

Pension Fund Committee

12 March 2020

Pensions Administration

Choose an item.

Choose an item.

Executive Director: Aidan Dunn, Executive Director, Corporate Development

Report Author: Aidan Dunn
Title: Pensions Fund Administrator
Tel: 01305 224177
Email: aidan.dunn@dorsetcouncil.gov.uk

Report Status: Public

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

1. Executive Summary

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:

- McCloud Update
- Review of AVC provider
- Regulatory Update
- Member Engagement
- Key Performance Indicators

2. Financial Implications

N/A

3. Climate implications

None

4. Other Implications

N/A

5. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: N/A

Residual Risk: N/A

6. Equalities Impact Assessment

N/A

7. Appendices

- Appendix 1 – KPIs (November 2019 - January 2020)

8. Background Papers

- [LGPS Regulations 2013](#)
- [The Local Government Pension scheme \(Amendment\) Regulations 2019 \[SI 2019/1449\]](#)

9. Background

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

10. McCloud Update and Employer Discussions

- 10.1. No formal decision has yet been made on the form that any remedy will take in the LGPS. The Scheme Advisory Board will be the responsible body looking at solutions. It is likely that the remedy will involve the extension of some sort of underpin to members in scope who are not currently offered protection. Currently protection is only provided to members who were aged 55 or more as at April 2012.

- 10.2. Should this be the case, there will be a requirement for employers to provide a full history of hour changes and service breaks for members in scope since April 2012. Employers have been advised to ensure their data retention policies extend for a suitable period to guarantee data is kept until it might be needed. A template data retention policy for employers has been provided for this purpose.
- 10.3. At a recent Pension Liaison Officers Meeting (PLOG), employers were consulted on this possible solution, and potential issues were discussed. There was a general feeling that this would cause several issues, as summarised below;
- this may involve considerable resource to employers
 - some data, particularly regarding service breaks, may not easily be obtained
 - some employers may simply not comply
 - where there has been a change in payroll supplier the chances of getting this data reduce considerably
 - the result may be a mixed picture of incomplete data
 - it was queried whether there will be the power to enforce any request.
- 10.4. Technical discussions with stakeholders will hopefully begin this year, followed by consultations on any proposed regulatory changes.
- 10.5. It is my view that this is a considerable amount of work and expense for employers and administrators to benefit only a small number of members. Since the new scheme has been introduced, the Dorset County Pension Fund has only paid benefits where the underpin has been used in about six cases (exact numbers cannot be confirmed). The new scheme is generally more generous than the old, and it is only in certain circumstances that the underpin will be of benefit to the member. I will keep you updated on future developments.

11. Review of Additional Voluntary Contributions (AVC) Provider

- 11.1. LGPS administering authorities are required under regulation 17 of the LGPS Regulations 2013 to provide access to an in-house AVC provider for their members.
- 11.2. We have recently appointed Hymans Robertson LLP to conduct a review into this provision on our behalf, which will include a review of the existing arrangements and provide recommendations for change where considered necessary. Depending on the outcome of this review, there may, or may not, be a need to carry out a provider selection exercise.

12. Regulatory Update

- 12.1. The Local Government Pension scheme (Amendment) Regulations 2019 [SI 2019/1449] came into force on 31 December 2019.
- 12.2. This amended the LGPS (transitional Provisions. Savings and Amendment) Regulations 2014 by introducing survivor benefits payable under the earlier regulations for opposite sex civil partnerships. A person who is the surviving opposite-sex civil partner of a deceased member will be provided with a survivor pension calculated on the basis that the survivor is a widow or widower, depending on their gender.
- 12.3. The Fire Brigades Union (FBU) has announced plans to launch a further legal challenge on behalf of members of the LGPS and the 2015 Firefighters Scheme. They argue that the cost control mechanism must be put into effect immediately and that members should therefore start to receive the benefit improvement and contribution reductions.
- 12.4. NHS England has signed off plans to pay the pension tax bills of clinicians for tax charges arising in the 2019/20 tax year. Some Local Government employers have employees in the NHS pensions scheme that will be eligible for this scheme. Employers have been advised.

13. Member Engagement

- 13.1. We are currently commencing a programme to raise awareness of the LGPS within our Scheme Employers. The aim is to raise the profile of the scheme and the understanding of members of the benefits provided. We hope this results in improved engagement with a better service to members and employers, and fewer members opting out of the scheme.
- 13.2. The project will continue throughout 2020 and will involve various increased media use, and the involvement of employers to ensure that processes are in place to ensure staff are aware of the scheme and its benefits. We have been working with employers to look at the new starter and induction process, as well as the opt out form and process, to see where improvements can be made. We will report back at the end of the year the changes made and hopefully of the benefits to stakeholders.

14. Key Performance Indicators and work backlogs

- 14.1. The Key Performance Indicators (KPI) for the period 1 November 2019 to 31 January 2020 are attached at Appendix 1. This represents the ten key areas for the Fund but does not cover all work completed.
- 14.2. The two areas that have taken a slight downturn this month are admission and refunds. This was caused by a change in processes, which led to a period

where the case management system was not being used as it should by staff.
This has now been remedied.

Aidan Dunn
Pension Fund Administrator
12 March 2020

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.