

Minutes

PENSION FUND CONSULTATIVE GROUP

MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON WEDNESDAY 19 MARCH 2014, IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 10.01 AM AND CONCLUDING AT 11.00 AM.

MEMBERS PRESENT

Mr S Cox, Pensioner Representative
Ms C Daltry, People and Policy Representative
Mr R Bowman, Employee Representative
Ms T Pearce, Chiltern District Council Representative
Ms J Edwards, BCC Finance Representative
Mr P Dearden, Unison Representative
Mr R Scott, Buckinghamshire County Council

OFFICERS PRESENT

Mr C Thompson, Principal Pensions Officer (Systems and TPP)
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 Peter Hardy, Liz Turvey and Ian Thompson.

Peter Dearden has replaced Robert Walter as the Unison representative on the Pension Fund Consultative Group.

County Councillor Richard Scott (Vice-Chairman of the Pension Fund Committee) chaired the meeting.

2. MINUTES

The minutes of the meeting held on Wednesday 9 October 2013 were agreed as a correct record.

3. PENSION ADMINISTRATION STRATEGY

The Principal Pensions Officer explained that the Bucks County Council Pension Fund originally implemented a Pension Administration Strategy in June 2010. She made the following main points during her presentation.

- The Strategy, along with the Service Level Agreement (SLA), has been revised in light of the changes coming into effect on 1 April 2014 and will be issued to all Scheme employers. It highlights the procedures for liaison and communication and establishes levels of performance which both the administering authority and Scheme employers are expected to achieve.
- Historically there have been some difficulties where a Scheme employer has an outsourced payroll provider who is not providing information in line with the timescales set out in the SLA. The Strategy permits any additional administration costs to be charged to an employer regardless of whether they have signed the SLA.
- The Strategy is key to improving quality of member data held. Where all necessary support has been given to a Scheme employer and the level of performance has not improved to an acceptable standard, the Scheme employer will be charged in accordance with the Charging Schedule.
- Employees who are eligible for LGPS membership can elect to pay half of the pension contribution due and receive half of the benefit (1/98th). The Employer of a member electing for the 50/50 section is required to give the member information about the effect on that member's likely benefit as a result of that election. There will be a factsheet available for employers on the 50/50 membership.
- From 1 April 2014, members can no longer elect to pay ARCs but may make an election to buy extra annual pension up to a maximum of £6,500 using an APC contract.
- Some members may have made an election prior to 1 April 2014 to buy added years via payment of additional contributions. There is a model on the LGPS website to assist with working out how much it would cost.
- A change in hours will require a re-assessment by BCC to the level of membership purchased/amount to be deducted.
- In terms of maternity, paternity and adoption leave, the member should elect within 30 days of their return if they want to buy back the period of authorised unpaid leave. If they do so, the cost of the APC is split between the member and the employer, with the member paying 1/3rd of the cost and the employer paying 2/3^{rds} of the cost.
- If a member wishes to buy back the pension 'lost' in respect of strike action, they can do so via an APC contract. Contributions are no longer assessed as 16% of pensionable pay.
- A member can elect to retire at any age between 55 and their Normal Pension Age (NPA) and claim their pension benefits.
- The 85 year rule does not automatically apply but the employer can "switch" the 85 year rule back on for pre 1 April 2014 benefits.
- When benefits are paid earlier than normal, there may be a cost to the BCC Pension Fund. If an Employer decides to retire someone early (other than on ill health grounds or in some flexible retirement cases) they will be required to pay a contribution to meet the cost of the strain on the Fund. The Accounting Standards have changed and the Employer will now be sent an invoice immediately after the retirement has been processed for the full amount of pension strain due. This reduces the level of risk for the Employer.
- Annual Benefit Statements will be sent to all Scheme employers by 5 October

2014 and by 31 August in each subsequent year for circulating to Scheme members.

- The forms have been updated to reflect the changes outlined above.

During discussion, Members asked the following questions.

- **Does the 50/50 section affect an employee's death in service benefit?** The officer responded by saying that it does not affect this and the benefit remains the same. She went on to say that the pensionable pay definition has been updated and now includes flexible pay. Up until April 2014, pensionable pay excludes overtime pay but from April 2014 onwards, overtime pay will be included.
- **A member asked where all the employee information is held.** The officer explained that the information is held on the individual employer payroll system.
- **Are there penalties in place for Employer's who do not adhere to the timelines?** The officer responded by saying that if an Employer does not have a Discretionary policy, then the team will not process the information. The SLA also includes a charging strategy for Employer's who are constantly being chased for their information. This has not been enforced to date but will be from now on.
- **Why has the date for circulating the Annual Benefit Statements been changed to October?** The officer said that this date has been set out in the LGPS regulations and all scheme members are notified of their tax allowance on their annual benefit statement.

The officer concluded by saying that from April 2015, the Pensions Regulator will become more involved in the process and will ask the administering authority how many annual benefit statements it has issued and will then fine Employers who have not issued benefit statements.

The Chairman thanked the officer for her presentation.

4. PENSIONS ADMINISTRATION PERFORMANCE

The Principal Pensions officer referred members to his report and made the following main points.

- The Pensions Administration team have a customer charter outlining their commitment to turning work around within certain timescales. All post and requests for information are logged daily and reported on a monthly basis to monitor the percentage of work that is not completed.
- In November 2013, the Pensions team were notified of 64 new retirements from active status, with 112 new payroll records created.
- The pensioner payroll now numbers 16,000 plus with a total monthly value of £6m when taking into account regular monthly payments and one-off payments such as retirement lump sums, transfer values and death grants.
- In November 2013, 251 new queries were received from scheme members, deferred pensioners and pensioners and the Employer Liaison Team dealt with approximately 700 year end queries.
- The team also dealt with queries arising from the valuation data raised by the Actuary.
- At present, the number of retirements the team are dealing with are exceptionally high and this is a priority as pensions need to be paid in a timely manner.
- There have been some technical glitches with the software suppliers so the roll-

out of the Employer and Member Self Service has been slightly delayed but work is currently being undertaken to resolve the problems.

During discussion, Members asked the following questions.

- **Do you think the resourcing levels are right within the team?** The Assistant Service Director of Finance explained that resourcing is continually under review. The nature of the work is shifting and there has been an increase in the number of Admission Agreements as a result of outsourcing. Additional resources will be put in place as and when required. He explained that it is a fine balance between keeping the costs down whilst still being able to produce the work. The officer added that there are three new pensions officers who are currently receiving their training but they cannot support the retirement team just yet.
- **How frequently is the CIFFA benchmarking report published?** The officer responded by saying that the data is submitted to CIFFA in July and the report is published in the Autumn. It will be on the agenda for the PFCG's October meeting. The Assistant Service Director of Finance went on to say that the CIFFA statistics do not accurately reflect employer information.
- **A member suggested that the CIFFA report could be included in the papers for all the PFCG's meetings.**

The Assistant Service Director of Finance concluded by saying that if Employers can submit their information on time then it will help the team enormously and assist them in managing their workloads more effectively.

5. 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)

6. CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on Wednesday 9 October 2013 were agreed as a correct record.

7. FUND MANAGERS' PERFORMANCE

The Pensions & Investments Manager took Members through her report.

8. DATE OF NEXT MEETING

The next meeting is due to take place on Wednesday 8 October 2014 at 10am.

CHAIRMAN