



Committee and date
Pensions Committee
14 June 2012
10.00am

Item
10
Public

PENSIONS ADMINISTRATION MONITORING REPORT

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1. Summary

- 1.1 The report provides Members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report and agree the Administration Strategy.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 **Risk Management**
Performance is considered and monitored to ensure regulatory timescales are adhered to.
- 3.2 **Human Rights Act Appraisal**
The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 3.3 **Environmental Appraisal**
There is no direct environmental, equalities or climate change consequence of this report.
- 3.4 **Financial Implications**
There are no direct financial implications arising from this report. But the administration strategy does allow the Fund to pass on fines or additional costs to Employers if they are at fault.

4. Performance

- 4.1 The team's output and performance levels to the end of April 2012 are attached at Appendix A. The number of outstanding procedures has stayed consistent since the beginning of this year. This has been mainly due to vacant posts which were reported at the last Committee.
- 4.2 The vacant posts were advertised externally and two Pensions Assistants have been appointed and are already in post. A training plan is in place for both employees.
- 4.3 The Pensions Administration team became part of Shropshire Council's new Shared Services function from 1 April 2012. Service Level Agreements were all in place in time and the transition went smoothly.
- 4.4 The 2012 Year End returns have been received from all scheme employers and the team are busy allocating contributions to individual employee pension records. A reconciliation of contributions received for all employees and employers for the year is also underway.
- 4.5 Pensions in payment were successfully increased by 5.2% from 9 April 2012. Every pensioner was sent a letter stating the increases with their April payslip and P60.

5. Auto-Enrolment

- 5.1 Auto enrolment is a term used to describe employees automatically being enrolled into a pension scheme; it will be initiated without the employee having to take any active steps on their part. The Government has stated that many employees don't enjoy the benefits of a pension scheme because they overlook the opportunity to join the employer's scheme. Automatic enrolment has been designed to overcome this.
- 5.2 From 1 October 2012 all eligible employees must be auto enrolled into a qualifying pension scheme. Every scheme needs to meet minimum requirements with regard to the benefits it gives employees. It is essential that the scheme allows for automatic enrolment for employees and for new employees when they are entitled to join.
- 5.3 Although Auto Enrolment comes into effect from 1 October 2012, individual employers responsibilities will be staged over the next four years. The staging dates for employers will be based on the number of employees in the PAYE scheme that they have. The first staging date for our largest employer, Shropshire Council is 1 February 2013.
- 5.4 Employees will be entitled to opt-out of the pension scheme should they decide they do not want to participate. Employees who provide notice within the official opt-out period will be put back to the financial position they would have been in, should they not have become

members in the first place. This would entitle them to a contribution refund of any payments made after auto enrolment took place.

- 5.5 Auto-enrolment is a responsibility of the employer. The Pension Fund are working closely with all the scheme employers to ensure they are fulfilling their responsibilities. In December 2011 we held an employer meeting where the scheme actuary Mercer, gave an in-depth presentation on auto-enrolment.
- 5.6 On 14 June we will be holding the next employer meeting at the Guildhall, Shrewsbury. Terry Edwards from the LGE and the Pensions Regulator will be attending to cover the issues. This will be a good opportunity for employers to gain as much assistance as they need for this process.
- 5.7 A working party at Shropshire Council has been set up to establish the procedures for auto enrolment. This involves representatives from Shropshire Council payroll team, systems, the Pensions Team and the Pensions Manager.

6. Communication

- 6.1 It is essential that Scheme Members are provided with the appropriate information regarding the LGPS. This will help them make informed choices and decisions in respect of their own benefits. In order to achieve this, a number of communication projects have recently been completed.
- 6.2 A presentation was held at the Fire Authority for all their Senior Officers in relation to the changes that have been made to the Lifetime and Annual Allowance limits.
- 6.3 A presentation has been produced covering the initial draft proposals for the 2014 Scheme following Lord Hutton's report. It has already been used on a number of occasions and includes video footage, this makes the presentation a more lively and informative experience. The presentation has been created in such a way that additional and new information and video clips can be added when required.
- 6.4 The team attended and supported a "Wellbeing Day" at Shrewsbury College and answered staff queries on the Scheme.
- 6.5 The latest Pensioner newsletter, InTouch was sent with April 2012 payslips and a copy is attached at Appendix B.
- 6.6 Pension surgeries were held at West Mercia Supplies and with staff of the Highways department prior to their subsequent transfers to the private sector.
- 6.7 Some pension's staff have attended meetings given by the CLG and LGE covering the new Schemes for Fire and the LGPS.

- 6.8 The Shared Communications meetings with other pension funds have continued. We have been able to share ideas for ways in which cost savings can be made in communicating current pension issues.

7. Annual Meeting 2012

- 7.1 6 November 2012 has been set for the Annual Meeting. It is proposed to follow on from the success of 2011 and use the Walker Theatre, Theatre Severn, for the Shrewsbury meetings. Telford meeting will be at the civic Offices. Further information will be given at the next Committee meeting.

8. Pensions Systems Update

- 8.1 At the last Committee I reported that work was underway to review the Pensions System with a view to migrate to the latest version, Altair. This work has now been completed and the Pensions Scheme Administrator has agreed for Altair to be implemented.
- 8.2 A systems strategy has been agreed with the Pensions Manger leading this. We will now be entering into the Council's procurement procedure in order to implement.

9. Pensions Fund Administration Audit

- 9.1 The latest Audit on the Administration Team has been completed. We are pleased to have a rating again of GOOD, which is the highest possible.
- 9.2 There are a number of recommendations all of which have been rated in the lowest categories of either Best Practice or Requires Attention. None of the recommendations have been rated Fundamental or Significant.

10. Pensions Administration Strategy

- 10.1 The Local Government Pension Scheme (Administration) Regulations 2008 enables the Pension Fund Administering Authorities to introduce a Strategy for the sole purpose of improving the processes with their Fund. These regulations are quite specific regarding the disclosure of information and performance statistics as part of this process but provide less guidance in terms of strategy.
- 10.2 The Shropshire County Pension Fund has developed this Strategy, which can be found at Appendix C. This strategy recognises that both employing bodies and the Shropshire County Pension Fund have joint role to play in delivering an efficient service and any overall improvements can only be achieved in partnership.
- 10.3 The aim of this strategy is to move towards a seamless pension

service, employing appropriate technology and best practice which both significantly improves the quality of information overall and the speed with which it is processed to provide better information for employers and stakeholders and a more efficient service to members.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 22 February 2012, Item 11, Pensions Administration Report

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – Performance Monitoring

Appendix B – InTouch Newsletter

Appendix C – Administration Strategy