

	<h2>Local pension Board</h2> <h3>11 February 2019</h3>
<p style="text-align: right;">Title</p>	<p>Pensions Administration Strategy</p>
<p style="text-align: right;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Pensions Administration Strategy Appendix B – Pensions Administration Strategy – Yearly Review Appendix C – Communications Strategy</p>
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<h3>Summary</h3>
<p>The Pensions Administration Strategy ('the Strategy') seeks to ensure the smooth running of the Scheme by setting clear standards and expectations. The Strategy agrees to an annual review of the Pensions Administration Strategy to help understand whether the commitments included are being met. Appendix B provides commentary on the yearly review.</p>

<h3>Recommendations</h3>
<p>The Local Pension Board are asked to note the commentary provided in Appendix B, agree the recommendations, and provide feedback before adjustments are made, if required, to the Pensions Administration Strategy.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 A clear Pensions Administration Strategy (Appendix A) is needed to:
- ensure a high-quality pension service to scheme members;
 - set out the quality and performance standards expected of Capita and the Scheme Manager; and
 - to promote good working relationships between Capita, the Scheme Manager, and Scheme employers.
- 1.2 The efficient delivery of benefits is reliant upon effective administrative procedures being in place.
- 1.3 Capita own the Pensions Administration Strategy, although a review of such strategy should be undertaken by the Scheme Manager so that the contractor can be held accountable. In this regard, the Pensions Administration Strategy commits to a review every twelve months’.
- 1.4 Appendix B, included at the end of this paper, includes our comments and recommendations following the yearly review.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Pensions Administration Strategy requires amends, as suggested in this paper, to better reflect who undertakes what task.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

Not applicable in the context of this report

4. POST DECISION IMPLEMENTATION

- 4.1 Once agreed, Capita shall make the necessary amends to the Pensions Administration Strategy, as recommended in this report (Appendix B) and by Board members.
- 4.2 Capita will review the Strategy from an LGPS Regulations perspective, and make any changes where necessary.
- 4.3 The Scheme Manager shall review the revised Pensions Administration Strategy before it is signed off and shared with the Local Pension Board and Scheme employers.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 It is important that the Council has an up to date Pensions Administration Strategy in place to ensure that the expected service to members is managed in an environment of sound stewardship and control. This is in line with the aims set out in the Council's Corporate Plan 2015-2020, to ensure that services are delivered efficiently to get value for money for the taxpayer.

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

5.2.1 Not applicable in the context of this report.

5.3 **Social Value**

5.3.1 Arrangements for sound administration processes, including the implementation and maintenance of a clear and robust Pensions Administration Strategy, will allow member queries to be handled efficiently – thus allowing for member benefits to be paid in a timely manner and avoid possible financial hardship.

5.4 **Legal and Constitutional References**

5.4.1 The Pensions Administration Strategy includes some important expectations. However, such expectations cannot override any provision or requirement in the Local Government Pension Scheme Regulations.

5.5 **Risk Management**

5.5.1 Poor administration can cause both financial and reputational risk. For example, inaccurate reconciliation of pension contributions could result in the Scheme being underfunded (financial); or not paying a member on time, which results in financial hardship, could attract unfavourable media interest (reputational).

5.5.2 It is important that the Council has a clear Pensions Administration Strategy in place so that roles and responsibilities are clear.

5.6 **Equalities and Diversity**

5.6.1 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.

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not applicable in the context of this report.

6. **BACKGROUND PAPERS**

6.1 None

Appendix B

Pensions Administration Strategy ('the Strategy') – Yearly Review

This appendix should be read in conjunction with the LBB Communications Strategy (Appendix C), which includes the key activities delivered by Capita during 2018.

1. The Strategy agrees to support employers by:
 - a. Providing information, advice and assistance on the Scheme and its administration
 - b. Distributing regular technical information
 - c. Distributing regular employer updates
 - d. Issuing forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme
 - e. Arranging six monthly employer forum meetings
 - f. Providing employers online access to relevant management information and data on their employees

The Engagement Plan, as included as an annex within the LBB Communications Strategy (Appendix D), demonstrates how Capita have delivered on points 'a' to 'd', above.

Two employer forums were held during 2018 (March / October) at Hendon Town Hall – meaning that point 'e' was delivered.

Pont 'f' commits to employer online access, which appears not to have been implemented.

Recommendation

A plan explaining how point 'f' will be implemented to be included in the Strategy.

2. We note that the arrangement of admission agreements, and their associated securities (i.e. bonds) seem to have ceased from mid-2017. Specifically, it seems that the below tasks are not being met:
 - Bond Assessment (Provision of Data to Actuary or Pension Fund)
 - Cessation Valuation for admission of any Employer of the Scheme

The Council are currently liaising with Capita to agree responsibilities relating to arranging admission agreements and securities.

Recommendation

We ask the Board to support the inclusion of more detail, within the Strategy, around who is responsible for each juncture regarding the admitted body process.

3. Experience demonstrates that some employers are not providing Capita with year-end information so that annual benefit statements can be issued in a timely manner.

Recommendation

We ask the Board to support the inclusion of the Scheme Return Policy, as presented to the Local Pension Board on 21 November 2018, as an annex to the Strategy.

Inclusion of the Scheme Return Policy shall help make clear what is expected of employers.