
PENSION ADMINISTRATION PERFORMANCE 2014/15

Report by Chief Officer Human Resources

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD

18 June 2015

1 PURPOSE AND SUMMARY

- 1.1 **This report presents the Pensions Administration Performance for 2014/15 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 2014/15 as it will be included in the Fund's Annual Report and Accounts.
- 1.3 During 2014/15 there was an increase in the number of payments being received late, specifically by Scottish Borders Housing Association, action was taken by HR Shared Services to address this issue.
- 1.4 HR Shared Services implemented an improved method for collection of data regarding queries received in relation to the Local Government Pension Scheme, regrettably this was not updated at all times throughout the year resulting in gaps in the information recorded.
- 1.5 Performance in general has been detrimentally affected during this reporting year due to the implementation of the new Pensions Administration system, Triennial Valuation and preparation for implementation of the new Pension scheme, all achieved with no additional resource.
- 1.6 There was a successful Employer Liaison Meeting held during 2014/15 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 2014/15 as set out in Appendix 1 and approves its inclusion in the Pension Fund Annual Report and Accounts 2014/15;**

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 Committee on 13 June 2013 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 2014/15

- 4.1 **Appendix 1** contains the Pensions Administration Performance Report for 2014/15 as it will be included in the Fund's Annual Report and Accounts.
- 4.2 Performance in general has been detrimentally affected during this reporting year, when compared to the previous year, due to the implementation of the new Pensions Administration system, Triennial Valuation and preparation for implementation of the new Pension scheme, all of which were achieved with no additional resource in the Pensions Team.
- 4.3 During 2013/14 HR Shared Services implemented a new method of recording the queries received in relation to the Local Government Pension Scheme that were being received. Regrettably this information was not recorded in all instances creating gaps with the number of queries received. Steps have been taken to address this and staff have been reminded of the importance, from a performance and reporting perspective, of recording this information on an ongoing basis.

Employer Performance Measures

- 4.4 During 2013/14 there were 4 payments which did not meet the timescale this has increased to 6 payments during 2014/15. In accordance with section 8 of the Scottish Borders Council Pension Fund – Pension Administration Strategy, Scottish Borders Housing Association, who were late with 5 monthly payments, were written to and reminded of their responsibility to make payment by the 19th of the month. Since this letter was issued all payments were received on time. The controls continue to be monitored on a monthly basis.

Administering Authority Performance Measures

- 4.5 The key performance targets are set out in the **Appendix 1**. Due to significant pressures on the team during 2014/15 there has been a slippage in the achievement of performance targets, specifically around Transfers In and Out. Additionally, there has been a failure to record all queries that have been dealt with. It is expected that there will be an upturn in performance during 2015/16 as working knowledge and experience of the

new scheme and system improves.

- 4.6 During 2014/15 one Employer Liaison meeting was held, to discuss the changes to the scheme that were effective from 1 April 2015. This was a successful meeting and was beneficial to all parties. It was agreed that this will be an annual event and it would be helpful if this was timed around February, where the Fund could advise employers of changes for the coming year and remind them of their responsibility for the year end.
- 4.7 In addition to the Employer Liaison meeting, it is also worth noting that a number of briefings were held with employee representatives and employer groups during the year, specifically addressing the changes to the scheme implemented from 1 April 2015.
- 4.8 Annual Benefit statements were not issued to the 6,159 active and deferred scheme members until 1 November 2014, one day later than target. This was significantly later than the previous year, however, is attributable to the additional workload that was faced by the HR Shared Services Team in producing information for the triennial valuation.
- 4.9 During 2014/15, 34,754 payments were processed, an increase from 33,830 in 2013/14, to pensioners for a total of £14.10m. In addition to this, 94 payments were also processed, an increase from 81 payments in 2013/14, to pensioners who now reside overseas for a total of £35,173, 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.

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 Service Director Strategy and Policy, 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

Chief Officer Human Resources

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Pension Fund Sub Committee 13 June 2012
Pension Fund Committee 17 June 2014

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Ian Angus can also give information on other language translations as well as providing additional copies.

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