

# Pension Fund Committee

**Dorset County Council**



Date of Meeting	24 November 2016
Officer	Pension Fund Administrator
<b>Subject of Report</b>	<b>Pensions Administration</b>
Executive Summary	<p>This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:</p> <ul style="list-style-type: none"><li>• Reporting of Pension Fund Transactions for LGPS in England and Wales</li><li>• Address Tracing and Mortality Screening Service</li><li>• Workflow and Key Performance Indicators</li><li>• Procurement of Administration software</li><li>• The Pensions Regulator</li><li>• Publication of September 2016 CPI rate</li><li>• Update on the Local Government Pension Scheme Advisory Board (SAB)</li><li>• Annual Benefit Illustrations</li></ul>
Impact Assessment:  <i>Please refer to the <a href="#">protocol</a> for writing reports.</i>	Equalities Impact Assessment: N/A
	Use of Evidence: N/A
	Budget: N/A

	Risk Assessment: <a href="#">N/A</a>
	Other Implications: N/A
Recommendation	It is recommended that the Committee note and comment on the contents of the report.
Reason for Recommendation	To update the Committee on aspects of Pensions Administration
Appendices	<ul style="list-style-type: none"> <li>• Appendix 1 – Briefing note – Reporting of pension fund transactions for LGPS in England and Wales</li> <li>• Appendix 2 - Screening results summary</li> <li>• Appendix 3 - Key Performance Indicators</li> <li>• Appendix 4 – Template ABI – Active Members</li> <li>• Appendix 5 - Template ABI – Deferred Members</li> <li>• Appendix 6 – Annual Newsletter</li> </ul>
Background Papers	<ul style="list-style-type: none"> <li>• Public Service Pensions Act 2013</li> <li>• LGPS Regulations 2013</li> <li>• Pensions (Increase) Act 1971</li> </ul>
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## **1. Background**

- 1.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

## **2. Reporting of Pension Fund Transactions for LGPS in England and Wales**

- 2.1 New requirements for the reporting of LGPS pension fund transactions for cashflows comes into force from 1 April 2017.
- 2.2 A briefing note has been produced following discussions held between Department for Communities and Local Government (DCLG), Government Actuary's Department (GAD) and the Local Government Pension Committee Secretariat (Appendix 1).
- 2.3 The new split of transactions is required in order that GAD may undertake their cost control calculations under sections 11 and 12 of the Public Service Pensions Act 2013.
- 2.4 Under Regulation 114(4) of the LGPS Regulations 2013, administering authorities must provide the Scheme actuary (GAD) with the information it requires to undertake a valuation of the Scheme. This means that administering authorities must therefore hold, and be able to supply, the information detailed in section 5 of Appendix 1 from 2017/2018 onwards in order to comply with the 2013 Regulations.
- 2.5 Officers of the Pension Fund are looking at the current systems in place for payroll, accountancy and payments to ensure that they are compliant for 1 April 2017.

## **3. Address Tracing and Mortality Screening Service**

- 3.1 During the period 1 August 2016 to 30 September 2016, 51 pensioner deaths were identified with a 99.99% high confidence this is our member (validated against the name, date of birth and address). Plus another 14 which matched our member data to a lower degree, so required further verification by Payroll. The detailed data is shown in Appendix 2.

## **4. Workflow and Key Performance Indicator's**

- 4.1 In July 2014, in collaboration with the London Pension's Fund Authority, a new electronic workflow system was introduced in the benefits area called CMS. We continue to work with the LPFA to improve the reporting capability to more accurately reflect the Fund's timescales and processes.
- 4.2 Appendix 3 shows the top ten KPI's for August to October 2016.
- 4.3 There has been continued good performance with 95.02% of cases completed within the required timescales compared to 94.5% in the last quarter. This is particularly positive as the Annual Benefit Illustrations were issued during this time with an increase in enquiries via letter, phone and email.
- 4.4 The number of cases completed during this quarter rose by 29.56% (4109 in the last quarter to 5324 in this quarter)
- 4.5 Annual Benefit Illustration queries are not included in these KPI's as they are separated out from the normal workflow to enable analysis of the queries with a view to improving processes and communications in this area of work. An additional 545 cases were completed during this quarter.

## **5. Backlog**

- 5.1 I am pleased to report that since the last committee meeting the backlog of Aggregation cases has fallen from 1832 to 1723, a total of 109 being completed between 1 September and 31 October. This is positive news but there are still some cases that we are unable to complete due to awaiting further clarification from the DCLG.

## **6. Procurement of Administration Software**

- 6.1 After completing the pre-procurement research, the details of a contract call off under the Northumberland framework for pensions administration software has been finalised. The contract will be for 5 years with 2x1 year extensions.
- 6.2 This was achieved by working closely with Norfolk and Suffolk Pension Funds and supported by Norfolk procurement and NPLaw.

## **7. The Pensions Regulator**

- 7.1 The Pensions Regulator has invited the Dorset County Pension Fund to take part in the Public Service Governance Survey which is being conducted by OBM Research.
- 7.2 The purpose of the survey is to help the regulator to build a picture of the current standards of governance and administration in public service pension schemes and to understand how schemes are progressing.
- 7.3 The survey can be completed by the scheme manager or by any other party on behalf of the scheme manager and they should work with the Local Pension Board to complete it.
- 7.4 In accordance with Market Research Society guidelines, all information provided will be treated in the strictest confidence. Unless permission is given, OMB Research will not disclose to The Pensions Regulator who has taken part in the research and they will not divulge specific details about the pension scheme or organisation.
- 7.5 The Pensions Benefit Manager has been tasked with reviewing the survey in the first instance with a view to identifying who would be best placed to complete it with the Local Pension Board.

## **8. Publication of September 2016 CPI rate**

- 8.1 On 18 October the Office for National Statistics (ONS) announced that the Consumer Prices Index (CPI) rate of inflation for September 2016 was 1.0%.
- 8.2 Government policy in recent years has been to base both pensions increase under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI for September of the previous year.
- 8.3 Confirmation from the Government that revaluation and pensions increase for April 2017 will apply in the LGPS at a rate of 1.0% is awaited.

## **9. Update on the Local Government Pension Scheme Advisory Board (SAB)**

- 9.1 The Local Government Pension Scheme Advisory Board (SAB) met on 1 August 2016
- 9.2 The Board is a statutory body established to advise the Minister who is responsible for the LGPS and to oversee and support the development of the administration and performance of the eighty-nine funds.
- 9.3 The Board considered and agreed its proposed terms of reference. These will now be sent to the Minister for approval. The Minister will also receive the Board's suggested budget (£384,375) and work plan for 2016/17. The budget will be submitted along with a suggestion that the Board's secretariat, through an additional post, provide support to the DCLG. The purpose of the post would be to ensure the Board's recommendations are given the degree of consideration and research necessary for the effective development of the Scheme.
- 9.4 The Board constituted the Cost Management, Benefit Design and Administration Committee and the Investment, Governance and Engagement Committee - agreeing their membership and terms of reference.
- 9.5 A report was considered by the Board on the issues of asset pooling in the Local Government Pension Scheme (LGPS). The Board agreed that the Chair write to the Minister expressing concern over the delay in approving submitted asset pool investment proposals and reinforcing the case for consistency and equality in assessment against the 4 criteria with a degree of pragmatism. It further agreed that the Chair write to the Secretary of State (copy to the Minister) requesting a meeting to discuss the Government's latest approach to infrastructure investment, particularly the issue of cost and/or risk sharing.
- 9.6 A Task Group (Chair, Vice-Chair and Board Secretary) was established by the Board to identify ways of better liaising with and being advised by the investment pools.
- 9.7 In that respect, the Board was pleased that the Chair would be meeting with the officer led Cross Pool Collaboration Group (CPCG) and encouraged closer ties with that group.
- 9.8 The Board also agreed that, following discussions with the CPCG, the Chair write to Chairs of Administering Authority Pension Committees proposing the formation of a Cross Pool Advisory Group at the political level consisting of representatives from each pool. This group would both advise the Board on pooling issues and potentially provide a forum to liaise with members of the Government at the political level.
- 9.9 The Board noted and approved the continuing actions being taken to support LGPS funds to produce transparent and consistent investment fee information that accords with a revised CIPFA accounting standard. A draft template had been produced and was available on the Board's web site.
- 9.10 The Board considered details of the bids received to undertake work on the impact of academy status for all schools. It agreed that the Chair and Vice-Chair be delegated authority to determine the award of a contract.

## **10. Annual Benefit Illustrations**

- 10.1 Annual Benefit Illustrations were issued by 31 August 2016, which is within the prescribed timescale.

- 10.2 The total number of ABI's issued was 42057, of which 17573 were deferred members and 24484 were active members.
- 10.3 There were a number of statements re-issued in October (1324) due to mainly incorrect pensionable pay figures from the Employers. This is an area that the Employer Relationship and Communications Team will be working on with those Employers that have been identified as needing extra support.
- 10.4 Appendix 4 is a template copy of the ABI issued to the active members, Appendix 5 is a template copy of the ABI issued to the deferred members and Appendix 6 Is the Annual Newsletter that was sent with the ABI's.
- 10.5 The total cost per ABI was £0.66 which includes the cost of postage.

**Richard Bates**  
**Pension Fund Administrator**  
November 2016