



LOCAL PENSION BOARD

3 DECEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT – JULY TO SEPTEMBER 2018
QUARTER

Purpose of the Report

1. The purpose of this report is 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 90,000 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 Corporate Resources. These indicators are split into two 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 2018 quarter are detailed within the Appendix A. Customer satisfaction remains good and overall performance figures remain positive in the quarter.

There was a fall in the experience of dealing with the Pension Section – rated as good or excellent. This was due to resource being moved onto the statutory year-end work and the Local Government Pension Scheme (Amendment) Regulation 2018 change which enables pre 2014 preserved members early payment from age 55. This created 4,741 new cases where member options were required. This increase in work inevitably took significant time to work through.

Administration

5. General Workloads

The tables show the position in five key work areas, July to September.

July 2018

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	187	812	900
Aggregations	59	978	450
Interfunds in	42	485	200
Retirements	421	603	500
Deaths	98	87	100

August 2018

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	208	826	950
Aggregations	43	964	450
Interfunds in	35	175	200
Retirements	442	1,050	600
Deaths	103	97	100

September 2018

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	159	885	1,000
Aggregations	283	700	800
Interfunds in	33	178	200
Retirements	674	1,284	500
Deaths	73	88	100

6. The main point to note is;
7. The increase in retirements throughout the three months is a reflection on the pre 2014 preserved members aged between 55 and 60 who took the option to claim early payment of their pension. The member suffers an actuarial reduction to their benefit and there is no cost to the former employer.

GMP reconciliation

8. The work on the national GMP reconciliation exercise continues. The greatest change in the quarter is the completion of active cases. The position as at November 2018 is detailed in the table below;

Membership Type (Phase 1)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
Pensioner and Preserved	405	50,767*	0	27
The change since the last quarter	Down 125	Up 126	Down 1	Up 12

Membership Type (Phase 2)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
New Pensioners	4,681	4,045	544	0
The change since the last quarter	Down 286	Up 3,180	Up 544	Nil
Active	10,087	20,680	775	0
The change since the last quarter	Down 17,441	Up 17,754	Down 313	Nil

*Includes non-contracted out records.

**After investigation by the Fund and HMRC the case cannot be resolved.

Governance ItemsInternal Dispute Resolution Process (IDRP)

9. If a scheme member has a complaint that cannot be resolved informally, they can escalate it through the internal dispute resolution process. There are two stages to the IDRP, and if the complaint remains unresolved the scheme member can take it to the Pension Ombudsman who will ultimately determine the decision.
10. In the period July to September 2018 there were no IDRP stage 2 appeals.

Breaches

11. Material breaches are reported to The Pensions Regulator and recorded by the Pensions Manager on the Leicestershire Fund breaches log.
12. In the period July to September 2018 there was one breach reported. This case was considered by the Local Pension Board on the 17 September 2018 and relates to the continued failure of Computer Systems in Education Limited

(CSE) to complete the Leicestershire Fund's legal documents to allow them to join the Fund as a new scheme employer. In addition, the CSE have failed to provide the financial security in terms of a bond, following the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) of one member of staff from Tudor Grange Academy.

Outstanding TUPE transfers

13. The table below details the outstanding TUPE transfers as at 20 November 2018. It should be noted all pension issues should be resolved before the staff transfer and employers are regularly reminded of this, so these situations should not happen.

Outsourcing Employer	Receiving Employer	Date of Transfer	Number of staff transferred	Current Position
Tudor Grange	Computer Systems in Education Ltd (CSE)	1/9/17	1 Member	CSE unable to obtain a bond. Admission agreement and bond remain unsigned. Previously reported to TPR
Mercenfeld Academy	MCS Cleaning and Maintenance Ltd (MCS)	4/1/18	0 Members, 2 Non-members	Admission agreement not signed by all parties. MCS continually questioning the reason for the agreement. No bond required – no active members transferred
Rushy Mead	Caterlink	1/8/18	26 Members, 14 Non-members	In final stages of completion. All parties engaged and actively working on resolving the case
Tudor Grange	Bellrock (facilities management)	1/8/18	5 Members	Admission agreement and bond with Bellrock's legal team. Bellrock prefer a pass-through to negate the bond. Bellrock are working in partnership with Ridgecrest
Tudor Grange	Ridgecrest (cleaning)	1/8/18	12 Members, 11 Non-members	Ridgecrest questioning the level of bond and legal documents. They feel

				the bond value is unreasonable and are discussing this with their broker to seek alternative solutions
Melton BC	AXIS (third stage TUPE following the termination of GPurchase – construction)	1/10/18	2 Members	Base admission agreement and bond provided. All agreed by Melton. Data to Hymans for the calculation of the employer rate and bond value for AXIS. All parties appear committed to complete quickly

14. A separate report on the agenda includes details a proposed change to the Fund's Funding Strategy Statement which will change the Fund's approach for new TUPE transfer admission agreements.

Recommendation

15. It is recommended that the Board notes the report.

Equality and Human Rights Implications

None specific

Appendix

Appendix - Quarterly Results – July to September 2018

Officers to Contact

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

Declan Keegan – Assistant Director of Strategic Finance and Property - telephone (0116) 305 6199

APPENDIX

Quarter - July 2018 to Sept 2018									
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%	99%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100%	▲	98%
Pension payments made within 10 working days of receiving election	95%	98%	▲	94%	Experience of dealing with Section - rated at least good or excellent	95%	89%	▼	96%
Death benefits/payments sent to dependant within 10 working days of notification	90%	92%	▲	84%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	97%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	99%
Good or better than target	▲				Email response - understandable	95%	94%	▶	98%
Close to target	▶				Email response - content detail	92%	92%	▲	96%
Below target	▼				Email response - timeliness	92%	97%	▲	98%