

LOCAL PENSION BOARD

14 DECEMBER 2015

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**PENSION FUND ADMINISTRATION REPORT – JULY TO SEPTEMBER 2015
QUARTER**

Purpose of the Report

1. To inform the Board of relevant issues in the administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 83,000+ members.

Performance Indicators

3. Attached as the Appendix to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Assistant Director of Customer Services and Operations. These indicators are split into 2 broad categories – how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of Pensions Section

4. The results for the July to September 2015 quarter are detailed in the Appendix and show that in all areas the performance target results are very similar to the previous quarterly results. Positive feedback received from customers remains generally high. Business processes remain almost the same as last quarter, reflecting the continued pressure on administration.

Administration

Annual Benefit Statements

5. A separate report concerning annual benefit statements is included on today's agenda.

Exit Cap

Government will introduce a cap on the value of exit payments to employees in the public sector. The cap level is proposed to be £95,000. A cap at this level is intended to affect only the highest paid however, the pension capital cost will be included in the amount, potentially affecting lower paid staff.

Pension capital cost is a monetary amount the Pension Section calculates to offset the shortfall in the Fund, due to the early payment of a scheme members pension benefit usually on the grounds of redundancy or efficiency from age 55. Pension regulations state a member receives immediate payment of unreduced pension benefits in these circumstances. The capital cost is paid by the employer to the Fund.

However if the capital cost along with other payments e.g. a redundancy payment, exceeds £95,000 the pension benefits cannot be paid unreduced unless the regulations are amended, although we understand in certain circumstances employers may still pay exit caps over £95,000.

The capital cost is causing concern for a number of the Fund's employers and clarity on this change and how the regulations will be changed to reflect this would be welcome.

GMP reconciliation

Resource has had to be moved from this project area due to the pressure to complete 2014/15 year-end for annual benefit statements. The data queries sent to the Department for Work and Pensions have been returned and these will be looked at once resource becomes available on the completion of the 2014/15 annual benefit statements.

Scheme Valuation

Every three years pension data is sent to the Pension Scheme Actuary as it is used in the calculation of Fund employers' contribution rates. The next Fund valuation date is 31 March 2016. There will be a very large exercise between January 2016 and when the data is submitted to the Actuary (expected to be in early summer 2016) to cleanse pension data. This is always an extremely challenging period every three years and now coincides with the pressures on the 2015/16 annual benefit statements.

Recommendation

6. The Board is asked to note this report.

Equal Opportunities Implications

None specific

Background Papers

Appendix– Quarterly Results – July to September 2015

Officers to Contact

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