

	<h2>Local pension Board</h2> <h3>21st November 2018</h3>
<p style="text-align: center;">Title</p>	<p>GMP Update</p>
<p style="text-align: center;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: center;">Wards</p>	<p>n/a</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>Appendix A – GMP Update Stage 2 Appendix B – GMP Update Stage 3</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Gareth Hopkins gareth.hopkins@barnet.gov.uk – 07446 148 537</p>

<h3>Summary</h3>
An update on the statutory Guaranteed Minimum Pension (GMP) exercise.

<h3>Recommendations</h3>
The Board are asked to note progress on the activity of the Guaranteed Minimum Pension Project and are invited to comment on the proposed next steps.

1. WHY THIS REPORT IS NEEDED

- 1.1 The purpose of this report is to provide the Board with an update on progress of the Guaranteed Minimum Pension Project as outlined in the project update report in Appendix A, and to provide context on the next steps as outlined in Appendix B.
- 1.2 The GMP project has arisen as a result of a requirement to reconcile Guaranteed Minimum Pension payments between HMRC and the London Borough of Barnet Pension Scheme. The requirement affects all pension schemes currently in operation throughout England. If records are not reconciled and queries addressed there is a risk that the London Borough of Barnet would be faced with accepting members into the scheme who, should not be in the scheme; in essence taking on additional, unfunded pension liabilities.
- 1.3 The requirement for reconciliation was first flagged to the Scheme Manager as a result of data cleanse projects commissioned by the Scheme Manager and carried out by the third party administrators, Capita during the spring and summer of 2018. At the time that the issue was flagged it further emerged that HMRC had set a deadline for all reconciliation queries to be submitted by no later than 31 October 2018.
- 1.4 The matter, and its urgency for resolution, was raised with the Board who endorsed the Scheme Manager taking urgent action to submit queries to HMRC.
- 1.5 The Scheme's third party administrators have undertaken the first stage of reconciliation comprising checking and reviewing 25,699 records. All queries arising from the exercise have been submitted to HMRC ahead of the 31 October deadline. The detailed update on work undertaken is set out in Appendix A.
- 1.6 HMRC have confirmed to the Scheme Manager that they will respond to the submitted queries in February 2019.
- 1.7 The Scheme Manager now needs to use the time to determine how it will approach the next stage of work once HMRC have responded. The Scheme's third party administrators have set out proposals for the next stage of work and these are set out in Appendix B which the Board are asked to comment on.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable

4. POST DECISION IMPLEMENTATION

4.1 Not applicable

4.2

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan 2015-2020 by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

At this stage the Board are asked to consider the implications of next steps for the reconciliation project and proposed methodology outlined in Appendix E. In the event that the proposed approach is adopted there is likely to be a cost of £4,750.

5.3 Social Value

5.4 None

5.5 Legal and Constitutional References

5.5.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is LB Barnet. The Local Government Pension Scheme Regulations 2015 requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice.

5.6 Risk Management

5.6.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.7 Equalities and Diversity

- 5.7.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation.
- 5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.8 Consultation and Engagement

- 5.8.1 Where relevant, consultation and engagement is discussed in the paper.

6. BACKGROUND PAPERS

- 6.1 The Pension Regulators Code of Practice

<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

- 6.2 Local Pension Board, Terms of Reference:

[Appendix A – Terms of Reference for Local Pension Board – Amended , item 8. PDF 121 KB](#)

- 6.3 Local Pension Board Meeting – 21 November 2018 meeting:

- 6.4 <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=753&MId=9339&Ver=4>