

Agenda

PENSION FUND CONSULTATIVE GROUP

Date: Thursday 7 March 2013
Time: 10.00 am
Venue: Mezzanine Room 1, County Hall, Aylesbury

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2 DECLARATIONS OF INTEREST To disclose any Personal or Disclosable Pecuniary Interests	
3 MINUTES To confirm the minutes of the meeting held on 6 December 2012.	1 - 4
4 VALUATION REPORT The PFCG is asked to note the report and encourage compliance from employers and their payroll contractors.	5 - 8
5 PENSIONS ADMINISTRATION REPORT The PFCG is asked to note the performance statistics of the team.	9 - 10
6 EXCLUSION OF THE PRESS AND PUBLIC To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)	
7 CONFIDENTIAL MINUTES - PENSION FUND CONSULTATIVE GROUP To confirm the confidential minutes of the meeting held on 6 December 2012.	11 - 12
8 PERFORMANCE REPORT The PFCG is asked to note the performance of the Pension Fund's fund managers for the fourth quarter of 2012, ending 31 December 2012 and	13 - 26



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comment as appropriate.

9 DATE OF NEXT MEETING

The next meeting is due to take place on Wednesday 9 October 2013 at 10am.

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Liz Wheaton on 01296 383856
Fax No 01296 382421, email: ewheaton@buckscc.gov.uk*

Members

Mr F Downes, Pension Fund Committee Representative (C)
Ms S Burgess, Admitted Body Representative - Heritage Care
Mr S Cox, Pensioner Representative
Ms C Daltry, People and Policy Representative
Mrs J Eubank, Employee Representative
Mr R Bowman, Employee Representative
Mr S Mason, Aylesbury Vale District Council Representative
Mr J McMillan, Wycombe District Council Representative
Ms T Pearce, Chiltern District Council Representative
Ms L Turvey, Admitted Body Representative - Fremantle Trust
Mr J Burness, South Bucks District Council
Mr R Walter, Unison
Mr G Waghorn, Milton Keynes Council
Ms J Edwards, BCC Finance Representative
Mr I Thompson, Thames Valley Police

Minutes

PENSION FUND CONSULTATIVE GROUP

MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON THURSDAY 6 DECEMBER 2012, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 10.50 AM.

MEMBERS PRESENT

Mr F Downes, Pension Fund Committee Representative (Chairman)
Mr S Cox, Pensioner Representative
Mrs J Eubank, Employee Representative
Mr S Mason, Aylesbury Vale District Council Representative
Ms T Pearce, Chiltern District Council Representative
Ms L Turvey, Admitted Body Representative - Fremantle Trust
Mr M Chard, Employee Representative
Mr I Thompson, Thames Valley Police
Mr R Walter, Unison Representative
Ms L Bennett, People and Policy Representative

OFFICERS PRESENT

Ms L Hughes, Principal Pensions Officer (Administration)
Mr M Preston, Assistant Service Director (Finance Centre of Expertise)
Mrs E Wheaton, Democratic Services Officer
Mrs C Lewis-Smith, Principal Pensions Officer

AGENDA ITEM

1. APOLOGIES / CHANGES IN MEMBERSHIP

Apologies were received from Gary Waghorn (Milton Keynes Council) and Julie Edwards (Pensions & Investment Manager, Bucks County Council).

Bob Walter has replaced Martin Cross as the Unison representative on the Committee.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.



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3. MINUTES

The minutes of the meeting held on 15 March 2012 were agreed as a correct record.

4. LGPS 2014

Members received information relating to the main features of the proposed LGPS 2014 which commences from 1 April 2014. Liz Hughes, Principal Pensions Officer took Members through the papers. She started by explaining that additional examples have been provided in the papers to reflect a broader spectrum of employees pay circumstances. These examples have been produced by the LGPS 2014 Project Group and can be accessed via the Bucks County Council website as well as LGPS's website.

There has been a slight change to the consultation date. It was meant to commence in the Autumn but is now likely to start in the New Year. This does not affect the target date for regulations, which is planned to coincide with the triennial valuation, taking place in August 2013.

LGE (Local Government Employers) are likely to get their response to the consultation published quickly so that other authorities can then prepare their responses.

During discussion, a Member asked the following question.

- **Are the pay figures used in the examples based on historical pay growth or future growth?** The officer said that the figures are based on future growth from 1 April 2014.

The Chairman concluded by saying that there is a lot of new work as a result of the proposed changes but the pensions team are aware of the increase in work and are currently looking at the resource implications.

5. CIPFA BENCHMARKING - PENSIONS ADMINISTRATION

Members received the report from the Principal Pensions Officer regarding the results of the CIPFA Benchmarking Club (63 authorities took part). Bucks County Council has participated in the CIPFA Pensions Benchmarking Club for the last 10 years. Data is supplied on cost, workload and staff related measures and Industry Standard Performance Indicators.

The officer referred Members to page 34 in the report which showed that the County Council's net cost per Member is below the average. The one area where the costs are above average is IT which reflects the fact that the County Council has invested heavily in IT which has kept staff costs down.

During discussion, Members asked the following questions and made the following comments.

- **Are accommodation costs included in the benchmarking exercise?** The officer explained that the accommodation costs are included in the central charges.
- **Do you have sufficient resources in place to administer the Fund?** The officer responded by saying that in light of the changes, the County Council can afford to invest in more staff and the team will still be around average in terms of the benchmarking data. Mark Preston, Assistant Service Director, went on to say that the proposed LGPS changes do provide the Council with an opportunity to

review the staffing levels of the team and to increase the numbers in certain areas to meet the increased demand in workload.

- **As well as looking at administrative costs, service quality should also be reviewed and benchmarked against other authorities.** The officer explained that, at present, service quality is not benchmarked.

The Chairman concluded by saying that, from a management point of view, the report is very positive but the staffing levels do need to be reviewed. The benchmarking exercise is very useful in terms of the data that it produces.

6. PENSIONS ADMINISTRATION PERFORMANCE

Claire Lewis-Smith, Principal Pensions Officer (Governance & Employer Liaison), took Members through the performance of the Pensions Administration team. General volumes of work coming into the pensions team have been consistent apart from October 2011, when tasks reached 16,257. Since the last report to the Group, the number of tasks being completed over target remained under 1.5% until March 2012. Since March 2012, tasks completed outside of the target have increased, peaking at 4.91% in June. This was due to 10 days system downtime while a new software system was introduced. The backlog of tasks incurred while the system was down continued to have an impact on the level of tasks cleared in July and August.

Over the period 1 August to 31 August 2012, the pensions team received 270 general pensions queries and cleared 255 queries during the period. Also received were 31 notifications of new deaths, all of which received a letter to the next of kin on the date of notification.

The team gives priority to processing retirements over requests for quotes and those people with general queries. Mark Preston, Assistant Service Director, said that in light of the backlog, the resourcing levels are being looked at.

The Group noted the performance statistics of the team.

7. YEAR-END REVIEW

Members received the report from the Principal Pensions Officer (Governance and Employer Liaison). The officer explained that the Employer Liaison and Systems teams process data annually in accordance with the Service Level Agreement to ensure Member data is accurate for the production of the Annual Benefit Statements and the triennial valuation.

At the end of the financial year, all LGPS employers within the Bucks County Council Pension Fund are required to submit annual data. On receipt of this information, the Principal Pensions Officer (Systems) reconciles the data and if reconciled, the Systems Team upload the annual contributions to each individual member record and a report is run to convert the contributions into an annual pay figure. If this figure differs by more/less than 10% compared to the previous financial year, if there is a member who does not have contributions on the return or if there are contributions and no member record, an error report is produced.

As at 14 November 2012, 85 employers have completed their return and Annual Benefits Statements have been issued, 33 employers have not sent in their summary of contributions, 24 employers have sent their summary of contributions in but the return has not been reconciled and 25 employers have outstanding queries.

The officer explained that it is a very time intensive job to chase employers for their

returns. The team spends a lot of time with the LEA trying to resolve queries from third party payroll providers. The aim is to resolve all queries by 31 March.

The officer stressed the importance of employer's returning the data, particularly in light of the actuarial valuation taking place next year. Actuaries will air on the side of caution if they do not receive all the returns which may well affect employer contributions. It was agreed that this important message would be passed onto the communications team so that they could start to let employers know of the consequences of not sending in their returns.

Action: Mark Preston

8. DATE OF NEXT MEETING

The next meeting is due to take place on 7 March 2013.

9. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

10. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 15 March 2012 were agreed as a correct record, subject to one minor typographical error.

11. PENSION FUND PERFORMANCE

Members received the report of the Pensions and Investments Manager which have a breakdown of how the Pension Fund performed during the quarter to 30 September 2012.

The Pension Fund Consultative Group noted the performance of the Pension Fund's fund managers for the third quarter of 2012, ending 30 September 2012 and commented as appropriate.

12. CONFIDENTIAL APPENDIX TO LGPS 2014

Members were asked to note the confidential appendix.

CHAIRMAN



Buckinghamshire County Council

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Report to Pension Fund Consultative Group

Title: 2013 Valuation Preparation

Date: 7 March 2013

Author: Service Director (Finance & Commercial Services)

Contact Officer: Principal Pensions Officer, Chris Thompson 01296 382833

Electoral Divisions Affected: N/A

Summary

Purpose of report:

To draw PFCG's attention to the data requirements of Buckinghamshire County Council as Administering Authority in preparation for the 2013 Valuation of the Pension Fund as required under statute.

Recommendation

Members are asked to:

PFCG are asked to NOTE the report and encourage compliance from employers, and their payroll contractors.

A. Supporting information:

- 1 Under Regulation 36 the Local Government Pension Scheme (Administration) Regulations 2008 Buckinghamshire County Council is required to obtain an actuarial valuation of the pension fund from which future employer contribution rates are set. The data that Buckinghamshire County Council is required to supply to the Actuary in respect of each employee is derived from information supplied by each employer and it is vital that Pensions maintains accurate and up to date records.



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- 2 For 2012/13 each employer will be required to provide the following information in respect of each employee as part of the year end return:
 - NI Number
 - Surname
 - Forenames
 - Payroll reference
 - Date Joined Employer
 - Date Left (where applicable)
 - NI category
 - Reduced Rate NI
 - Employer
 - Scheme
 - Contribution rate
 - Employee Pension Contributions paid
 - Employer Contributions
 - Strike Contributions (where applicable)
 - NICO earnings
 - Additional Contributions paid - Added Years and Additional Regular Contributions (where applicable)
 - Part Time Service Buy Back (where applicable)

- 3 In addition, to assist with the clearing of year end queries, and to limit the number of queries that have to be sent back to employers, each employer will be asked to provide the following information:
 - Full Time Equivalent Basic Pay
 - Additional pensionable pay (actual) received
 - Contractual hours for 2012/13

- 4 Contribution bandings (ranging from 5.5% to 7.5%) pensions will again need to be provided with (where a change in banding has occurred) details of contributions paid and the relevant % contribution and the relevant date of any change. From this information Pensions will calculate membership and a pensionable pay figure for each employee. Queries will be raised where there has been a decrease in pensionable pay when compared with the previous year or an increase in pay of more than 10% when compared with previous years.

- 5 The pay and membership calculated from the year end exercise will be provided to the Actuary to enable the actuarial valuation to take place.

- 6 Factors which could affect the calculation of membership and pay:

Change in hours: Will affect both membership and the pay calculated. Membership for a part time employee is a pro rata amount of the calendar length of membership determined by the hours worked. An incorrect record of a member's hours of employment could result in too much membership being recorded, which in turn would increase the scheme's liabilities and may result in a higher than necessary employer contribution rate.

Leave of absence: All details of leave of absence (paid and unpaid) should be notified to Pensions. An incorrect record could result in too much membership being recorded, which in turn would increase the scheme liabilities and may result in a higher than necessary employer contribution rates.

Leavers: The Actuary will assess future liabilities being accrued based on the membership and pay records as provided by Buckinghamshire County Council, and assuming that a member continues to accrue benefits at the same rate as at valuation date. It is vitally important therefore that all leavers are notified to BCC (as per Service Level Agreement) to prevent future liabilities being over assessed and employer contributions being set at a higher than necessary rate.

Starters: As with leavers the Actuary will assess future liabilities based on membership and pay records provided as at the valuation date, 31 March 2013. It is therefore vitally important therefore that all new starters are notified to BCC (as per SLA) to ensure employer contribution rates are set correctly.

- 7 The information required from each employer is to ensure accurate data is supplied to the Fund Actuary. BCC must ensure this data is sent by the end of August 2013 to enable the fund valuation to take place. The impact the results from the 2013 valuation will have on the future shape of the LGPS.

B. Other options available, and their pros and cons

N/A

C. Resource implications

The Pensions Administration team is funded by the Pension Fund. Year End processes generate significant numbers of queries for the Pensions Team and Employers (in excess of 3,500 queries were generated from the 2011/12 process). Many of these were as a result of information as detailed above not being supplied to the Pensions Team. Provision of information on a regular monthly basis as per the SLA will reduce the number of year end queries and reduce the pressure on both employers and the County Council. This will be especially important in valuation year as all year end queries will need to be resolved by **30 June 2013**. The Pensions Team aims to ensure that year end queries are resolved as quickly as possible and ensure that the Actuary determines the quality of Buckinghamshire's data remains 'excellent'

D. Legal implications

It is a statutory obligation for the County Council to provide a Pensions Service on behalf of Scheme employers. The County Council has a statutory obligation to obtain from the Fund Actuary a valuation report and rates and adjustments certificates every three years starting 31 March 2013.

E. Other implications/issues

There are none.

F. Feedback from consultation and Local Member views

None

Pension Fund Consultative Group

Title:	Pensions Administration Performance
Date:	7 March 2013
Author:	Service Director (Finance & Commercial Services)
Contact officer:	Principal Pensions Officer, Chris Thompson 01296 382833
Electoral divisions affected:	N/A

Summary

The Pensions Administration Team have a customer charter (<http://www.buckscc.gov.uk/bcc/content/index.jsp?contentid=-1901867351>) outlining their commitment to turning work around within certain timescales. All post and requests for information are logged daily and reported on monthly to monitor the percentage of work that is not completed within the prescribed time limits.

Details of the work performance statistics for the 12 months to 31 December 2012 are presented below. The Pension Fund Consultative Group are required to monitor the performance of the Pensions Administration Team.

Recommendation

Members are asked to:

NOTE the performance statistics of the team.

A. Supporting information:

Workload statistics for the year to 31 December 2012 are presented overleaf:



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Month	% within target
January 2012	98.94
February	98.95
March	98.32
April	97.81
May	97.60
June	95.09
July	97.00
August	97.00
September	98.00
October	95.17
November	97.00
December	95.00

General volumes of work coming in to the pensions team continue to be consistent. Since the last report to PFCG in December 2012, the percentage of tasks being completed within target has ranged from 95.00% to 98.94%. During 2012 the percentage of tasks completed within the target decreased compared to previous years. In June, this was due to 10 days system downtime while a new software system was introduced. The backlog of tasks incurred while the system was down continued to have an impact on the percentage of tasks cleared within target through the remainder of the year, reducing to 95% in December due to the impact of the Christmas break and staff sickness.

To give an indication of volumes of work over the period 1 December to 31 December 2012, the pensions team processed 16 redundancy quotes, 18 retirements, cleared 190 queries and processed 45 bank changes for pensioners.

Resource implications

The Pensions Administration Team is funded by the Pension Fund.

Legal implications

It is a statutory obligation for the county council to provide a pensions service on behalf of scheme employers.

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Agenda Item 7

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Agenda Item 8

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

