



LOCAL PENSION BOARD

17 JUNE 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**PENSION FUND ADMINISTRATION REPORT – JANUARY TO MARCH 2019
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 January to March 2019 quarter are detailed within Appendix A. Customer satisfaction remains good and overall performance figures remain positive in the quarter with all Key Performance Indicator (KPI) results near or above target.

Administration

5. General Workloads

The tables show the position in five key work areas, January to March 2019.

January 2019

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	226	1291	750
Aggregations	49	991	300
Interfunds in	39	175	200
Retirements	659	760	500
Deaths	64	111	100

February 2019

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	104	1395	750
Aggregations	33	1202	250
Interfunds in	18	188	200
Retirements	529	655	500
Deaths	65	127	100

March 2019

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	241	1302	750
Aggregations	84	1261	250
Interfunds in	52	191	200
Retirements	577	766	600
Deaths	92	99	100

The main points to note are;

Additional resource has been moved onto the backlog of preserved benefits to resolve these before the valuation data is submitted. Recruitment to the vacant Pension Assistant post has been completed, they will assist with aggregations.

6. GMP reconciliation

The work on the national GMP reconciliation exercise continues although most resource in the period was moved to Pensions Increase and implementation on the new pensioner payroll. Resource will focus on year-end until the end of August.

The position as at 13 May 2019 is detailed in the table below;

Membership Type (Phase 1)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
Pensioner and Preserved	0	51,158*	14	58
The change since the last quarter	Complete	Complete	No change	No change

Membership Type (Phase 2)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
New Pensioners	3,875	4,580	815	0
The change since the last quarter	No change	No change	No change	No change
Active	7,408	24,189	409	64
The change since the last quarter	Down 182	Up 182	No change	Up 7

*Includes non-contracted out records.

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

7. System Implementation

Following the completion of the system tender in partnership with Derbyshire County Council and the subsequent phases of the system implementation, the Pension Section went live with the new Altair pensioner payroll system in January. There have been approximately 30,000 pensioners paid each month through the new payroll system in January, February and March.

The Altair Member Self-Service (MSS) went live in January and there continues to be a phased implementation for preserved members. As at the 31 March 2019 there were 6,804 members signed up to the new MSS system.

Governance Items

8. Internal Dispute Resolution Procedure (IDRP)

If a scheme member has a complaint that cannot be resolved informally, they can take this through the formal complaints process, the internal dispute resolution procedure (IDRP). There are two stages to IDRP, and if the complaint remains unresolved the scheme member can pursue it with the Pension Ombudsman who will ultimately determine the decision.

In the period January to March 2019 there were no IDRP stage 2 appeals.

There has been an appeal brought against a neighbouring Fund which has been upheld by the Pensions Ombudsman. In brief; an active scheme member with a terminal illness died whilst working her period of notice. If the notice period had been waived by her employer, she would have retired and then passed as a pensioner, providing her spouse with greater pension benefits.

Given the sensitive nature of the case and the financial impact, the Pensions Manager informed the Head of Legal Services at Leicestershire County Council about the case. Following this, all the Leicestershire Fund employers have been informed about the case and they have been asked to consider their processes when dealing with a scheme member with a terminal illness.

The main difference employers should consider is whether to waive the scheme member's period of notice and to treat their last day of employment, as the date the Occupational Health Doctor signs the ill health certificate. This is supported by an employer's letter to confirm the ill health retirement.

The Ombudsman's decision can be found on the following link.

<https://www.pensions-ombudsman.org.uk/determinations/2019/po-19673/local-government-pension-scheme-336/>

9. Breaches

Material breaches are reported to The Pensions Regulator and recorded by the Pensions Manager on the Leicestershire Fund breaches log.

10. Discretions

Following the last quarter's report all the Fund's larger employers have provided their Fund discretions or they are working on these currently.

11. Outstanding Transfer of Undertakings Protection of Employment (TUPE)

The table below details the outstanding TUPE transfers (pre 1 April 2019 or where the letting employer has opted to retain the pre-contract risk) as at 21 May 2019.

The Fund employers are regularly reminded to contact the Pensions Manager as quickly as possible if they are considering TUPE transfers out. They are made aware all pension issues should be resolved before the staff transfer.

Outsourcing Employer	Receiving Employer	Date of Transfer	Number of staff transferred	Current Position	Staff written to
Mercentfeld Academy	MCS Cleaning and Maintenance Ltd (MCS)	4/1/18	0 Members, 2 Non-members	All legal documents out for signing. All parties actively resolving the case. No active members transferred.	No
Tudor Grange	Ridgecrest (cleaning)	1/8/18	12 Members, 11 Non-members	Legal documents have been circulated. Tudor Grange has approved the admission agreement. Awaiting approval of the admission agreement from Ridgecrest. The bond still requires approval.	Yes
Melton BC	AXIS (third stage TUPE following the termination of GPurchase – construction)	1/10/18	2 Members	All legal documents are out for signature. Confirmation that the admission agreement and bond have been signed by AXIS and have been sent to Melton BC for their signature.	Yes

Avanti Schools	Govindas (catering staff)	1/11/18	9 Members	Legal documents are out for consideration. Avanti Schools are actively working at resolving the case.	No
Lutterworth College	Aspens (catering staff)	29/4/19	10 Members, 5 Non-members	The admission agreement and bond have both been agreed and all documents are out for signature with all parties actively engaged.	No

Since the last report to the Local Pension Board the following cases have been completed and legal admission agreements signed;

Tudor Grange to CSE
Rushey Mead to Caterlink
Tudor Grange to Bellrock (facilities management)

12. Consultations

There have been two separate consultations on proposed pension scheme changes. Firstly on 'New Fair Deal', followed by a small consultation on changes to the methodology used for late retirement factor changes.

The Pensions Manager agreed replies from the Leicestershire Pension Fund with the Chair of the Local Pension Board. The replies are included in Appendix B.

13. Implementation of monthly posting

The Pension Section continues a phased implementation of monthly postings as part of the Leicestershire Fund's data improvement plan.

The position as at the 13 May 2019 is attached in Appendix C, 30 Fund employers are providing monthly postings every month, covering 12,500 active scheme contributors.

The following larger employers with a total of approximately 17,000 active scheme contributors, plan to go live with monthly postings in the next quarter, backdated to 1 April 2019.

- Leicester City Council
- All Academies paid through East Midlands Shared Services
- De Montfort University
- Chief Constable and the Office of the Police and Crime Commissioner

14. Pension Fund Valuation

The Pension Fund valuation date is the 31 March 2019. On this date the Actuary assesses the assets and liabilities to calculate the Funds funding position. The Actuary also calculates each employer's contribution rates for the three years 1 April 2020 to 31 March 2023.

Officers have agreed certain assumptions with the Actuary that will be formally agreed by the Pension Committee on the 5 July 2019. At the same meeting the Fund will advise Committee of the stabilised rates for employers that qualify for this.

The assumptions are;

- The Discount rate asset outperformance assumption will remain at 1.8%
- Salary growth will be based on the consumer price index (CPI) plus 0.5%.

The timeline for providing information to employers about the valuation is as follows;

- 6 June 2019. Officers to inform employers using stabilisation of their likely employer rates.
- 5 July 2019. Assumptions and stabilised rates to be formalised by the Pensions Committee.
- 8 November 2019. Officers and the Actuary to present the full fund results to Pensions Committee and present the draft Funding Strategy Statement, prior to consultation starting.
- 18 November 2019. The Pension Fund Annual General Meeting including an employer forum. All employer results will be presented by Officers and the Actuary.
- In January 2020. Pensions Committee to formally sign off the Funding Strategy Statement after consultation ends and the final valuation results.
- 1 April 2020. New employer rates commence.

Recommendation

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

Equality and Human Rights Implications

None specific

Appendix

Appendix A - Quarterly Results – January to March 2019

Appendix B – Replies to the consultations dated 26 March 2019 and 12 April 2019.

Appendix C – Monthly posting position as at 13 May 2019

Officers to Contact

Ian Howe
Pensions Manager
Telephone: (0116) 305 6945
Email: Ian.Howe@leics.gov.uk

Declan Keegan
Assistant Director of Strategic Finance and Property
Telephone: (0116) 305 6199
Email: Declan.Keegan@leics.gov.uk

APPENDIX A

Quarter - January 2019 to March 2019									
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%	95%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	97%	▲	97%
Pension payments made within 10 working days of receiving election	95%	94%	▶	93%	Experience of dealing with Section - rated at least good or excellent	95%	92%	▶	94%
Death benefits/payments sent to dependant within 10 working days of notification	90%	97%	▲	87%	Establish members thoughts on the amount of info provided - rated as about right	92%	96%	▲	96%
					Establish the way members are treated - rated as polite or extremely polite	97%	98%	▲	100%
					Email response - understandable	95%	93%	▶	94%
Good or better than target	▲				Email response - content detail	92%	93%	▲	93%
Close to target	▶				Email response - timeliness	92%	97%	▲	95%
Below target	▼								
					▼ Comments				

A very strong and consistent quarter. It should be highlighted, pensioner payroll go live and the first phases of the member self-service implementation took place in the quarter.

This page is intentionally left blank