

Regulatory and Other Committee

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

Report to:	Pensions Committee
Date:	08 January 2015
Subject:	Pensions Administration Transition Update

Summary:

This report updates the Committee on progress with the transition of the pensions' administration service from Mouchel to West Yorkshire Pension Fund (WYPF). In addition it highlights areas where we will look to streamline processes between the two Funds.

Recommendation(s):

That the Committee note this report and agree the recommendations to amend the Lincolnshire policies to WYPF's where stated.

Background

- 1.1 The contract with Mouchel to provide Pensions Administration services to the Fund ends on 31st March 2015. Committee members were notified in May that West Yorkshire Pension Fund (WYPF) was the preferred provider for pensions administration services from 1st April 2015.
- 1.2 The change in Pensions Administration provider is part of the Future Delivery of Support Services programme (FDSS). A project board and team have been set up to work with WYPF and manage the transition and the collaboration agreement was signed in August.
- 1.3 The partnership is governed through a collaboration board, comprising of officers from both Funds. The first meeting of the collaboration board was held in September, agreeing the terms of reference, and a subsequent meeting was held in December. Meetings will generally be held quarterly. The Board will report back to the Pensions Committee on a regular basis, once the shared service is fully operational.

- 1.4 WYPF will base a satellite office in Lincoln, co-locating with the LCC Pensions Team in County Offices. All staff at Mouchel transferring to WYPF will be based here.

2 Transition Update

- 2.1 Transition work is progressing and meeting its milestones, with the second data cuts from the administration and payroll systems having been completed in December, and the first sample of parallel pensioner payroll data run. January will see the commencement of the staff consultation process, where WYPF managers will be able to talk on a one-to-one basis with the transferring staff.
- 2.2 Fund employers were introduced to the members of the team from WYPF at the administration employer meeting held in the Council Chamber in November. A training program for all employers is being rolled out by WYPF to ensure that data can be submitted correctly to the new administration system from April. Regular updates are sent to employers to keep them informed of the coming changes.
- 2.3 Active and deferred scheme members received an update about the change of provider in their annual benefit statements that were distributed in October and November, and all members, including Pensioners, will receive a further communication in March to provide more information and new contact details.
- 2.4 The project support officer, Heather Smith, has left LCC to take up a new job elsewhere. Her support and management of the project has been invaluable and will be missed. Her replacement, Jay Parkin, had a handover with Heather in December and is now supporting the project. The replacement process was fast tracked to ensure that there is no additional risk to the project with Heather's departure.

3 Discretions and Practices

- 3.1 The project team have had a number of discussions around discretions and current practice in order to streamline processes for the two Funds and create efficiencies. WYPF adhere to the Quality Management System (ISO 9001:2008) and therefore their procedures and processes are well documented and applied consistently. Areas identified below are shown as either for information or for decision. There may be more that will be highlighted as the transition progresses and also once the service is fully operational within WYPF, where required, these will be brought to this Committee for decision.
- 3.2 **For information:** Life Certificates - this provides written evidence that a pension beneficiary is still alive and that the conditions on which their pension was granted are still satisfied. Mouchel have not sent out Life Certificates for a number of years. WYPF will be sending Life Certificates to

all Lincolnshire Pensioners over the first year and then move to a rolling 12 month cycle for high risk pensioners (these are defined in WYPF documentation).

- 3.3 **For decision:** Additional Pension Contributions (APC's) and Shared Cost Additional Pension Contributions (SCAPC's) – there are two differences here with our current discretions:
- 1) Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment) – Lincolnshire currently apply this on a case by case basis, WYPF will only accept a request to pay an APC/SCAPC over a period of time where the regular monthly contribution is at least £10.
Recommendation – to amend our policy to WYPF's.
 - 2) Whether to require a satisfactory medical before agreeing to an application to pay an APC/SCAPC and whether to turn down an application to pay an APC/SCAPC if not satisfied that the member is in reasonably good health – Lincolnshire require any scheme member to complete a medical questionnaire and that they are in reasonably good health, WYPF require completion of a GP declaration unless it is to cover lost pension due to absence of up to 36 months or they have already reached their state retirement age.
Recommendation – to amend our policy to WYPF's.
- 3.4 **For decision** – Charges in relation to the supply of information – currently Lincolnshire only charge members in two instances; for requests for cash equivalent values in divorce cases or where a second transfer value request is received within a twelve month period. WYPF have a set of charges for third party information requests. These cover calculation requests, printing and supply of information, FOI requests, and also recharge any 3rd party costs incurred.
Recommendation – to amend our policy to WYPF's.
- 3.5 **For decision** – 100th birthday flowers – WYPF send a bouquet of flowers to pensioners reaching 100 years of age. This is not something that Lincolnshire currently does. The Committee's decision on whether to adopt this practice is required.
- 3.6 WYPF have a number of additional policies that provide clear and well documented guidelines in areas such as Death Grant nomination, recovery of overpayments and Children's pensions – breaks in education. Post transition, officers at Lincolnshire will look to review these alongside our own procedures to ensure that we follow a robust process in all these areas.

Conclusion

- 4.1 The transition is progressing and meeting the milestones in the project plan.

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.

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