



<u>Committee and date</u> Pensions Committee	<u>Item</u>
21 September 2016	10
10.00am	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.

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.

4. Performance and Team Update

- 4.1 The team's output and performance level to the end of July 2016 is attached at **Appendix A**.
- 4.2 Tasks which became due during the last few months have started to decrease sharply since May 2016 and procedures processed has risen to just under 1500. This is as a result of the amount of work undertaken to ensure the accuracy of the data which was sent to the Scheme Actuary for the 2016 Fund Valuation.
- 4.3 All records held had to be at the correct member status for the valuation to be processed. This meant processing all leavers, transfers and aggregation of records for changes up to 31 March 2016. Valuation Extracts and all supplementary data was sent to Mercer, the Fund Actuaries, on time. A small number of queries were received back from them and these were all responded to promptly.
- 4.4 Data also had to be sent to the Government Actuaries Department for the cost cap Valuation by 1 September 2016. This was completed on time.
- 4.5 As well as the LGPS Fund Valuation, the team have had to provide data to GAD for the Firefighters Pension Scheme, as they are third party Administrators for the Shropshire and Wrekin Fire Authority. A new Fire Fighters Pension Scheme came into force on 1 April 2015, this has meant more data needed to be input onto individual records. The team successfully met GAD's deadline for this submission deadline of 12 August 2016.
- 4.6 Data was also sent by the deadline to CIPFA for the Benchmarking exercise. Results from this will be reported later in the year.

5. Help Desk Statistics

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

	May 2016	June 2016	July 2016
Telephone calls received	702	684	703
Queries dealt with by helpdesk at first point of contact %*	89.32%	89.33%	89.47%

Users visiting the Website	2120	1922	5112
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* 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.

6 Communications

6.1 Annual Benefit Statements 2016

Annual Benefit Statements for deferred members were issued at the end of July 2016. The statement artwork, along with the accompanying newsletter, was produced as a joint project with 7 other Funds. Deferred members were informed that next year's statements will be issued electronically via the Fund website, unless individual members opt to continue to receive a paper statement. Members who left during 2015/16 were not able to be issued with a statement due to the software providers not being able to implement the negative revaluation (tapered according to their leave date) in time. This was as a result of the delayed instruction from the government on how the negative revaluation was to be implemented. This will be fixed in a later software release. In the meantime the individuals have been written to so that they are aware of the delay.

6.2 Annual Benefit Statements for the majority of active members have been issued securely via the Fund's website with only a small number requesting a paper copy. Members can view their statement and print a copy via Member Self Service. An email was sent to all users of Member Self Service once the statements were available. Members who have yet to register for this service will be sent an activation key during September.

6.3 The notes that accompanied this year's statement were assessed by the Plain English Campaign and were awarded their Crystal Mark. These notes will be uploaded to Member Self Service for members to view.

6.4 Employers Discretions Policy

As reported in June 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. Employers were asked to provide their policy by the 30 June 2016. 27 are still outstanding and these will be recorded on the Fund's breaches log.

7. Further Education and Sixth Form College insolvency consultation

7.1 It has been drawn to the Fund's attention that earlier this year, the Skills Funding Agency (which funds further education in England) began to publish a list of colleges for which it had issued a notice of

concern. The list is updated on the first working day of every month and, when a college no longer has a notice of concern against it, the college is removed from the next published list. There are two colleges on the current list that are in the Shropshire Fund; North Shropshire College and Telford College of Arts and Technology.

- 7.2 The Government have consulted on the development of an insolvency regime for further education (FE) and sixth form (SF) colleges in England. It is understood that DfE received a good response to the consultation and that the Government will shortly be issuing their formal response, which will touch on some of the main issues that affect LGPS Funds in particular:
- The risk of colleges becoming insolvent and being unable to meet their pension liabilities.
 - The lack of engagement by colleges with LGPS funds in the area review process
- 7.3 It should be noted that the responsible department for this area of work has now changed to the Department for Education (DfE) following changes in departmental responsibilities made at the time of the Government re-shuffle in mid-July.

8 Update on exit payment reforms

- 8.1 The introduction of the Government's policy which will require high earners (earning £80,000 or more) who leave employment in the public sector with an exit payment to repay the exit payment, or a proportion of it, if they return to public sector employment within 12 months, has been delayed.
- 8.2 The intention had been to implement the legislation in July 2016 to take effect in autumn this year. However, Parliament has gone into recess without the appropriate legislation being made. It remains the goal of the Government to implement the proposals in autumn. However, this will depend on how quickly the legislation can be made following the return of Parliament on 5 September. Parliamentary time in September appears to be limited given that there will be a further recess during the party conference season.
- 8.3 The Government has also stated that it intends to implement the public sector £95,000 exit payments cap legislation in autumn.

9 Distress and Inconvenience (D&I) payments

- 9.1 The Pensions Ombudsman has been in touch with the LGPC Secretariat regarding the payment of distress and inconvenience sums by LGPS pension funds.
- 9.2 The Ombudsman and TPAS occasionally come across a view from local authorities that they can only make D&I payments if the Ombudsman issues a determination instructing them to do so. With the

general increase in pension complaints over the past couple of years, the Ombudsman is trying to resolve more cases at an early stage, either when the enquiries get to them or beforehand if possible. The Ombudsman have asked if funds can give greater consideration to making early D&I payments in the future in order to prevent complaints requiring a formal determination from the Ombudsman.

9.3 In the view of the LGPC Secretariat, local authorities in England have the power to make compensation payments under the Localism Act 2011. Whether a compensation payment made by an administering authority can be charged to the pension fund is debateable.

9.4 The Pensions Ombudsman Service has guidance regarding 'putting things right' on their website, which includes a link to a factsheet that they have published on non-financial injustice and potential means of redress.

10 Consultation on Amendment Regulations

10.1 A previously reported, 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. A response was sent by officers before the consultation closed on 20th August 2016.

11 New pensions minister

11.1 In the Government reshuffle that took place after Theresa May became Prime Minister, the Pensions Minister Ros Altmann left her post. The Conservative MP for Watford, Richard Harrington, has been appointed Parliamentary Under Secretary of State with responsibility for the pensions brief in Baroness Altmann's place. The Minister for Local Government, Marcus Jones MP, remains in post at DCLG and retains responsibility for the LGPS in England and Wales.

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

Pensions Committee Meeting 28 June 2016 Pensions Administration Report

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – Performance Monitoring