



Committee and date
Pensions Committee

24 November 2017

10.00am

Item

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
- 2.2 Members are asked to give agreement to use the Northumberland Framework and approve the sealing of the contracts with the County seal.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

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

Managing team performance and working with other Administering Authorities ensures costs to scheme employers for Scheme Administration are reduced. However, it must be noted that the

introduction of the 2014 LGPS and the increased governance introduced by the Public Services Pension Act 2013 has increased the resources required by the administration team. Reconciling the Funds Guaranteed Minimum Pension Liabilities with HMRC will have a direct cost for the Fund but if this is not undertaken the Fund risks taking on financial liabilities it didn't need to and having its data called into question by the Fund Actuary. LGPS having to fully index GMP's will increase costs for the Fund going forward. Further compliance with TPR code has highlighted areas where further costs could be incurred.

4. Performance and Team Update

4.1 The team's output and performance level to the end of **October 2017** is attached at **Appendix A**. The chart shows that the number of outstanding procedures has risen slightly by the end of this quarter. However, the number processed on time has continued to rise. At last committee it was reported that a project had commenced to streamline the workflow processes with particular focus on reporting on target dates. This project is continuing successfully.

5. Help Desk Statistics

5.1 The following chart shows the number of queries received through the helpline number.

	Aug 2017	Sept 2017	Oct 2017
Telephone calls received	704	683	824
Queries dealt with by helpdesk at first point of contact %*	88.78%	88.29%	91.38%
Users visiting the Website	3,707	2,300	2,663

* Where queries have not been dealt with by helpdesk, this will usually mean that the calls have been picked up by the rest of the team.

5.2 The average number of calls taken by the helpdesk per day is 33.78 for the quarter to 31 October 2017. The Helpdesk also responds to a number of emails on a daily basis the following table shows these numbers:

	Aug 2017	Sept 2017	Oct 2017
Emails Received	474	450	592
% of emails responded to within 3 working days	100%	100%	100%

Average number per day	21.55	21.43	26.91
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6. Communications and Governance

- 6.1 An employer's meeting was held on the 9th October 2017, the meeting was attended by 33 delegates representing 27 employers within the Fund. The agenda covered the following:
- Administration update,
 - Importance of employer data
 - The new General Data Protection Regulations
 - Fund Policies
 - Annual Allowance and Lifetime Allowance
- 6.2 Feedback from those that attended stated that that they understood more about LGPS after attending and that they would attend the next meeting. All feedback forms received stated that individuals would be interested in topic based workshops, with pensionable pay being the most popular option.
- 6.3 On 31 May 2017, the Scheme Advisory Board (SAB) commenced a survey of local pension boards. The survey was undertaken to contribute to a review of the new governance arrangements introduced in 2015 and to establish what is working well about local pension boards and what could be improved or done differently.
- 6.4 The survey was planned initially to run until 28 July but was extended to 29 September due to a lack of responses received. The survey was shared with the chairs of the Pensions Committee and the Board.
- 6.5 Since the survey closed the SAB Secretariat have been collating the results and are due to present a full analysis for the next meeting of the SAB being held on 16 November 2017. The results will be shared with both the Pensions Committee and the Pensions Board when available. In the meantime, the findings on some of the key issues have been shared by the SAB's Investment, Governance and Engagement Sub Committee at their meeting on the 16 October 2017, see **Appendix B**. Full meeting information can be found here:
<http://www.lgpsboard.org/index.php/sub-comms/meetings>
- 6.6 As reported to Committee in September 2017 the Fund is aiming to increase the take up of its online area Member Self Service (MSS). To meet this aim all employers in the Fund have been offered pension surgeries on site for their employees. 34 surgeries were held with members at Telford & Wrekin Council offices in October. Further events have been planned for November, December and January at Wrekin Housing Trust, Star Housing and William Brookes School.

7. Northumberland Framework

- 7.1 The Administration team wish to call off the Northumberland Framework in order to procure the Altair Pensioner Payroll Module and also upgrade the Member Self-Serve module.
- 7.2 Altair payroll – The Pensions Team have historically had to use the Employee Payroll to pay pensioners. This has always not been easy but there have been no alternatives available. As the payroll was working on Resourcelink there was no imperative to purchase the Pension Administration module now available. However, the Council's decision to no longer use Resourcelink but to purchase an ERP and build a bespoke payroll onto the new platform, it now makes sense for the Pension Fund to use a Payroll designed for pensioners and therefore purchase the Altair Payroll Module that bolts on to the Altair Pension Administration system.
- 7.3 MSS Upgrade - Member Self Service has now been in use for a number of years. It allows, amongst other things; online benefit projections for scheme members, updating of personal details and access to Annual Benefit Statements. An upgrade to the Self Service Framework (SSF) technology will provide greater system capability. It will also give much improved content management, full support for multiple devices such as tablets and mobile phones as well as significant enhancements to the “look and feel”. It will further enhance the Fund's push towards more e-communications.
- 7.4 It makes sense for the Fund to take this opportunity to renegotiate its contract for the Pension Administration System to tie all these modules together. Committee are asked to give agreement to doing this under the Northumberland Framework and approve the sealing of contracts with the Council's seal.

8. New Employer Events Policy

- 8.1 A new policy is currently being drafted called an 'Employer Events Policy'. This will replace the current 'Terminations Funding Policy' with a more comprehensive policy that will cover the various 'life stages' of an employer within the Fund. It will summarise the events that could affect employers whilst in the Fund and the possible outcomes from the events right up until an employer withdraws from the Fund. There are more employers in the Fund, coming and going, resulting from increased services being outsourced and re-let. There are also an increasingly number of Academy schools joining Multi Academy Trusts and this policy aims to outline the setup of these type of organisations within the Fund.
- 8.2 Within the new policy there will also be some changes to how exit payments are calculated. A consultation will be undertaken with

employers and a draft copy of the policy, when available, will be shared with the Pensions Committee for approval.

9. New Data Protection Regulations

- 9.1 On 25 May 2018 the EU's General Data Protection Regulation (GDPR) comes into force containing new standards for the protection of individual's personal data in the European Economic Area.
- 9.2 In July, the LGPC Secretariat circulated a handout commissioned from Squire Patton Boggs to provide a brief overview of the new requirements and the steps which local authority pension funds should be taking to prepare for GDPR coming into force. This handout can be found in **Appendix C**.
- 9.3 GDPR is an area that is getting increased attention across the LGPS and there are a number of crucial questions where there are different views, in particular:
- a) the implications of GDPR for LGPS funds, and
 - b) the work that needs to be undertaken to ensure administering authorities are fully compliant by 28 May 2018.
- 9.4 At Fund level, officers have attended a training a course on the new regulations and a workshop to discuss the work required to be compliant by the time the regulations come into force. Further training is planned for December 2017. Furthermore, officers have met with Shropshire Councils Information Governance Officer to discuss the Councils GDPR plan and how this can help the Fund become GDPR compliant from May 2018.
- 9.5 The Fund also has representation on a national GDPR working group, led by the LGA, to help Funds with their GDPR responsibilities including a plan to produce sample documentation. The LGA are also seeking a legal view on a number of specific questions that have been raised about GDPR in respect of the LGPS and it is understood this will be shared with Funds once available.
- 9.6 Under the new regulations, the Administering Authority, as a Public Body, may be required to appoint a Data Protection Officer (DPO). The DPO is expected to be appropriately qualified and should report directly to the senior management at the authority. The DPO will be the contact person in the organisation for questions related to processing of personal data in respect of the LGPS fund, as well as the rest of the Administering Authority's functions. It is being considered whether the Fund will be covered by the Councils DPO or whether it needs its own.

10. Changes to Early Retirement Strain costs

- 10.1 Following completion of the actuarial valuation of the Shropshire County Pension Fund as at 31 March 2016, the Fund, following the

advice of the Actuary, has decided to review the factors currently underlying the calculation of Early Retirement Strain costs.

10.2 The factors currently used in the Early Retirement Strain costs calculation tool were last updated following the 2013 actuarial valuation. The review which has now taken place will increase strain costs by 5% in relation to an early retirement. Although employer strain costs will increase slightly, paying the higher amount reflects more closely the underlying funding cost of an individual retirement. It therefore means that there is less chance of these costs giving rise to additional deficits (and additional deficit contributions) at the next actuarial valuation due to take place in 2019.

10.3 The increase to the factors is scheduled to take effect from 1 January 2018. Employers participating in the Fund have been informed.

11. Address Checking

11.1 The Fund had identified, through the Data checking exercise that a lot of addresses are missing for its members. Under the Record keeping regulations and the Pensions Regulators Code 14 this is an area marked as a priority for improvement. An external contractor has been identified to undertake an exercise to trace these missing addresses. The same company will also undertake a monthly mortality check for our Pensioner 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 September 2017 Pensions Administration Report

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – Performance Monitoring

Appendix B – Local Pension Board Survey – Preliminary Findings

Appendix C - GDPR handout