- The Academy will also be required to provide an annual return of contributions for reconciliation purposes, setting out the total amount of employee and employer contributions for each member and each pensionable post for the period **1 April to 31 March** each year.

- The correct employee and employer contribution rates must be deducted from each scheme member's pay. Please note that contributions are deducted before tax and that the LGPS is a contracted-out pension scheme (so contracted-out National Insurance Contributions apply).

What are the day to day paperwork requirements for pension administration purposes?

The Academy will be responsible for provision of;

- Details of new employees joining the scheme
- Contract variations e.g. hours changes, breaks in service
- Details of leavers and retirements including final pay calculations

EMPLOYER RESPONSIBILITIES

The Academy will be responsible for employer decisions including:

- Policy making in respect of employer discretions available within the LGPS
- Awards of benefits including ill health retirements and the use of an Independent Registered Medical Practitioner (IRMP)
- Dealing with disputes under the Internal Resolution Disputes Procedures (IDRP)
- Further details regarding the Fund's Pension Administration Strategy will be provided upon commencement as a Scheme Employer)

It is important to realise that an Academy would become a scheme employer of the Fund and **not** the appointed Payroll/HR provider.

An Academy will need to be very clear when appointing any external provider of these services as to where respective responsibilities lie.

Are there circumstances when the Academy will be required to pay additional monies to the Fund not taken account in the contribution rate?

Yes. In accordance with LGPS regulations, if a scheme member aged 55 or over is granted early retirement by their employer, is made redundant or is granted flexible retirement, the scheme member becomes entitled to the immediate release of their accrued pension benefits.

In many cases this means that benefits are paid out of the Fund in advance of the member's normal retirement date and therefore for a longer period than anticipated.

The employer is required to make a payment to the Fund (known as an early retirement strain cost) in order to compensate the pension fund for having to pay benefits for longer than expected. It is worth noting that an employer should always request estimates for employees being retired early.

No separate charge is made for ill health retirements. However these retirements can involve a large increase in employer liabilities which will be reflected in the employer contribution rate at the next valuation.

This briefing note refers to members of the Local Government Pension Scheme and therefore only covers non-teaching staff at schools. The Teachers Pension Scheme is administered separately and is not the responsibility of Merseyside Pension Fund

FUND CONTACTS

For more information please contact:			
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Opening Times:	Mon to Fri 9am -5pm
Member Website:	www.mpfmembers.org.uk
Employer Website:	www.mpfemployers.org.uk
E-mail:	mpfadmin@wirral.gov.uk

ADMINISTERING AUTHORITY
WIRRAL

WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	**ADMISSION BODY APPLICATION TAYLOR SHAW – GRANGE PRIMARY SCHOOL**
WARDS AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report informs Members of my decision taken under delegation, to approve the application received from Taylor Shaw to Merseyside Pension Fund as a Transferee Admission Body. The company has secured the catering contract at Grange Primary School, a Sefton School, for the period 1 April 2009 to 31 March 2013.

2.0 RECOMMENDATION

2.1 That the Pensions Committee note the approval of the application for admission to the Merseyside Pension Fund of Taylor Shaw to undertake the catering contract at Grange Primary School.

3.0 REASON FOR RECOMMENDATION

3.1 The application for admission meets all prescribed regulatory and financial requirements under the Local Government Pension Scheme Regulations. The appropriate supporting documentation has been received and approved. All parties to the agreement are legally enforced to comply with the governance policy of Merseyside Pension Fund.

4.0 BACKGROUND AND KEY ISSUES

4.1 The application is to provide pension provision for one transferred member who wishes to continue to participate in the Local Government Pension Scheme

4.2 Taylor Shaw has already successfully gained admission agreements with Merseyside Pension Fund in respect of catering contracts held with other Sefton schools.

4.3 Taylor Shaw's principle activity is to provide a catering and support service with particular focus on the education market.

5.0 RELEVANT RISKS

5.1 The potential risk of financial loss resulting from the admittance of the company is mitigated by virtue of Regulation 38(3) (a) of the Local Government Pension (Administration) Regulations 2008. Sefton Council would be responsible for any outstanding contributions on the closure of the body which may not be recoverable from the contractor or parent company.

6.0 OTHER OPTIONS CONSIDERED

6.1 The contractor's preferred route in accordance with the Statutory Best Value Authorities Staff Transfer (Pension) Direction 2007 on staff transfers was to secure admitted body status as an alternative to the provision of a comparable pension scheme.

7.0 CONSULTATION

7.1 No consultation required as staff retained access to the LGPS.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The latest Financial Statement to 31 March 2011 of Taylor Shaw has been received.

9.2 The transfer of past service liabilities is to proceed on a fully funded basis which will have no impact on the Sefton Council current assessed contribution rate requirement.

9.3 One Sefton Council employee transferred under TUPE Regulations to Taylor Shaw.

10.0 LEGAL IMPLICATIONS

10.1 The legal documents to be drafted and approved by the Director of Law.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no equalities implications as employees retain access to the LGPS.

11.2 Equality Impact Assessment (EIA)
- (a) Is an EIA required? No
- (b) If 'yes', has one been completed?

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

REPORT AUTHOR: **YVONNE M. CADDOCK**
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FNCE/202/11

REFERENCE MATERIAL

The report produced by Mercer the Actuary, dated 22 June 2011, was used in producing this report.

APPENDICES

The Annual Report of Merseyside Pension Fund will be provided at the meeting.

REFERENCE MATERIAL

None used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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WIRRAL COUNCIL

PENSIONS COMMITTEE

19 SEPTEMBER 2011

SUBJECT:	**ADMISSION BODY APPLICATION AGILISYS**
WARDS AFFECTED:	**ALL**
REPORT OF:	**DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report informs Members of my decision taken under delegation, to approve the application received from Agilisys for admission to Merseyside Pension Fund as a Transferee Admission Body. The company has secured a schools' ICT. Contract for the period 1 August 2011 to 31 July 2019 with St. Helens Council.

2.0 RECOMMENDATION

2.1 That the Pensions Committee note the approval of the application for admission to the Merseyside Pension Fund of Agilisys.

3.0 REASON FOR RECOMMENDATION

3.1 The application for admission meets all prescribed regulatory and financial requirements under the Local Government Pension Scheme Regulations. The appropriate supporting documentation has been received and approved. All parties to the agreement are legally enforced to comply with the governance policy of Merseyside Pension Fund.

4.0 BACKGROUND AND KEY ISSUES

4.1 The application is to provide pension provision for seven transferred members who wish to continue to participate in the Local Government Pension Scheme

4.2. Agilisys is a private company limited by shares and the principal activity of the company is IT Managed Services. Agilisys also provides professional services, business process outsourcing and outsourced customer care and sales solutions to private and public sector bodies.

5.0 RELEVANT RISKS

5.1 The potential risk of financial loss resulting from the admittance of the company is mitigated by virtue of Regulation 38(3) (a) of the Local Government Pension (Administration) Regulations 2008. St Helens Borough Council would be responsible for any outstanding contributions on the closure of the body which may not be recoverable from the contractor or parent company.

6.0 OTHER OPTIONS CONSIDERED

6.1 The contractor's preferred route in accordance with the Statutory Best Value Authorities Staff Transfer (Pension) Direction 2007 on staff transfers was to secure admitted body status as an alternative to the provision of a comparable pension scheme.

7.0 CONSULTATION

7.1 No consultation required as staff retained access to the LGPS.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 The latest audited Report and Financial Statement to 31 March 2010 of Agilisys have been received.

9.2 The transfer of past service liabilities is to proceed on a fully funded basis which will have no immediate impact on the St Helens Council current assessed contribution requirement.

10.0 LEGAL IMPLICATIONS

10.1 The legal documents to be drafted and approved by the Director of Law.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no equalities implications as employees retain access to the LGPS.

11.2 Equality Impact Assessment (EIA)
(a) Is an EIA required? No
(b) If 'yes', has one been completed?

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None arising from this report.

REPORT AUTHOR: YVONNE CADDOCK

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REFERENCE MATERIAL

The report produced by Mercer the Actuary, dated 15 August 2011, was used in producing this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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