

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Pension Fund Panel
Date:	7 December 2012
Title:	LGPS administration update
Reference:	4522
Report From:	Nick Weaver, Head of Pensions Services

Contact name: Nick Weaver

Tel: 01962 847584

Email: nick.weaver@hants.gov.uk

1. Summary

1.1. The purpose of this paper is to update the Panel on administrative performance in the first six months of 2012/13, and provide an update on issues affecting pensions administration.

2. Administration performance

2.1. Administration performance against statutory deadlines for key casework is measured each month. Due to their greater time sensitivity, retirements and estimates have always been given priority, and are measured against a service standard of 4 weeks.

2.2. For deferred benefits and notional transfers (changes of employer within the Hampshire Pension Fund), the service standard is 8 weeks because these cases are less time sensitive.

Quarter 1 – completed work and time taken to process

Area of work	0-5d	6-10d	11-15d	16-20d	21-40d	41+d	Total number of completed cases	% comp on time
	1 Week	2 Weeks	3 Weeks	4 Weeks	5 - 8 weeks	8 weeks+		
Retirements	761	96	23	1	0	0	881	100%
Estimates	356	31	4	0	0	0	391	100%
Deferreds	572	621	366	168	171	0	1898	100%
Notionals	70	26	18	17	13	0	144	100%
Interfunds	140	8	3	4	0	0	155	100%
Transfers	326	16	8	1	3	0	354	100%
Divorce	127	5	1	0	0	0	133	100%
Other leavers	38	1	0	0	0	0	39	100%
Pension Payroll starters	488	97	83	17	17	6	708	97%
Total	2878	901	506	208	204	6	4703	

Quarter 2 – completed work and time taken to process

Area of work	0-5d	6-10d	11-15d	16-20d	21-40d	41+d	Total number of	% comp on time
	1 Week	2 Weeks	3 Weeks	4 Weeks	5 - 8 weeks	8 weeks+		
Retirements	695	75	15	0	0	0	785	100%
Estimates	337	23	10	0	0	0	370	100%
Deferreds	527	451	334	297	198	0	1807	100%
Notionals	90	56	45	15	56	3	265	99%
Interfunds	176	0	0	0	0	0	176	100%
Transfers	269	3	1	0	0	0	273	100%
Divorce	122	3	1	0	0	0	126	100%
Other leavers	30	1	1	0	0	0	32	100%
Pension Payroll starters	381	67	73	33	120	77	751	74%
Total	2627	679	480	345	374	80	4585	

- 2.3. Performance monitoring for pension payroll starters is less reliable than for other processes because until April 2012, there was a separate payroll system and tasks were not always completed even though the work had been done. This reporting issue is being addressed as part of the migration to the new integrated payroll module, but has involved some process changes which have not fully flowed through to the performance indicators.
- 2.4. The fully integrated payroll will be operational for all pensioners from January 2013, and workflow should reflect this in the second half of 2012/13.
- 2.5. Outstanding work at the end of each month is also measured by age and processed in date order to ensure achievement of service standards. The table below shows the analysis of outstanding work at the end of October.

Area of work	0-5d	6-10d	11-20d	21-40d	41+d	Total number of
	1 Week	2 Weeks	3 - 4 Weeks	5 - 8 Weeks	8 weeks+	
Retirements	10	1	0	0	0	11
Estimates	11	0	0	0	0	11
Deferreds	125	112	46	0	0	0
Notionals	17	3	0	0	0	0
Interfunds	0	0	0	0	0	0
Transfers	3	3	0	0	0	0
Divorce	0	0	0	0	0	0
Other leavers	0	0	0	0	0	0
Pension Payroll starters	35	12	7	21	7	82
Total	201	131	53	21	7	104

- 2.6. This work in progress represents one week of average output.

3. End of year returns and annual benefit statements

- 3.1. Employers are required to complete an annual return giving information about each of their employees who have contributed to the scheme in the year. This return is verified and uploaded into the administration system, and the data used annually to provide benefit statements.
- 3.2. The deadline for this return is the end of April, although it is recognised that employers have other year end information requirements and it can be difficult to achieve. Returns covering over three quarters of all members were

received by the end of May 2012, and annual benefit statements for 99% of members have now been produced.

- 3.3. Five employers (with a total of 35 members) have not sent in returns. These employers have been contacted by email and phone but the return is still outstanding.
- 3.4. LGPS regulations have been changed such that it is a requirement to produce annual benefit statements for all members by 6 October, in order to comply with HMRC rules. In addition, next year the end of year data must be processed by the end of July 2013 so that validated information can be provided to the fund actuary for the triennial valuation.
- 3.5. Employers who did not submit their return within a reasonable period after the deadline are being contacted by letter which sets out their responsibilities and the statutory timetable.

4. LGPS 2014

- 4.1. In November, the Government issued a written statement regarding the progress with the new LGPS from 2014. A copy of this statement is shown in Appendix A.
- 4.2. The proposed changes were accepted by a clear majority of stakeholders in a series of informal consultations held over the summer. The Government will now issue a formal consultation at the end of December.
- 4.3. It is still intended for details of these changes to be in place in time for the 2013 valuation, in order that the new designs can be reflected in the process and also to give software providers sufficient time to establish and test their systems before the scheme comes into effect on 1 April 2014.

5. Automatic enrolment

- 5.1. The Leader of the County Council and the Director of Corporate Resources wrote to the Secretary of State asking that consideration is given to exempting the public sector from the detailed requirements of auto-enrolment; instead all employees would simply be put into the LGPS and re-enrolled every three years. This approach would deliver the same outcome as intended by automatic enrolment (AE) regulations, but would minimise the administrative burden on public sector employers.
- 5.2. The Government declined to make an exception to AE regulations for the public sector and Hampshire County Council becomes subject to these on 1 January 2013. An HR led project is on track to ensure that the authority meets its new statutory responsibilities from this date.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1.

2. Impact on Crime and Disorder:

2.1.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?