FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **24TH MARCH 2015**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **PENSION ADMINISTRATION AND COMMUNICATIONS UPDATE**

1.00 PURPOSE OF REPORT

1.01 The purpose of this report is to enable the Committee to monitor the performance of the pension administration service including providing updates on:

- Progress of administration and communication matters against the Service Plan for 2014/15,
- Progress against the Fund's Communications Policy,
- New and leaving employers and bulk transfers, and

The report also highlights any additional unplanned or unexpected areas, as well as any other material administration or communication matters.

2.00 BACKGROUND

2.01 The Fund's day to day administration service is provided by the Pension Administration Section which consists of a total of 22 Full Time Equivalent (FTEs) members of staff including a Pension Administration Manager (Helen Burnham). It is split between an Operational Team and a Technical Team, and is separate from the Accounting and Investment Team.

2.02 The Operational Team of 14 FTEs delivers a pensions service for approximately 40,000 scheme members and 29 employing bodies. This includes the calculation of various benefits, transfers in and out, refunds and maintenance of individual records. The Technical Team of 7 FTEs implements and maintains the pension software systems, reconciles employer records, provides a communication service for members and employers and a pensioner payroll service for 11,000 pensioners and dependents

2.03 The Council's Constitution outlines the role of the Committee and this includes the following matters relating to administration of the Fund:
- Ensuring the Fund is managed and pension payments are made in compliance with the appropriate legislation,
- Making decisions relating to employers joining and leaving the Fund,
- Agreeing the terms and payment of bulk transfers into and out of the Fund.
- Monitoring implementation of policies and strategies,

- Monitoring progress against the Fund's business plans, and
- Receiving reports in relation to delegated functions.

3.00   UPDATE AGAINST SERVICE PLAN

3.01   In this section we provide an update against the Fund's annual Service Plan split into two key areas:

- Part 1 – Staffing
- Part 2 – Performance measurements against day to day tasks
- Part 3 – Projects and Improvements

Part 1 – Staffing

3.02   As can be seen below some projects have slipped into Q1 of 2015/2016. During the recent workshop members were provided with an update on the business plan and staffing issues. As discussed due to complex projects, and the difficulties in managing these within the limited resources available, we have appointed additional resource on a temporary basis to assist with day to day work and specific projects.(1x 2 year fixed contract and 3 x temporary contracts) We have also appointed Mercers to assist with the backlog project.

Part 2 – Performance measurements against day to day tasks

Workflow

3.03   Despite the manual intervention required, the workflow is being managed by the operational team. The table below shows the number of cases completed during this and last financial year, split by quarter.

	Q2 2013	Q3	Q4	Q1 2014	Q2	Q3
Retirements	196	218	200	201	224	217
Deaths	115	77	104	82	75	105
Transfers In	3	65	34	22	44	30
Transfers Out	11	7	15	20	17	9
Estimates	97	72	219	76	175	152
Deferred	449	602	431	394	266	347

Performance targets have been developed alongside service standards as mentioned in the last committee paper and will be reported to committee at a later date. Due to the impact of manual calculations and additional training requirements for new staff members, an additional backlog of work that requires authorisation, is accumulating. Management have tried to resolve this issue but further training is required before we see improvements.

The latest membership figures for the last six quarters are:

Status	Q2 2013	Q3	Q4	Q1 2014	Q2	Q3
Active (full LGPS)	15,572	15,687	16,079	15,726	15,550	15,798
Active (50:50 LGPS)	N/A	N/A	N/A	12	10	6
Undecided Leaver	3,292	3,215	3,173	3,065	3,465	3,266
Deferred	8,062	8,225	8,299	8,600	8,768	9,413
Pensioner	8,558	8,679	8,784	8,930	9,048	9,186
Spouse/Dependants	1,540	1,546	1,559	1,557	1,575	1,593
Frozen	876	873	834	821	813	856
Opt Outs*	143	409	501	529	585	628
Total	**38,043**	**38,634**	**39,229**	**39,240**	**39,814**	**40,746**

* This excludes members who have opted out prior to March 2013.

There are no matters to report on the Councillors scheme. The membership numbers are shown below:

Status	As at 31 December 2014
Active	54
Undecided Leaver	2
Deferred	5
Pensioner & Spouse/Dependants	26
Total	**87**

Part 3 – Projects and Improvements

3.04 Appendix 1 provides a dashboard of progress against the one-off projects and improvements planned for 2014/15, as well as "business as usual" project based tasks.

Reduce Backlog of Tasks (2)

3.05 Management have reviewed this project and decided to appoint Mercers to assist. Details of which can be found in the updated 2015/2016 – 2016/2017 business plan.

New CARE Scheme Implementation (1)

3.06 The new CARE scheme has been in place since 1st April 2014. Manual calculations are still required in particular areas and the administration team have ensured that any impact on employers and members is kept to a minimum. There are a number of matters that will only be clarified when amendment regulations are made. A software update was installed in December which has reduced the number of manual calculations by staff

members but unfortunately further development is still required. Due to constant changes work is ongoing in relation to website maintenance and updating the discretions policy. Otherwise, all communication material and internal processes have, as far as they can be, now been updated in relation to the new scheme.

Pensions Administration Strategy (PAS) (3)

3.07   The development of a PAS is part of the Fund's improvement plan. This will include local service standards for the administration section and employers. As part of this project the team has reviewed all tasks within the section and these will be implemented in Q1.

Due to workloads within Denbighshire County Council (DCC) Implementation of iConnect has been deferred into next year. This is due to be resumed in quarter three of 2015/2016. The rolling out of iConnect has been deferred for other employers until the backlog of tasks has been removed. The next stage of this project is included in the business plan.

Due to the focus on other connected projects (including the backlog) and the long term absence of a Senior Staff Member, the PAS will be deferred until early 2015/16.

Disaster Recovery – Pension Software Systems (4)

3.08   The testing of Disaster Recovery of the software system is an important element of our Information and Computer Technology (ICT) business continuity plan. ICT met with Heywoods (the pension software provider) to work on a solution and are due to meet again on the 13th and 14th April 2015 to complete a full Disaster Recovery and write procedure notes for future use. Pension Officers will then be working with ICT to complete the testing within quarter one which is included in the business plan.

Review of Processes

3.09   The administration team has commenced an additional project to review the processes on their pension administration system. This will result in:
- Greater capacity to monitor and report on turnaround times including whether the team and employers are meeting agreed service standards and to identify any particular issues or delays.
- Greater levels of efficiency in the day to day processes carried out by the administration team.

A full review of task management is now complete. Through this process a further efficiency had been identified and all member letters will now be incorporated within the relevant task. This caused an initial delay but the outcome will have a positive impact on resource. Full integration of the new processes is expected in Q1.

Internal Dispute Resolution Procedures

3.10 There are currently two disputes at Stage 1 and one dispute at Stage 2 (all ongoing from last quarter). Since last quarter:

- One Stage 1 case has been rejected relating to the Administering Authority abating pension (the scheme member has now gone to stage 2).
- One Stage 1 case against an Employer for an ill health dispute has been upheld.
- Two Stage 1 cases against employers for ill health disputes have both been refered back to the employers for further investigation.
- One ongoing Stage 2 case against the Administration Authority for abating a compensatory added years' pension as the member became re-employed.

4.00 DELIVERY OF COMMUNICATIONS POLICY

4.01 The Communication Officer has provided the following services during quarter three:

- Two pre-retirement seminars (71 participants)
- One Pensions Update presentation (32 participants)
- 6 days of pension surgeries (1-2-1s)
- Ill health Employer training

4.02 In addition to day to day communications, the following communications were distributed:

- Active Annual Benefit Statements were issued to all Councillors in October 2014.
- The 2014 Annual Report was made available in November 2014.
- Information about employer training events was emailed.
- The Employer Bulletin, an annual update to employers.
- Pension costs control briefing note was issued to employers.

4.03 Further, as part of a review of our communications, the following have been redesigned and updated:

- Pensioner Newsletter – Clwyd Catch Up
- Retirement Pack
- Additional Factsheets

5.00 NEW/LEAVING EMPLOYERS AND BULK TRANSFERS

5.01 Approximately 70 staff from Denbighshire County Council will transfer to Civica from 1st April 2015.

5.02   A new Admitted Body 'Wrexham Commercial Services Ltd' has been formed effective from 1st January 2015. A total of 97 staff will move from Wrexham County Borough Council to the new company.

5.03   1 member has transferred from GFM Ltd to CEMMS Ltd– 1st January 2015

5.04   1 member is due to transfer from Denbigh Primary School. DCC are currently undertaking a risk assessment.

6.00   RECOMMENDATIONS

6.01   That Committee Members note the report.

7.00   FINANCIAL IMPLICATIONS

7.01   None directly as a result of this report

8.00   ANTIPOVERTY IMPACT

8.01   None directly as a result of this report

9.00   ENVIRONMENTAL IMPACT

9.01   None directly as a result of this report

10.00   EQUALITIES IMPACT

10.01   None directly as a result of this report

11.00   PERSONNEL IMPLICATIONS

11.01   None directly as a result of this report

12.00   CONSULTATION REQUIRED

12.01   None directly as a result of this report

13.00   CONSULTATION UNDERTAKEN

13.01   None directly as a result of this report

14.00   APPENDICES

14.01   Service Plan (extract regarding Pensions Administration)

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: 22nd July 2014 Pension Fund Committee – Working Practices

                                       22nd July 2014 Pension Fund Committee – Clwyd Pension Fund Service Plan 2014/15

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