Agenda Item 8

Leicestershire County Council

LOCAL PENSION BOARD

16 JUNE 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT – JANUARY TO MARCH 2016 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 an 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 Director of Finance. 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 January to March 2016 quarter are detailed in the Appendix. Customer satisfaction remains very high and generally all areas are similar to the previous quarter. The overall performance figures remain positive during a challenging period.

Administration

Annual Benefit Statements

5. The Board is asked to consider a separate report on the agenda concerning annual benefit statements.

Valuation

The Pension Section has to provide data to the Scheme Actuary by the 31 July 2016. In preparation of the valuation the Pension Section has been working on the 3 main backlog areas; preserved benefits, aggregation (combining or keeping previous benefits separate) and interfunds in (transfers in from other Local Government Pension Funds).

Between 1 January 2016 and 31 March 2016 the workload numbers in these three areas are as follows;

Area	Cases as at 1 Jan 2016	New cases in the period	Cases completed in the period	Cases remaining as at 31 March 2016
Preserved benefits	1,577	543	862	1,258
Aggregation	1,036	834	892	978
Interfunds in	251	243	201	293
Totals	**2,864**	**1,620**	**1,955**	**2,529**

Numbers of new interfunds in are unusually high. This is because nationally Funds are now able to work on most cases following clarity on the rules. Therefore, all Funds are experiencing an unusually large increase in numbers that built up whilst cases were stock piled. These delays do not impact on the overall benefit members receive.

Collating, balancing and loading year-end data is now the highest priority for year-end so three members of the Benefit Team have moved to the System Team to work on this. Resource on new aggregation cases is now limited given the pressure of year-end so it's predicted these will increase in number over coming months.

As mentioned in the last quarters report aggregation and interfunds in are areas of work that have increased in complexity since the introduction of the career average revalued earnings (CARE) scheme.

Tender for a new system for monthly posting of contributions

In order to make the statutory deadline for annual benefit statements more achievable the Pension Section intends to move from annually posting contributions to monthly posting. In order to do this a tendering exercise for a new monthly posting system has been completed. The successful bidder was IConnect and the Pension Section is now working with the company on the implementation of the new system.

Consultation – Local Government Pension Scheme Regulations

Department for Communities and Local Government have issued a set of draft regulations amending the Local Government Pension Scheme Regulations 2013 and Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The proposed changes provide clarifications that improve the operation of the regulations.

Revised Factors

The Government Actuary has issued revised factors used in the calculation of additional pension contributions and non-club transfers following the budget on 16 March 2016.

The administration system needs to be amended to incorporate the revised factors. This is expected to take place in July which is currently impacting on the process for non-club transfers, including a number of interfund transfers and transfer calculations for divorce.

Approximately 70 additional pension contribution (APC) cases will require recalculation using the revised factors and these members will be written to.

Recommendation

6.   The Board is asked to note this report.

Equal Opportunities Implications

None specific

Appendix

Appendix – Quarterly Results – January to March 2016

<u>Officers to Contact</u>

Ian Howe – Pensions Manager - telephone (0116) 305 6945
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APPENDIX

Quarter - Jan to March 2016									
Business Process Perspective	Target	This Quarter		Previous quarter	Customer Perspective - Feedback	Target	This Quarter		Previous Quarter
Retirement Benefits notified to members within 10 working days of paperwork received	92%	96%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100%	▲	97%
Pension payments made within 5 working days of receiving election	92%	84%	▼	83%	Experience of dealing with Section - rated at least good or excellent	92%	93%	▲	96%
Death benefits/payments sent to dependant within 10 working days of notification	90%	82%	▼	87%	Establish members thoughts on the amount of info provided - rated as about right	92%	98%	▲	96%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	100%
					Email response - understandable	95%	93%	►	93%
Good or better than target	▲				Email response - content detail	92%	93%	▲	94%
Close to target	►				Email response - timeliness	92%	93%	▲	95%
Below target	▼								
					▼ Comments				
All KPIs are similar to last quarter, most of which are above target. Pension payments within 5 days and death benefits/payments within 10 working days remain below target.									

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