

WIRRAL COUNCIL

PENSION COMMITTEE

17 JULY 2017

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

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of the revised Pension Administration Strategy (PAS) and the intent to consult with employers as required by the Regulations subsequent to Pension Committee's approval of the proposed changes to the policy and operational practice.
- 1.2 The draft PAS for consultation is attached as Appendix One.

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, it is essential to manage 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.
- The draft strategy is scheduled for review by Pension Board at its meeting of 27 June 2017 with comments invited on the content and reasonableness of the charging policy. Upon formal approval by Pension Committee of the draft strategy, the Fund will shortly issue this document to employers for 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 prior to return to Committee in November 2017 for final approval.
- 2.10 The final version of the strategy will then be published in November 2017 in preparation for its implementation in April 2018.

3.0 RELEVANT RISKS

- 3.1 The Fund has a legal duty to comply with legislation and statutory best practice, failure to do so will result in challenge from scheme members, the Pensions Regulator, and the Scheme Advisory Board.
- 3.2 The measures within the revised PAS reduce the risk of holding inaccurate data as the objective is to deliver operational efficiencies, rationalise resources and to secure improvements in data quality as a core business function.

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.
- 8.2 Employers are charged for the cost of administration of the Fund by an allowance of 0.5% included within their pension contribution rate. This is a flat-rate amount and takes no account of the actual allocation of fund resources between each employer or any additional non-statutory casework undertaken by the Administration Team.

The strategy will allow the Fund to make an additional monetary charge to employers to cover its costs where the amount of administrative work carried out is disproportionate to other employers.

9.0 LEGAL IMPLICATIONS

- 9.1 The Council's Section 151 Officer has had the opportunity to comment on the PAS as to whether the charging structure conflicts with the Administering Authority's statutory responsibilities in carrying out its function in accordance with Local Government Act 1989 or any overriding primary legislation.

Following due consideration by the statutory officer it has been authorised 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 Committee approve the draft PAS and proposed charging schedule for consultation with employers.

- 13.2 That Committee delegates to Fund Officers the responsibility to respond to consultation feedback, in order to enable the effective implementation of the Strategy from 1 April 2018.

14.0 REASON/S FOR RECOMMENDATION/S

- 14.1 There is a statutory requirement to update the Pensions Administration Strategy to reflect material change to the operational policy.

REPORT

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APPENDICES

Appendix 1- Draft PAS

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

