

WIRRAL COUNCIL

PENSION BOARD

27 JUNE 2017

SUBJECT:	PENSION ADMINISTRATION STRATEGY
WARD/S AFFECTED:	NONE
REPORT OF:	DIRECTOR OF PENSIONS
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Board Members of the revised Pension Administration Strategy (PAS) and the intent to consult with employers as required by the Regulations upon Pension Committee approval of the proposed changes to the policy and operational practice.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Fund has undertaken a review of the PAS which was last updated in 2013 to accommodate procedural changes resulting from the introduction of both the LGPS Miscellaneous Regulations 2012 and Automatic Enrolment legislation.

2.2 The introduction of the new CARE benefit design in April 2014 and associated final salary benefit protections compounded the increasing complexity of administering the LGPS. Consequently, the importance of data quality and the necessity for equitable allocation of Fund resources across employers is greater than ever and has informed the review of the PAS.

2.3 The primary purpose of the review is to continue progress towards a seamless pension service, employing appropriate technology and best practice to both significantly improve the quality of information and the speed with which it is processed providing a more efficient service to Fund members.

- 2.4 The PAS covers primary matters as outlined in the Regulations such as administration standards, performance measures and communication with employers. It also sets out the key undertakings and responsibilities of both the Fund and participating employers.
- 2.5 The PAS recognises that significant work will need to be undertaken in achieving the Pension Regulator's compliance requirements and both the Fund and its Employers will need to work in partnership to meet this challenge.
- 2.6 The Fund, like all public sector organisations, is under pressure to manage its costs, and evaluate current operational functions. Therefore, we must utilise resources to ensure compliance with statutory duties and responsibilities as defined within the LGPS regulations and overriding Pension legislation.
- 2.7 The LGPS regulatory framework allows an Administering Authority to recover costs from an employing authority where costs have been incurred because of unsatisfactory performance and also to remove cross-subsidy of costs resulting from any inequitable allocation of resources.

The PAS has been revised to clearly document an extended charging policy in circumstances of persistent failure by an employer to meet administration requirements and for the provision of additional pension entitlement calculations or bespoke administration tasks.

TIMETABLE FOR IMPLEMENTATION

- 2.8 The revised PAS will be applicable from April 2018.

A draft version is attached as an appendix to the report for consideration.

Following overview of the Board and formal approval by Pension Committee, the Fund will shortly issue this document to employers for comment and feedback as part of the statutory consultation process

- 2.9 The consultation period is scheduled to commence from the end of July until the end of September. Work will then be undertaken to review the feedback and revise the strategy as required.
- 2.10 The final version of the strategy will then be published in November 2017 for Committee approval, in preparation for its implementation in April 2018.

3.0 RELEVANT RISKS

- 3.1 There are none arising from this report

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report.

5.0 CONSULTATION

5.1 The PAS will be subject to a two month consultation period with the Fund's constituent employers as detailed within the report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None associated with the subject matter.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are none arising from this report

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

8.1 There are financial implications associated with this report in that the PAS includes the Fund's approach to the application of charges in the event of non-compliance with key performance standards set out for participating employers.

9.0 LEGAL IMPLICATIONS

9.1 The Fund has a legal duty to comply with legislation and statutory best practice, failure to do so may result in challenge from the Pensions Regulator or the Scheme Advisory Board.

9.2 The Council's Section 151 Officer has had the opportunity to comment on the report and has authorised it for publication.

10.0 EQUALITIES IMPLICATIONS

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No equality impact assessment is required

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising from this report

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report

13.0 RECOMMENDATION

13.1 That Board Members consider the PAS and the proposed charging schedule.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 There is a requirement for Members of the Pension Board to be kept up to date with legislative developments as part of their role in supporting the administering authority.

**REPORT
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