Purpose of Report
This report updates members on the current status of the Administration of the Newham Pension Fund.

Consultation
Chair of the Pensions Committee

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Local Government (Access to Information) Act 1985
Background papers used in preparing this report:
1. **Introduction and background**
   1.1 To report progress on the administration and management of the pension scheme.
   1.2 The report provides details of pension administration issues that required completion and current ongoing projects. Included are subjects that could have an effect on members of the Fund and financial implications to the fund.

2. **Annual Benefit Statements**
   2.1 The Deferred and Active Annual Benefit Statements were despatched by the 31 August 2019 therefore meeting the deadline set by the Pensions Regulator.

3. **Pensions Administration Service**
   3.1 Performance statistics for the period 01 December 2018 to 31 May 2019 were provided in the Pensions Committee report (23/07/2019) which indicates that the LPP are meeting targets set out in the Service Level Agreement.
   
   3.2 The LPP are now also implementing overall performance monitoring to establish pension scheme members experience of contacting them and dealing with members queries in addition to meeting targets set out in the Service Level Agreement.
   
   3.3 This includes monitoring the waiting time for calls answered and a satisfaction survey for members to complete with regard to how their call was dealt with and a survey to complete for members retiring. The options available for responding will range from very satisfied to very dis-satisfied.
   
   3.4 The Pensions Committee will be provided with the initial results at the next meeting.

4. **Public Sector Exit Cap**
   4.1 As mentioned in the previous Pensions Committee report on 23/07/2019 the government first announced plans to cap exit payments in the public sector in 2015. On 10 April 2019 HM Treasury (HMT) launched a consultation which summarises the proposals as they relate to the local government pension scheme in England and Wales. The Local Government Association submitted a 46 page response which can be made available on request and the consultation closed on 03 July 2019. The exit payment cap is proposed to be set at a total of £95,000.
   
   4.2 There are certain payments included in an exit package which cannot be reduced and one of the proposals may be to reduce members ongoing pension benefits if the cap has been exceeded. We understand that HM Treasury are likely to publish their response in autumn 2019 with the Cap introduced no sooner than 01 April 2020.

5.1 A landmark court ruling that changes made to firefighters’ pensions in 2015 were discriminatory will apply to millions of members of public sector schemes, the government has confirmed.

5.2 Last month, the Supreme Court refused the government permission to appeal against an earlier court ruling that the 2015 changes to firefighters’ and judges’ pension schemes discriminated against younger workers. Under the 2015 changes, workers 10 years from retirement were protected from reforms which saw younger workers shifted into less generous pension arrangements.

5.3 In 2018, the Court of Appeal ([2018] EWCA Civ 2844) found that those too far away from retirement, and too young to qualify for “transitional protection”, were unfairly discriminated against. The government having been found of treating younger Judges less favourably and had failed to show the treatment to be proportionate means of achieving a legitimate aim. The Treasury has stated that as “transitional protection” was offered to members of all the main public service pension schemes, the remedy will have to apply across all these Schemes.

5.4 The Local Government Pension Scheme introduced a new Career Average Revalued Earnings (CARE) structure from 01 April 2014. For members that were 10 years or less from their Normal Retirement Age on 01 April 2012 (ie aged 55 or over) an underpin was provided based on the existing Final Salary Scheme.

5.5 Therefore, this will impact on certain members in the Local Government Pension Scheme and at present we are awaiting for the Employment Tribunal to advise the Government on how members affected will be compensated. Further information regarding the proposed remedy to be applied to Public Sector Schemes and the financial implications involved will be made available when known.

6. **Admitted and Scheduled Bodies Update**

6.1 There are issues with regard to one Admitted Body with regard to their Pension deficit, the requirement of a Bond and the level of contributions to be made to the Fund.

6.2 A pass through arrangement has been proposed but the authority would have to agree and be liable to pay any difference in what employer contribution rate may be set and the full employer contribution rate.

6.3 The actual financial implications of options would have to come from the Actuary.

6.4 Discussions are ongoing between the authority, LPP, Actuarial Consultants and the Admitted Body.
6.5 There are no further items highlighted by the LPP on Risk Management.

7. **Local Pension Board (LPB)**

7.1 In line with the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, the LPB was established to ensure that the LGPS is managed properly at a local level.

7.2 The LPB exists to assist the Pensions Committee in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme. The role of the LPB is to contribute to the governance of the pension scheme by scrutinising the work of the Pension Fund Committee and making recommendations where appropriate.

7.3 It is essential that the authority has a functioning LPB.

7.4 The Terms of Reference have now been revised and were agreed by Legal and Governance on 21 August 2019.

7.5 The recruitment process to appoint Board Members is under way with the 3 vacancies for the Member Representative Roles for the Local Pension Board having been nominated by the Unions. Therefore, these positions have been filled.

7.6 The interviews for the 2 vacant Employer Representative Roles are taking place on 15th October 2019.

7.7 The vacant Independent Chair position has been advertised but regrettably no applications have been received and will now have to be advertised further.

7.8 The initial Local Pension Board Meeting will be arranged after the Employer Representative interviews and subsequent appointments have taken place.

7.9 Local Pension Board Meetings can take place without an Independent Chair being appointed with a temporary chair nominated by the Board for that meeting so the fact this position is vacant will not delay the initial proposed meeting.

8. **Triennial Valuation**

8.1 The Actuarial Consultants, The LPP and the authority have been working towards the triennial valuation which will recommend future Employer Contribution Rates for the main fund, Admitted and Scheduled Bodies Academies and Trusts that participate in the Newham Pension Fund.

8.2 The information was supplied to the Actuarial Consultants by the due date and we are currently awaiting the results which will be available shortly.
9. **Comments of the Finance Officer**

9.1 Management of the Council’s Pension Fund is a statutory requirement, in order to provide a defined benefit pension to scheme Members. Investment decisions are taken based on a long-term investment strategy. The investment performance has a significant impact on the General Fund. Pensions and other benefits are statutorily calculated and are guaranteed. Any shortfall in the assets of the Fund compared to the potential benefits has to be met by an employer’s contribution.

10. **Comments of the Legal Officer**

10.1 This report seeks to update the Committee on a range of issues which may have an impact on the administration of the pension fund including changes in the law which may have future impact. Those matters are being monitored by officers as to any wider implications.

There are no decisions to be taken and no legal implications arising.