FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **4TH FEBRUARY 2015**

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

SUBJECT: **PENSION ADMINISTRATION AND COMMUNICATIONS UPDATE**

1.00 PURPOSE OF REPORT

1.01 An interim update to Committee relating to the pension administration and communications service focusing on specific projects and service planning.

2.00 BACKGROUND

2.01 The Committee usually receive an update against the Fund's annual Service Plan split into two key areas, projects and improvements and performance measurements against day to day tasks. This will be included as part of the 24th March 2015 Committee Agenda.

2.02 At the 5th November 2014 Committee, further information was requested on the recruitment and retention problems for the pension administration service. The Pensions Administration Manager reported the position to the Advisory Panel of 17th December 2014 and as a result the Clwyd Pension Fund Manager is discussing this issue with the HR Business Partner. Further details will be included on the 24th March 2015 Committee Agenda.

3.00 CONSIDERATIONS

Risks and Service Planning

3.01 The challenges faced by the, administration and communication service was discussed at the Advisory Panel on the 17th December 2014 and again at a Special Advisory Panel on 16th January 2015 which considered the Fund's draft Risk Register and Service Plan for 2015/16 to 2017/18. These risks and challenges will be outlined at the workshop for Committee Members on 4th February 2015. The Risk Register, Training Plan and Service Plan will be presented to the 24th March 2015 Committee for approval.

3.02 In summary the administration and communication service will be faced by several new projects in the coming years which will require careful planning and resource management, such as GMP Reconciliation, Trivial Commutation and communicating and implementing the new member Freedom and Choice provisions. This is in addition to on going 'business as usual' challenges and the backlog of tasks.

Backlog of Tasks

3.03 An activity in the current Service Plan is to improve historic membership data by removing a backlog of cases that accumulated over a number of years. The original number of backlog cases was 3,000 and the number of those cases has been reduced to 1,700. Management have been monitoring the progress and unfortunately due to the staff turnover and the additional 'business as usual', progress has now reduced considerably. However, the importance of completing this project without undue delay is also recognised given legal requirements, increased scrutiny by the Pensions Regulator, focus on data quality and potential impact on employer liabilities.

3.04 It has now been accepted that this project cannot be completed with in house resource and that recruiting individuals with the relevant knowledge and skills would be very unlikely. Therefore it was agreed at Advisory Panel that Mercer should draft a proposal to provide project and administrative support to reduce and, in due course potentially clear the accumulated backlog of unprocessed tasks. Mercer have met with the 'in house' team to understand the complexity of the project and have provided a proposal for completion of the work.

3.05 A key risk to the project is achieving 'buy in' and co-operation from, in the main, the three unitary authorities in the Fund to provide the member data required. Given the importance and investment being made in this project it is intended to set up a Project Steering Group chaired by Chief Officer (People & Resources), upon which senior officers from Wrexham County Borough Council and Denbighshire County Council could be invited. A Project Management Group would report to the Steering Group.

3.06 The proposal outlines a project plan in two stages. The first stage is to complete the more straight-forward cases. It is estimated that these cases could be completed by August 2015. The charging structure is per case completed and it is estimated that the cost of this first phase of work will be £140,000. There will then be a review of the project and a decision made as to whether to continue. At that time experience of the project to date will enable a more accurate determination of timescales and costs to remove the remaining cases that are considered to be more complex. The budget for 2015/16 to be reported in the service plan at the March Committee will include these additional costs. The project plan also includes implementing procedures and internal controls with employers to avoid a backlog recurring in future.

4.00 RECOMMENDATIONS

4.01 That Committee Members note the report

5.00   FINANCIAL IMPLICATIONS

5.01   As outlined in paragraph 3.06.

6.00   ANTIPOVERTY IMPACT

6.01   None directly as a result of this report

7.00   ENVIRONMENTAL IMPACT

7.01   None directly as a result of this report

8.00   EQUALITIES IMPACT

8.01   None directly as a result of this report

9.00   PERSONNEL IMPLICATIONS

9.01   None directly as a result of this report

10.00 CONSULTATION REQUIRED

10.01 The Head of Procurement, Section 151 Officer and Monitoring Officer on the procurement process for the backlog project.

11.00 CONSULTATION UNDERTAKEN

11.01 The Head of Procurement, Section 151 Officer and Monitoring Officer on the procurement process for the backlog project.

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

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