

Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pension Committee
Date:	16 July 2015
Subject:	PENSION ADMINISTRATION REPORT

Summary:

This is the quartely report by the pension administrator West Yorkshire Pension Fund.

Recommendation(s):

That the committee note the report and consider whether to hold a members annual general meeting.

Background

1. Performance and Benchmarking

1.1 Key Performance Indicators are not yet available as we are still in the first quarter. It should be noted though that performance has slowed due to a number of issues:

- a) Missing or partial data
- b) Lack of images
- c) Extensive staff training required for LPF staff to learn the Civica pensions administration system.
- d) Converting Mouchel's process's to WYPF processes.
- e) Resources focused on ensuring pensioners got paid.

1.2 Performance has started to improve significantly as issues identified above have been rectified.

1.3 KPI's will be reported at the next meeting.

2. Praise and Complaints

- 2.1 As part of WYPF's ISO accreditation all faults and complaints are logged and corrective and preventive action is taken where appropriate. Whilst statistics for the first quarter have not yet been compiled some LPF members have complimented on the service provided by WYPF.
- 2.2 Two complaints have been received about the level of detail on the payslips which have both had a response. Both complainants seem happy with the response.
- 2.3 A few complaints have also been received from members unable to get through to WYPF's Contact Centre. This has been as a result of unprecedented numbers of calls. As well as LPF members ringing up April was a busy month due to tax code changes and pensions increase. WYPF have now added extra telephone lines to resolve this going forward.
- 2.4 Accreditation to ISO standards has also been granted to LPF.

3 Administration Update

- 3.1 The change of administrator from Mouchel to WYPF went very smoothly in April with the priority task to ensure that pensioners got paid on the due date. This was down to good planning and close working from both WYPF and LPF.
- 3.2 All pensioners were paid correctly in April except for a handful who retired in March. The data received from Mouchel did not indicate they had received part month's pension in March so WYPF paid them the same amount in April. This was corrected and arrears paid with their May pension.
- 3.3 All pensioners now receive a WYPF payslip which is different in looks and detail to what they received from Mouchel.
- 3.4 Pensions Increase has been applied and paid to both the Local Government and Fire scheme pensioners.
- 3.5 All data has been transferred from Mouchel's Altair system to WYPF's Civica system. The bulk of images have also been transferred but work continues on transferring images where there was insufficient information to index to the right members records.
- 3.6 A number of overpayments were identified through the transition stage of the project. Action has been taken by LPF to recover the overpayments where possible. In all cases pensions are now being paid at the correct rate by WYPF.
- 3.7 WYPF continue to come across overpayments. These are being investigated and necessary action to recover is being taken by WYPF.
- 3.8 Getting pensions information for Lincolnshire County Council employees from Serco is proving problematic as they either don't have the resources or

the expertise. Serco are currently recruiting for staff which should alleviate the problem. In the meantime WYPF is supporting Serco by providing staff who can extract the information needed.

- 3.9** Following the announcement that Contracting Out will cease in 2016, HMRC have arranged for Pension Schemes to reconcile the Guaranteed Minimum Pensions (GMPs) to those held by DWP. The Pensions Unit has registered their interest with HMRC and have now received initial data.

Potential issues that the reconciliation will highlight incorrect contracting out periods held by DWP, DWP not holding that a GMP has been transferred to another Scheme, and incorrect GMPs being held. This may lead to benefits having been paid incorrectly (due to pensions increase) or, where a refund has been paid and the DWP have no record of receiving the Contributions Equivalent Premium (ie contribution to put a member back in to State Second Pension), additional benefits payable to the member/DWP.

WYPF will start work shortly on the reconciliation.

4 Current Issues

4.1 Local Government Pension Scheme (Amendment) Regulations 2015

The Local Government Pension Scheme (Amendment) Regulations came into force on 11th April 2015. These amendment regulations made amendments to:

- Local Government Pension Scheme Regulations 2013 and,
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

The regulations provided technical amendments required to the regulations.

4.2 Freedom and Choice – Changes to defined Contribution Schemes

In the 2014 budget the government announced reforms to defined contribution schemes, like personal pensions. These reforms are effective from 6 April 2015 and give members of such schemes, aged 55 or over, greater flexibility over how they can access their pension savings. However, even under the new flexibilities, HMRC rules require that anything above 25% of pension savings will be taxable as pension income at a member's marginal rate.

To help people understand their retirement choices from schemes offering the new flexibilities, the government has introduced a free and impartial service called Pension Wise.

Transfers from the LGPS to Defined Contribution Schemes

The LGPS isn't a Defined Contribution Scheme so the new flexibilities don't apply to it. But there are indirect changes for LGPS members considering transferring to such a scheme.

Additional Voluntary Contributions (AVC's)

The department for Communities and Local Government (DCLG) are currently considering how the changes will impact on the LGPS in-house AVC Plans.

4.3 The Pensions Regulator

From April 2015 certain public sector pension schemes must be governed and administered under the Public Service Pensions Act. Therefore managers and pension board members must comply with a number of legal requirements

The Pensions Regulator oversees and regulates the governance and administration of public service schemes in the UK.

A code of practice that sets out the legal requirements, gives practical guidance and set standards that are expected of people involved with public service pension schemes.

5 Future issues

5.1 Annual Meeting

5.1.1 Since 2001 WYPF have held an annual members meeting at which the Director and the external investment advisors present a summary of the fund's performance over the year. After the presentations a panel of senior managers address questions submitted by members.

5.1.2 A guest speaker is also invited. Last year it was the Bradford Credit Union who gave a talk about how credit unions benefit members and local communities alike.

5.1.3 The meetings are very popular and admission is by registering with the Fund. Depending on the venue tickets are restricted to approximately 200.

5.1.4 The cost of hosting an annual meeting consists of:

- a) Hire of the venue
- b) Hire of audio visual equipment
- c) Light buffet lunch and refreshments

5.1.5 Does LPF want to give consideration to holding a members' meeting?

5.2 Data Cleansing

- 5.2.1** During the course of the data transfer it became apparent that there are many data issues with LPF records which need addressing.
- 5.5.2** This will be done through targeted exercises planned later in the year such as life certificates, NFI (done 6 monthly) unlike LPF which was done every two years.
- 5.3 Fire Payrolls**
- 5.3.1** The New Fire Fighters regulations stipulate that pensions are paid monthly in arrears.
- 5.3.2** Mouchel practice has been to pay pensions on the same payroll as the Old Fire Firefighters pension scheme which is monthly in advance.
- 5.3.3** WYPF will be taking action to rectify this and pay retirees under the New Fire Scheme monthly in arrears.
- 5.3.4** This will be phased over a few months so that the impact is minimal. There are 14 affected pensioners.

Conclusion

The shared service partnership will provide an efficient, effective and cost effective service to all stakeholders within the Lincolnshire Pension Fund.

Consultation

a) Policy Proofing Actions Required

n/a

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Yunus Gajra, who can be contacted on 01274 432343 or yunus.gajra@bradford.gov.uk.

