

ITEM NO: 15

Report To:	Pension Fund Management Panel
Date:	10 September 2010
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	WATER COMPANY PENSION INCREASES RECHARGES
Report Summary:	<p>The Environment Agency currently pay GMPF approximately £95,000 p.a. in respect of pensioners formerly employed by Water Act companies. The LGPS regulations have recently changed and they now permit subject to the Fund's consent, the discharge of these liabilities by a one-off lump sum. The basis of calculating the lump sum due will be on a fair basis. A copy of the letter from the Environment Agency is attached that offers to discharge this liability by way of a single lump sum payment.</p>
Recommendations:	<ol style="list-style-type: none">1) To agree to the discharge of the Environment Agency's liabilities by way of a single lump sum payment subject to the Executive Director of Pensions being satisfied that the basis of calculation is fair.2) The Delegations to the Executive Director of Pensions be extended to include the power to accept such payments in the future subject to the calculation being on an equitable basis.
Financial Implications: (Authorised by the Borough Treasurer)	<p>The proposed basis of calculation is intended to be on an equitable basis and thus cost neutral, and it simplifies future administration for both the Fund and Environment Agency.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>It is important that in determining whether the calculation is fair and does not leave the Pension Fund sustaining any liability that the Executive Director takes appropriate advice and reports back to the Panel.</p>
Risk Management:	<p>The basis of determining the lump sum payment is intended to be cost neutral, but forecasting life expectancy and prospective returns is clearly not an exact science and therefore there is the scope for gains or losses on the transaction. The advantages of agreeing to a lump sum payment are that it removes the scope for employer default and it gives administrative savings.</p>
Background Papers:	<p>For further information please contact Peter Morris, Greater Manchester Pension Fund, Wellington Road, Ashton-under-Lyne, Tel: 0161 342 3438 or via email: peter.morris@tameside.gov.uk</p>