



<u>Committee and date</u> Pensions Committee
27 November 2015
10.00am

<u>Item</u>
11
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 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.

#### 4. Performance and Team Update

- 4.1 The team's output and performance level to the end of October 2015 is attached at **Appendix A**.
- 4.2 For September and October the procedures completed each month increased to over 1000 which has contributed to the outstanding procedures reducing. This is very encouraging and demonstrates that the work being done to target backlog areas together with the fact the vacant posts have been recruited to in now having a positive effect on reducing the outstanding work. It is hoped that if this can be sustained the back log will be greatly reduced going into the Valuation.
- 4.3 The middleware service called I-Connect (supplied by I-connect Ltd) has now gone live across 11 employers who use Telford & Wrekin Council as their payroll provider. Telford & Wrekin's main payroll and 2 other externals are due to go live in November 2015.
- 4.4 The Systems team are still working closely with Shropshire Council and iConnect to ensure their payrolls go live before March 2016 to ensure a smooth year end process in readiness for the Valuation.
- 4.5 The transfer of Funds for those Pensioners and Deferred Beneficiaries who were part of the Ministry of Justice transfer to Greater Manchester Pension is proceeding. The transfer of records has already been undertaken and the Funds are to be transferred on 1 December.

#### 5. Help Desk Statistics

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

	Aug 2015	Sept 2015	Oct 2015
Telephone calls received	844	1031	854
Queries dealt with by helpdesk at first point of contact %*	90.88%	91.85%	89.11%
Users visiting the Website	1917	256**	1984

\* 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 outside of the helpdesk.

\*\*This figure is low due to a problem with the configuration of google analytics by the Web Team for this month only.

## **6. GMP Reconciliation**

- 6.1 Work is continuing on this project. It is hoped that the Fund accountant can help on this project.
- 6.2 Costs to outsource this work have been obtained and a report on the preferred way forward will be brought to committee at the next meeting.

## **7. HMT Consultation on Exit Payments Cap**

- 7.1 HM Treasury has published the results of their consultation on a proposed public sector exit payment cap on redundancy payoffs. They have confirmed their intent to limit exit payments in the Public sector to £95K. The cap is proposed to include the value of the employer cost associated with early access to an unreduced pension for those employees in the Scheme and over age 55.
- 7.2 This proposal conflicts with the current LGPS regulations so will require a change in legislation. Quite how this would be incorporated into the LGPS regulations remains to be seen.

## **8. Communications**

- 8.1 An Employers meeting was held on 20 October 2015 in the Council Chamber at the Shirehall and 38 employers were represented. The agenda on the day was as follows:
- Update from Scheme Administrator – James Walton
  - Valuation 2016 – John Livesey, Mercers
  - End of contracting out from 2016/ Outsourcing and the LGPS – Debbie Sharp, Pensions Administration Manager
  - AVCs and the LGPS – Mike Johnstone, The Prudential
  - Pensions Taxation and the Summer Budget - Helen Tomkins, Pensions Operations Lead
  - CARE, Final Pay and Data Quality – Cheryl Morrell, Pensions System and Support Lead
  - Employer Discretion policies - Rebecca Purfit, Communications Officer

The meeting was filmed and all presentations will be available online in the coming weeks, for employers who couldn't attend the meeting, to watch. A feedback form was given out on the day and some of the feedback received is below:

- All employers who attended the meeting rated it as good, very good or excellent.
- All employers who completed the feedback form agreed that they knew more about the LGPS after attending the meeting.

- All employers who attended the meeting said they would attend the next employers meeting.
- The most popular sessions were: Ending of Contracting Out, CARE Final pay and Data Quality and Employers Discretions and Policies in the LGPS.

It is interesting to note that following the employers meeting views to the website including the employer area and the employer meeting increased dramatically.

- 8.2 **Annual Benefit Statements 2016** - Work has already started on the production of Annual Benefit Statements for 2016. As reported in September 2015 the Fund is moving to online statements from summer 2016 for its active members. A project group has been set up involving the key officers, focusing on areas such as specification, data testing, system requirements and implementation. Currently the Fund are looking at ways of efficiently promoting the use of Member Self Service during 2016(MSS), via posters in the workplace etc, in the run up to only producing the Statements on -line. Collaboration with other Funds undertaking the same communications exercise may be considered to ensure the costs associated with this exercise are good value.
- 8.3 A newsletter for all active members is currently in draft, with a view to being issued towards the end of the year. This newsletter will ensure the regulatory requirements of the Occupational and Personal Pension Scheme Regulations 2013 are met.
- 8.4 **Statements of policy about exercise of discretionary functions** - Under regulation 60. – (1) of the LGPS 2013 regulations employers are required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS rules. Reminders have been issued to Scheme Employers to ensure they are aware that since the change in regulations from the 1 April 2014 they must make a new policy which now includes the discretions introduced as a result of the Scheme changes. Until recently the Fund had only managed to obtain policies from a relatively small number of employers therefore a template was purchased from Pentag Ltd for employers, without a policy, to use. Since the template has been shared with employers together with the training provided at the employers meeting, the Fund has doubled the amount of policies it now holds. The Fund has also been contacted by a further 5 employers who have confirmed they are currently drafting or awaiting approval of their policy. Each employer policy is being published on the Fund's website. In the coming months further reminders will be sent to those employers who have not yet made a discretions policy.

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

Pensions Committee Meeting 25 September 2015 Pensions Administration Report

**Cabinet Member (Portfolio Holder)**

NA

**Local Member**

NA

**Appendices**

Appendix A – Performance Monitoring