CLWYD PENSION FUND COMMITTEE

Date of Meeting	Tuesday, 22 March 2016
Report Subject	Administration and Communications Update
Report Author	Chief Executive

EXECUTIVE SUMMARY

An administration and communications update is on each quarterly Committee agenda and includes a number of administration and governance related items for information or discussion. The items for this quarter are:

(a) Business Plan 2015/16 update (Appendix 1) for administration and communications. Some areas are being extended into 2016/17.

(b) Current Developments and News, including the impact of changes in how GMPs are being indexed for our pensioners and preparing for any announcements as part of the 16 March 2016 budget.

(c) Administration and communications related policy/strategy implementation and monitoring (Appendices 2 and 3). This includes the latest statistics on the number of tasks being dealt with by the administration team, which highlights a high volume of work continuing to be received. There has been excellent progress on the backlog project.

RECOMMENDATIONS	
1	That the Committee consider the update and provide any comments.

REPORT DETAILS

1.00	ADMINISTRATION RELATED MATTERS
	Business Plan 2015/16 Update
1.01	Appendix 1 provides a summary of progress against the administration and communications section of the Business Plan up to the end of quarter 4 to 31 March 2016. The majority of items are as originally planned but the Committee is asked to note the following: • Document production and Word integration - due to the review of workflow/task management, this project has been moved into the new business plan for 2016/17. • GMP Reconciliation – We are currently investigating how to outsource this project due to the major resource requirements. It has been included in the business plan for 2016/17. • I-Connect – due to conflicting priorities with both employers and pension fund staff, the schedule for implementation has been extended. We have made good progress with initial data cleansing and a system update. There has been extremely positive engagement with the employers that are due to come on board initially. This is also a key part of the 2016/17 business plan. • Third Party Administration Framework – The deadline for this project has been extended by the other Founder Authorities. This also is part of the business plan 2016/17.
1.02	The Committee is asked to note the contents of the business plan update
	Current Developments and News
1.03	GMP Indexation – As outlined in the separate LGPS Update report, we will be required to pay full indexation to scheme members who reach State Pension Age between April 2016 and December 2018. This impacts on the way we calculate annual pensions increases to our pensioners in that they will receive a higher level of pensions increases compared to the current system. We are currently developing reports to identify the scheme members who will be impacted and to update our calculation processes.
1.04	Tax Changes – Subject to the Budget on 16 March, there may be implications for our membership and therefore communicating these changes may be necessary. A verbal update of the changes will be made at the meeting by Mercers.
	Policy and Strategy Implementation and Monitoring
1.05	*Administration Strategy* – The Committee are being asked to approve the Administration Strategy as part of a separate report. This report and future quarterly updates will provide information to assist with the monitoring of the administration service as outlined in that strategy.

1.06	To provide some context to the magnitude of the services provided by the Administration Section, the latest membership figures for the Fund in relation to the last six months are as follows:

LGPS						
Status	Sep	Oct	Nov	Dec	Jan-16	Feb
Active	15,738	15,785	15,847	15,840	16,075	16,124
Undecided Leaver	3,638	3,436	3,314	3,235	3,118	2,984
Leaver	9,614	9,655	9,690	9,721	9,742	9,778
Deferred	9,554	9,712	9,812	9,850	10,028	10,139
Pensioner	9,472	9,568	9,624	9,667	9,689	9,750
Spouse/Dependant	1,593	1,590	1,588	1,591	1,595	1,601
Death	6,496	6,524	6,552	6,578	6,616	6,642
Frozen	884	894	894	898	925	939
Opt out*	800	831	857	862	882	890
Total	57,789	57,995	58,178	58,242	58,670	58,847

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

The membership numbers in relation to the Councillors' scheme are as follows:

Councillors Scheme						
Status	Sep	Oct	Nov	Dec	Jan 16	Feb
Active	54	55	55	55	55	54
Undecided Leaver	2	2	2	2	2	3
Leaver	0	0	0	0	0	0
Deferred	5	5	5	5	5	5
Pensioner	22	22	22	22	22	22
Spouse/Dependant	4	4	4	4	4	4
Death	6	6	6	6	6	6
Frozen	0	0	0	0	0	0
Total	93	94	94	94	94	94

1.07	In relation to staffing and resource matters, a Pensions Assistant post (Vacant) is going through the recruitment process and a Project Officer is to progress to the Job Evaluation Panel for appropriate grading.
1.08	The latest monitoring information (to 29 February 2016) in relation to administration is outlined below: • Day to day tasks – Appendix 2 provides the analysis of the numbers of tasks received and completed on a monthly basis during 2015/16 as well as how this is split in relation to our 3 Unitary authorities and all other Employers. As can be seen: ○ There were 5,479 total tasks at April 2015, 37,736 have been completed since then, 38,162 added since then, leaving 5,905 outstanding

	o This means that, since April 2015, more tasks have come in than have been completed, and there are pressures and trends when employers go through exercises such as redundancy. The Team Leaders constantly review work coming in and distribute according to priority. o It can also be seen that the total number of tasks added and the total completed each month has increased through the year with the January 2016 numbers being nearly twice as much as April 2015 numbers. However, this is not due to the work load of the team doubling. This is mainly due to the fundamental review, during the year, of what and how tasks are captured on the administration system. In particular there are a number of areas that were not previously recorded as tasks that now are recorded. That being said, the general perception within the team is that workloads are increasing and the team are confident that work output has increased. Now that the new task design has been finalised, future numbers in relation to completed and added tasks will provide a more accurate reflection of changes in workload. o Progress with older cases –2014/15 tasks are progressing with only 290 now outstanding and these are on target to be completed in 2016/17. This is significant progress given there were over 1,000 cases in early January 2016. The majority of outstanding cases are awaiting information from employers. o Mercers backlog cases - included as Appendix 3 is a summary of the backlog work that is being carried out by Mercers in relation to pre 31 March 2013 cases. Note these are counted in a different way to the items included in Appendix 2 which shows tasks within a case, whereas Appendix 3 is the actual cases. The target for completion of this project is Quarter 2 of 2016/17
1.09	• Internal dispute resolution procedures – Below is a summary of the internal dispute resolution cases that have been received in the last 12 months. The main disputes against employers relate to either refusing the award of ill health benefits or disputing the level of ill health benefits awarded. The administering authority ones are 1) The request for the continuation of a child's pension beyond the age of 23 (Regulations applied correctly and no discretion available) 2) Post Retirement marriage to the same spouse, currently awaiting determination.

	2015/16			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	6	2		4
Stage 1 - Against Administering Authority	2		1	1
Stage 2 - Against Employers	1	1		
Stage 2 - Against Administering Authority				

1.10	*Communications Strategy* – The Committee are being asked to approve the Communications Strategy as part of a separate report. This report and future quarterly updates will provide information to assist with the monitoring of the communication service as outlined in that strategy.
1.11	The Communication Officer has provided the following services since the last update (i.e. relating to the period from 01 November 2015 to 29 February 2016

	• 5 Pre-Retirement Courses • 3 full days of Pension Surgeries • Attended a Leavers Fayre • Breaches Policy Training for one Employer
1.12	The following communications have been distributed during this period: • Auto Enrolment and Aggregation Leaflets for Employers • Draft Newsletter to Employers (for distribution in March 2016) – this highlights the imminent increase in national insurance contributions, the new state pension, some pension related tax changes, and a national LGPS database that is now available.
1.13	**Delegated Responsibilities** The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegated responsibilities were used in the last quarter in relation to administration and communication matters.

2.00	RESOURCE IMPLICATIONS
2.01	None directly as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	The administration and communications risks facing the Fund are currently being reviewed and a report will be presented at the next Committee. However, the key administration and governance risks for the Fund include service delivery might not meet legal requirements or agreed local performance standards, or our services are seen by stakeholders as not being cost effective.

5.00	APPENDICES
5.01	Appendix 1 - 2015/16 Business plan update Appendix 2 – Analysis of tasks received and completed Appendix 3 – Progress with backlog by Mercers

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Report to Pension Fund Committee – Business Plan 2015/6 to 2017/18 – 24 March 2015

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7.00	**GLOSSARY OF TERMS**
7.01	(a) **CPF – Clwyd Pension Fund** – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region (b) **Administering authority or scheme manager** – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund. (c) **PFC – Clwyd Pension Fund Committee** - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund (d) **LPB or PB – Local Pension Board or Pension Board** – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund. (e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of (f) **TPR – The Pensions Regulator** – a government organisation with legal responsibility for oversight of some matters relating to the delivery of public service pensions including the LGPS and CPF. (g) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG. (h) **DCLG – Department of Communities and Local Government** – the government department responsible for the LGPS legislation. (i) **Administration Cases** – an area of work that requires completed which is the overall process, for example, a retirement of a scheme member. (j) **Administration Tasks** – the stages within a case, for example, a retirement may have a number of stages including calculating a benefit, checking the calculation, and then sending it out to the scheme member.