FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **5TH NOVEMBER 2014**

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,
- Delegated functions

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

2.00 UPDATE AGAINST SERVICE PLAN

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

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

Part 1 – Projects and Improvements

2.02 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. Further explanation on some of these matters is included below, with a cross reference to Appendix 1 shown in brackets.

New CARE Scheme Implementation (1)

2.03 The new CARE scheme has been in place since 1st April 2014, manual intervention is still required in particular areas and the administration team have ensured that any impact on employers and members is kept to a minimum. Further there are a number of matters that will only be clarified when amendment regulations are made. It is expected a software update in December 2014 will assist in removing some of the ongoing issues. 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.

Reduce Backlog of Tasks (2)

2.04   An activity in the Service Plan is to improve historic membership data by removing a backlog of tasks that accumulated over a number of years. This project is expected to continue into 2015/16. The original number of backlog cases was 2961. The number of cases has reduced from 1738 to 1646 over the last quarter. Management have been monitoring the progress and unfortunately due to the staff turnover and the additional work relating to the implementation of LGPS 2014 current workloads have needed to take priority.

2.05   Whilst the budget for additional resource has been approved until May 2015, we are still going through the recruitment process. Officers are currently looking at additional options for assistance to reduce the backlog and, as part of this, will review the scope and timeframe of the project.

Pensions Administration Strategy (PAS) (3)

2.06   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 are currently being implemented.

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

Disaster Recovery – Pension Software Systems (4)

2.08   The testing of Disaster Recovery of the software system is an important element of our Information and Computer Technology (ICT) business continuity plan. ICT are meeting with Heywoods (the pension software provider) to work on a solution before the end of October. Pension Officers will then be working with ICT to complete the testing within quarter three.

Data Quality (5)

2.09   Data cleansing and data mismatching has been worked on with Denbighshire County Council (DCC) and further work to have iConnect implemented with DCC in quarter four of 2014/15 and quarter one of 2015/16 is progressing well. The rolling out of iConnect has been deferred for other employers until the backlog of tasks has been removed.

Review of Processes

2.10   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.

It is hoped that the initial reprogramming will be completed by Christmas with full integration of the new processes in quarter 4.

Part 2 – Performance measurements against day to day tasks

Workflow

2.11 Despite the manual intervention as reported in 2.03, 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.

	Q1 2013	Q2	Q3	Q4	Q1 2014	Q2
Retirements	155	196	218	200	201	224
Deaths	98	115	77	104	82	75
Transfers In	40	3	65	34	22	44
Transfers Out	20	11	7	15	20	17
Estimates	76	97	72	219	76	175
Deferred	101	449	602	431	394	266

Performance targets are being developed alongside service standards as mentioned in the last committee paper and will be reported to Committee at a later date. The current workloads are being prioritised by payments to ensure a quick as possible turnaround for retirements and death benefits. However, due to the implementation of the new scheme along with manual intervention and the sheer numbers/changes that are taking place current outstanding workload is higher and other tasks are taking longer than ideal to process.

The latest membership figures for the last six quarters are:

Status	Q1 2013	Q2	Q3	Q4	Q1 2014	Q2
Active (full LGPS)	15,045	15,572	15,687	16,079	15,726	15,550
Active (50:50 LGPS)	N/A	N/A	N/A	N/A	12	10
Undecided Leaver	3,404	3,292	3,215	3,173	3,065	3,465
Deferred	7,648	8,062	8,225	8,299	8,600	8,768
Pensioner	8,471	8,558	8,679	8,784	8,930	9,048
Spouse/Dependants	1,526	1,540	1,546	1,559	1,557	1,575
Frozen	880	876	873	834	821	813
Opt Outs*	62	143	409	501	529	585
Total	**37,036**	**38,043**	**38,634**	**39,229**	**39,240**	**39,814**

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

It is pleasing to note that the numbers of members joining the 50:50 scheme remain low but the number of opt outs has increased.

There are no matters to report on the Councillors scheme other than the Annual Benefit Statements have been issued. The membership numbers are shown below:

Status	As at 30 September 2014
Active	54
Undecided Leaver	2
Deferred	7
Pensioner & Spouse/Dependants	24
Total	**87**

Internal Dispute Resolution Procedures

2.12   There are currently two disputes at Stage 1 (three last quarter) and one dispute at Stage 2 (zero 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 upheld against an Employer for non-compliance with redundancy regulations.
- One Stage 1 case outstanding against an Employer for an ill health dispute.
- Two new Stage 1 cases against an employer for an ill health dispute.
- One new Stage 2 case against the Administration Authority for abating a compensatory added years' pension as the member became re-employed.

3.00   **DELIVERY OF COMMUNICATIONS POLICY**

3.01   The Communication Officer has provided the following services during quarter two:

- One pre-retirement seminar (34 participants)

3.02   In addition to day to day communications, the following communications were distributed during quarter two:

- Active Annual Benefit Statements were issued in September 2014 ahead of the statutory deadline.

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

- Pre-retirement presentation course updated
- New Starter forms booklet
- Annual Report
- Factsheets
- Employer Disclaimer form for refunds

4.00 UPDATE ON DELEGATED FUNCTIONS

4.01 A bulk transfer of staff from Clwyd Pension Fund to Gwynedd Pension Fund to the value of £3.44 million is due to take place. 17 members of the Clwyd Pension Fund will transfer.

4.02 We are expecting a bulk transfer from the three local unitaries covering around 10 members of staff who are transferring to a Single Fraud Investigation Service, which will come under the Principal Civil Service Scheme. It is likely a single transfer basis will be agreed on a national basis.

5.00 OTHER MATTERS

5.01 Nothing to report at this stage

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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