



Committee and date  
Pensions Committee

28 June 2016

10.00am

## 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.

## 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 being introduced by the Public Services Pension Act 2013 will increase 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.

#### 4. Performance and Team Update

- 4.1 The team's output and performance level to the end of May 2016 is attached at **Appendix A**.
- 4.2 You will see that Tasks which became due have risen considerably during May. This is due to notification of new starters and leavers through iConnect. As previously reported, iConnect is increasing the number of changes/cases being identified on a monthly basis rather than the Pension's Team having to identify and then collect missing data during year the end process as usually happens.
- 4.3 The team are currently prioritising workloads to ensure all records are processed and at the correct member status in readiness for the data to be sent to the Scheme Actuary for the 2016 Valuation. This means all leavers, transfers and aggregation of records to 31 March 2016 need to be processed by the end of June.
- 4.4 The posting, to each individual member's record, of contributions, CARE pay and pay for Final Salary Benefits also has to be completed for the Valuation Data extract. Due to the introduction of iConnect for Shropshire Council & Telford and Wrekin Council and monthly returns for all other employers, this has been a much smoother process than in previous years. Data cleansing is currently being undertaken. Reports are being worked on to ensure all active records hold all the relevant data.
- 4.5 Test Valuation Extracts have been run and data already provided to the Actuary for some preliminary discussions to take place. Actual data is scheduled to be provided around the end of June.

#### 5. Help Desk Statistics

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

	Feb 2016	Mar 2016	April 2016
Telephone calls received	689	754	844
Queries dealt with by helpdesk at first point of contact %*	98.98%	90.32%	91.95%
Users visiting the Website	Not available**	2217	2825

\* 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.

\*\**Support for the website is provided to the team by Shropshire Councils web team. This includes providing access to google analytics to track website statistics. In September 2015 it had come to the Funds attention that the website statistics were not being recorded correctly. This issue was raised with the web team and has been an intermittent issue until February 2016 when the web team were able to fix the problem. During this period (Sept 15–Feb 16) the Funds statistics may have been affected due to a configuration issue.*

## 6 Communications

### 6.1 **Annual Benefit Statements 2016**

Since the introduction of the 2014 Scheme Annual Benefit Statements have to now be issued by 31 August each year. The Annual Benefit Statements for deferred members are currently being worked on and the statement artwork, along with the accompanying newsletter, is being produced as a joint project with 7 other Funds. Members will be informed that next year's statements will be issued electronically via the Fund website, unless they opt to continue to receive a paper copy of the statement. The deferred benefit statements are currently scheduled to be issued at the end of July 2016. This may slip as recently it has been announced that the negative revaluation is to be applied to the deferred benefits and software will need to be updated to cope.

6.2 Annual Benefit Statements for active members will be issued securely via the Fund's website unless members request a paper copy. Members can view their statement and print a copy via Member Self Service. An email will be sent to all users of Member Self Service once the statements are available. Any members who have yet to register for this service will be sent an activation key. The notes pages to accompany this year's statement have recently been assessed by the Plain English Campaign and their comments, to ensure the notes are easy to understand, are being worked on. The notes pages will be uploaded to Member Self Service for members to view.

### 6.3 **Annual Report**

Work is underway to prepare the Funds Annual Report for 2015/16. Regulation 57 of the Local Government Pension Scheme (Administration) Regulations 2013 sets out the requirement for and the content of the Fund's Annual Report. In preparation of the report the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is followed. The report will be submitted for approval at the September 2016 Pensions Committee meeting.

### 6.4 **Retired Members Meeting**

The Annual Retired Members Meeting is being held on Wednesday 29 June 2016 in the Council Chamber at the Shirehall, Shrewsbury. Along with a Fund update there are guest speakers from Affinity Connect;

covering financial planning, and West Mercia Police; on how members can protect themselves from Fraud. As usual the Pensions Team will be on hand to answer any questions from attendees.

**6.5 Members Training Day**

The Annual Members training day is taking place on 28 July 2016. The training day will provide training for both Pension Committee and Pension Board members. The agenda for the meeting is currently being prepared and will be circulated to the Committee once available.

**6.6 Employers Discretions Policy**

Regulation 60 of the Local Government Pension Scheme regulations 2013 state that a Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under the regulations and share a copy with the administering authority before 1st July 2014. In May 2016 the Fund wrote to the employers who it believed had not yet published a discretions policy. Following this exercise a total of a further 10 discretion polices have been received therefore the total number of policies still outstanding is 39. Employers have been asked to provide a policy by the 30 June 2016 and if after this date, an employer fails to comply with the Regulations, and it is likely to be of material significance it must be reported as a breach to the Pensions Regulator.

**7. GMP – Reconciliation**

7.1 As previously reported following the end of contracting out in April 2016, HMRC will be sending a statement to all individuals affected stating the amount of COPE (Contracted Out Pension Equivalent) they will receive and who is responsible for paying for it. Ahead of this, HMRC is advising that schemes should reconcile the GMP values they hold for members with those calculated by HMRC or face making overpayments to existing members and even individuals for whom they believe they have no liability.

7.2 The second stage of this project is currently being undertaken by ITM Ltd.

**8 CARE Pension Revaluation**

8.1 Please note the Government did get the agreement of the House of Commons and the House of Lords for the negative revaluation to be applied the LGPS CARE pension pots. It was also agreed however, that Pensioners who retired during 15/16 will not see a reduction in their benefits as this would have caused an Authorised Payment under HMRC rules.

**9. New GAD Factors**

9.1 On 29th April, the following pieces of revised guidance were issued by DCLG:

- Individual transfers
- Pension Credits on Divorce
- Pension debits on divorce
- Pensioner cash equivalents on divorce
- Early retirement
- LTA and limit on total amount of benefits
- Scheme pays/ Annual Allowance
- Trivial commutation
- Interfund transfers
- Purchase of Additional Pension
- AVC conversion to Additional Pension
- Inverse commutation
- Flexible Retirement

Further guidance, including transitional and late retirement guidance is still awaited and some processing is having to be backlogged until this is received.

## 10 Consultation on Amendment Regulations

10.1 On Friday 27th May, DCLG commenced a consultation on draft amendment regulations for the LGPS in England and Wales. Amongst other amendments, the consultation covers Fair Deal and changes to AVC provisions in light of the recent Freedom and Choice reforms. The consultation document is available under Drafts and Consultations on [www.lgpsregs.org](http://www.lgpsregs.org) and on Gov.uk. <http://lgpsregs.org/index.php/dclg-publications/dclg-stat-guidance>. The consultation closes at 12.00am on 20th August 2016 (effectively on the evening of Friday 19th August).

10.2 A response will be sent to the consultation by the Fund officers.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
Pensions Committee Meeting 18 March 2016 Pensions Administration Report
<b>Cabinet Member (Portfolio Holder)</b> NA
<b>Local Member</b> NA
<b>Appendices</b> Appendix A – Performance Monitoring