
PENSION ADMINISTRATION PERFORMANCE 2016/17

Report by Chief Officer Human Resources

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD

22 June 2017

1 PURPOSE AND SUMMARY

- 1.1 **This report presents the Pensions Administration Performance for 2016/17 and requests the Committee's approval of its inclusion in the Annual Report for the Fund.**
- 1.2 **Appendix 1** contains the Pensions Administration Performance for 2016/17 as it will be included in the Fund's Annual Report and Accounts.
- 1.3 During 2016/17 there was an increase in the number of payments being received late when compared to 2015/16, with the late payments being made by Live Borders and Jedburgh Leisure Facilities Trust.
- 1.4 Performance in general has been comparable with the previous year, the issuing of the benefit statements in August 2016 was achieved again despite the challenge of the inclusion of CARE for the first time and estimates provided being on a par with the previous reporting year.
- 1.5 There was another successful Employer Liaison Meeting held during 2016/17 year and agreement reached that this would be a useful event to hold on an annual basis, which will be scheduled in due course.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Pension Fund Committee:-**
 - (a) **Notes the Pension Administration Performance for 2016/17 as set out in Appendix 1 and approves its inclusion in the Pension Fund Annual Report and Accounts 2016/17;**

3 BACKGROUND

- 3.1 It is a requirement of the current LGPS Regulations and best practice that the Pension Fund maintains a Pensions Administration Strategy. At the joint meeting of the Committee and Board on 3 September 2015 the latest version of the Pension Administration Strategy for the Fund was approved.
- 3.2 In accordance with the Pension Administration Strategy a number of administration function performance measures were introduced to evaluate the performance of both the Fund and Employers.
- 3.3 A further requirement is that the performance against the Strategy is reported in the annual Report and Accounts for the Fund.

4 PENSIONS ADMINISTRATION PERFORMANCE 2015/16

- 4.1 **Appendix 1** contains the Pensions Administration Performance Report for 2016/17 as it will be included in the Fund's Annual Report and Accounts.
- 4.2 Performance in general has been comparable with the previous year, the issuing of the benefit statements in August 2016 was achieved again despite the challenge of the inclusion of CARE for the first time and estimates provided being on a par with the previous reporting year. This has been achieved at the same time as working with the new scheme regulations that were introduced on 1 April 2015, which resulted in more complex calculations and explanations required for estimates and annual benefit statements.
- 4.3 During 2016/17 HR Shared Services recorded 1,050 instances where contact was made with the team to query information relating to their Pension. In each of these instances a final response was provided to the individual, be this in writing or face to face, within the 5 target days, with the vast majority being provided on the same day. There was a reduction in performance with meeting the 20 day target for responding to the Annual Benefit Statement queries, however, this was as a result of the growing complexity of queries with them now covering up to three sets of scheme benefits.

4.4 **Employer Performance Measures**

During 2015/16 there was 1 payment that did not meet the payment timescale this has increased to 8 payments during 2016/17. The majority of the late payments made were from Live Borders, who have been reminded of their requirement to make payments by 19th of the month. The other late payments were made by Jedburgh Leisure Facilities Trust. The controls continue to be monitored on a monthly basis.

4.5 **Administering Authority Performance Measures**

The key performance targets are set out in the **Appendix 1**. The performance achieved this year was very similar to the previous reporting year. The main area that continues to be behind target is in relation to Transfers. However, all Scottish Pension Funds will have suffered delays with the transfer process this year, due to legislative changes (change to CARE scheme, "discount rate" announced in the budget), and the resultant change in methodology to calculate transfer values. The issue of GAD (Government Actuaries Department) guidance and translation into pension

administration software has delayed the turnaround of transfer requests.

- 4.6 During 2016/17 an Employer Liaison meeting was held, to discuss the changes to the year end reporting for the scheme and further review the operational impact of the changes that were effective from 1 April 2015. This was a successful meeting and was beneficial to all parties. It was agreed that this will continue to be an annual event and it would be helpful if this was timed around February/March, where the Fund could advise employers of changes for the coming year and remind them of their responsibility for the year end. There was also a presentation given by the Pensions Administration to 28 employees of Scottish Borders Housing Association who were considering Early Retirement/Voluntary Severance.
- 4.7 Annual Benefit statements were issued to the 6,515 active and deferred scheme members during August 2016, meeting the requirements of the scheme regulations. This was a significant challenge this year with this being the first instance where CARE benefits were included in the annual statements.
- 4.8 During 2016/17, 37,092 payments were processed, an increase from 35,779 in 2015/16, to pensioners for a total of £15.179m. In addition to this, 120 payments were also processed, an increase from 106 payments in 2015/16, to pensioners who now reside overseas for a total of £43,263, these payments are processed via Western Union, providing pensioners with a cost effective means of transferring a sterling pension payment into the appropriate local currency.
- 4.9 **Employer Contribution Rates**

The following table outlines the employer contribution rates that are effective from 1st April 2017 in line with the previous triennial valuation and/or reports received from the Fund Actuary on the admission of new Bodies.

Employer	Employer Contribution %
Visit Scotland	18.00
Borders College	18.00
Scottish Borders College	18.00
AMEY	18.00
CGI	18.00
Live Borders	18.00
Jedburgh Leisure Facilities Trust	15.50
Scottish Borders Housing Association	19.00

5 IMPLICATIONS

5.1 Financial

There are no financial implications relating to this report.

5.2 Risk and Mitigations

This report is part of the governance reporting framework to manage the operation of the Pension Fund and reflects the compliance with the best practice recommendations.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which could affect the Council's sustainability.

5.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of this report.

6 CONSULTATION

- 6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk and the Clerk to the Council have been consulted in the preparation of this report and any comments received have been incorporated into the final report.

Approved by

Clair Hepburn
Chief Officer Human Resources

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Joint Pension Fund Committee and Board 16 June 2016

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September 2015

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