

your
pension
service

LANCASHIRE COUNTY PENSION FUND

Annual Administration Report 2017



Administered by



1. INTRODUCTION

Purpose

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services to Lancashire County Pension Fund. The report describes the performance of Your Pension Service (YPS) against the standards set out in the SLA during the period 1 April 2016 to 31 March 2017.

Annual Plan – 2016/17



Due



Completed

Event	Responsibility Your Pension Service (YPS)											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Application of Pension Increases												
Issue Annual Benefit Statement to Active Members												
Issue Annual Benefit Statement to Def Members												
Issue P60s and Newsletter to Pensioners												
Issue Newsletter to Active Members												
Complete HMRC Scheme Returns												
Provide FRS17 data												

2. PERFORMANCE

EPIC Update

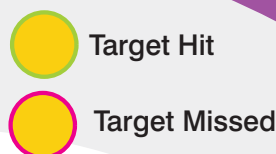
Since 1 April 2014 employers have been submitting monthly files to Your Pension Service, which replace many of the forms that they used to complete, and enable YPS to accurately post and reconcile contributions and pensionable pay to individual member records.

YPS use an internally designed system called "EPIC" to do this. EPIC has helped YPS to ensure that active member data is accurate and up to date, and that every member receives their correct pension pot entitlement.

It is also important to have up to date and accurate data in order to properly assess the liabilities of the Fund.

Almost 90% of employers submit monthly files on time. Employers who fail to submit by the deadline are contacted initially with the offer of support and training. Repeated failure to meet the deadline for submission of monthly files is escalated within the employer organisation.

Performance Standards



Service Level Agreements

During the reporting period 25,563 individual calculations/enquiries were completed, of which 24,807 met the performance standard; an overall performance of 97% was achieved.

LGPS

Performance Standard



3. MEMBERSHIP

Fund membership

Lancashire County Pension Fund	31/03/16	31/03/17
Number of active scheme members		
County Council	27,106	26,416
Other employers	29,223	29,499
Total	56,329	55,915
Number of pensioners		
County Council	22,414	23,141
Other employers	22,093	23,012
Total	44,507	46,153
Number of deferred pensioners		
County Council	33,253	34,668
Other employers	28,377	30,573
Total	61,630	65,241
Total membership	162,466	167,309

As at 31 March there were 4,592 pending leavers

4. CUSTOMER SERVICE

Retirement Experience

Elapsed time from retirement to first pension payment.

Average 45 days
to payment
of pension
(54 Days in 2015/16)

2,527 new
pensioners

Compliments/Complaints



During the period the service received 29 compliments and they related to the Good Customer Service provided by the staff within Your Pension Service.

Almost all the complaints were from members relating to the late payment of pension and time taken to process pensions. We are currently working with employers to assist them in providing more timely/accurate information.

Telephone helpdesk

A dedicated helpdesk, AskPensions provides the first point of contact for members and employers. The helpdesk has a target to answer 90% of calls offered. Between 1 April 2016 and 31 March 2017, 60,255 calls were received and 88% of them were answered. Additional resources are now in place to address the dip in performance.

The service also received and responded to over 30,000 emails as at 31 March 2017.

5. FIRST STAGE APPEALS

Members who disagree with decisions taken by their employer or administering authority may appeal using the Internal Dispute Resolution Procedure (IDRP) under the LGPS rules. The IDRP is a formal appeal procedure which contains two stages. The first stage allows the person to ask the body who originally made the decision to review it, i.e. either the employer or the administering authority. The second stage allows the person, if they are not satisfied with the outcome at the first stage, to ask the Appeals Officer at the administering authority to review the disagreement.

The appeals in the main related to ill health and late transfers.

Period 01/04/2016 - 31/03/2017



6. EMPLOYER RISK

Employer Risk Team - Admissions and Exits

The team manages the admissions and exits process for the Fund, with significant volumes of activity in the year:

Admissions and Exits 2016/17	Admissions	Exits
In progress at beginning of year	21	44
New cases to be processed	49	13
Cases completed	58	27
In progress at end of year	12	30

Good progress has been made in reducing the number of in progress admissions and terminations, with processes becoming more streamlined following a change in Fund policy.

The bulk of new admissions result from scheme employers, largely academies, contracting out services to contractors; when this occurs transferring staff have a right to retain membership of the LGPS, so the contractor is then admitted to the Fund.

The bulk of exits relate to contractors whose contract (to provide services to scheme employers) has expired, and affected staff either transfer to a new contractor or back to the original scheme employer. Other exits occur, for example due to consolidation between employers, or where previously admitted employers choose to leave the LGPS.

From June 2016 a fee, payable to the Fund, has been applied for new admissions.

Risk Assessment and Covenant

Funds within the LGPS are required to regularly assess the risk presented to them by employers, to ensure that all monies due to funds are paid.

The team manages the covenant and risk assessment process, and has completed assessments for the majority of higher risk employers, by looking back at three years' historic financial information and engaging with employers. These risk assessments have been linked to the March 2016 Fund valuation process, which determines how much employers must pay to the Fund over the next triennial cycle. As a result of the team's efforts, ongoing risk to the Fund has been reduced.

The team has developed an assessment methodology which is rigorous and consistent, but which places a minimal burden on employers in complying with the risk assessment process.

7. COMMUNICATIONS

The Team

Communications are delivered by the Partnerships Team - a manager and three client liaison officers. They are the link between Your Pension Service scheme members and employers.

Employers

The Partnerships Team visits employers (with more than 100 active members) on an annual basis in order to maintain relationships, update employers of any change affecting them and to address any issues that may have arisen during the year. 32 visits have been carried out across Lancashire over the year to date. The annual employer visits are extremely popular, they give the scheme employer an opportunity to build and maintain excellent working relationships.

The annual practitioners conference was held on 21 October at Woodlands Conference centre in Chorley. This year the conference concentrated on better ways of working with employers and helping them with key processes including use of the employer services online facility.

The day included a presentation from Pensionwise and an update on the new regulations.

Employees/Scheme Members

Pension surgeries are hosted throughout the county on an annual basis from October through to March. The sessions help members to understand their annual benefit statements, although any member can attend so that their queries can be dealt with face to face. 14 surgeries have been held across Lancashire since October 2016.

Drop in sessions are hosted during the year where members (including pensioners) can be helped through the process of registering to use the online self-service portal. Four drop in sessions have been held over the year.

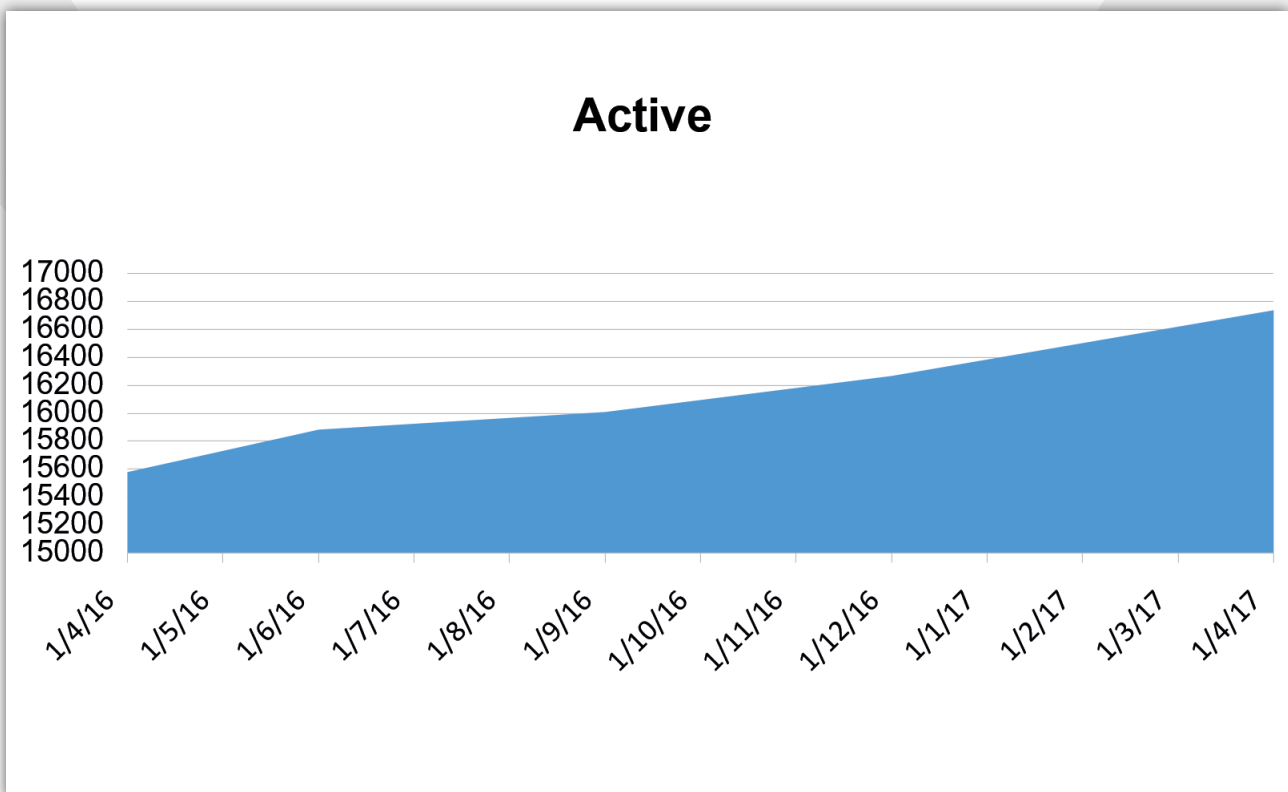
It is worth noting that the Fund was represented at 29 pre-retirements courses throughout Lancashire this year.

8. MY PENSION ONLINE (MPO)

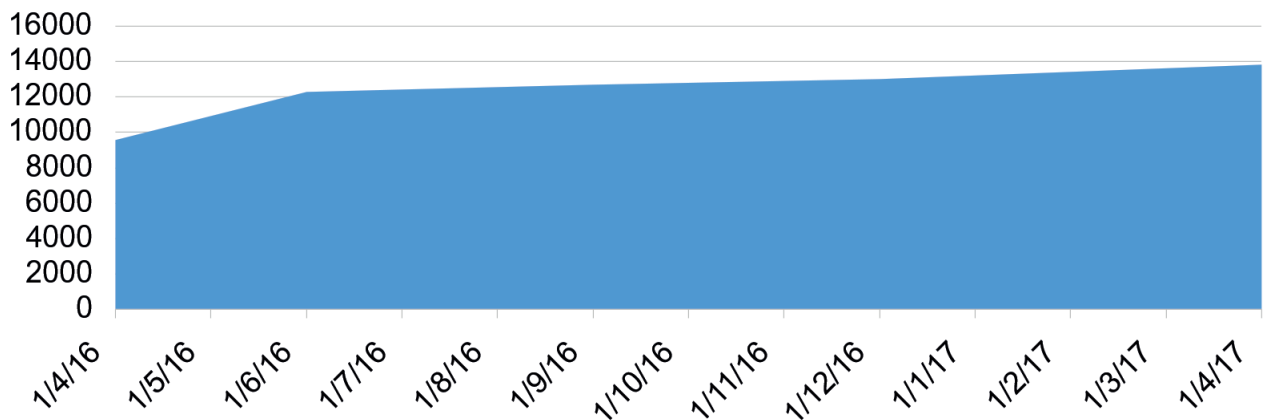
My Pension Online is an online facility that was developed in 2012 and launched comprehensively throughout 2013. Through 'My Pension Online' members can view their details and also securely update any changes in contact details. As well as this, members can run various pension estimates assisting with planning for retirement. Members can also view their annual benefit statement via My Pension Online. Other benefits of the system include: allowing members to view their nominated beneficiaries; access a host of forms and guides and also allows Your Pension Service to communicate with registered members via email. Currently over 47,700 members are registered online.

At every opportunity The Partnerships Team promote 'My Pension Online' always encouraging members to sign up online. The team includes the benefits of 'My Pension Online' in all presentations. Throughout the period the team continued to deliver "drop in sessions" where members sign up and are shown how to navigate the system, these continue to be held throughout the county.

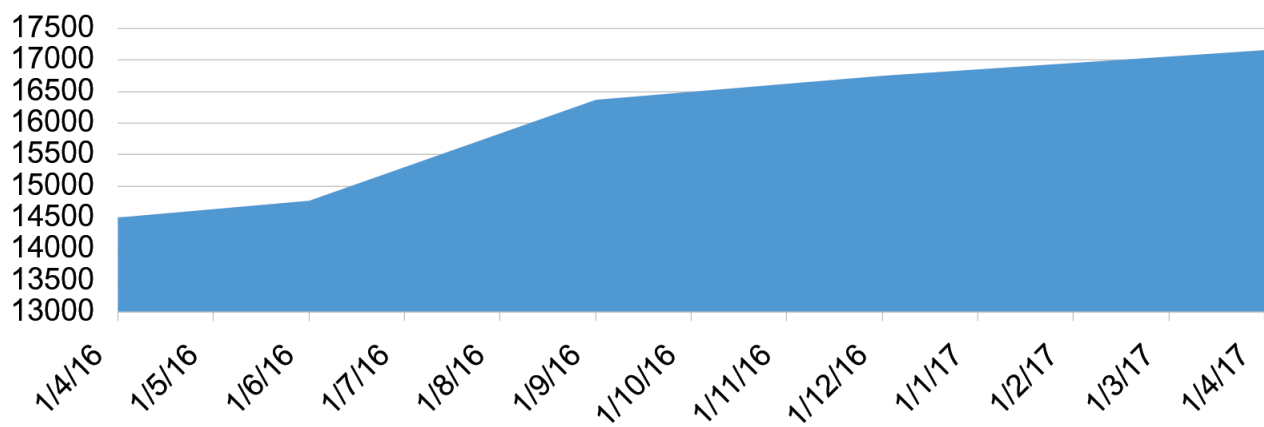
Below is a summary of how membership of 'My Pension Online' has grown throughout the period.



Deferred



Pensioners / spouses



9. LEGISLATIVE CHANGE

Another interesting year has passed, although compared to recent years we have seen very little change. There were however, a number of proposals suggested throughout the year which could have significant impact in the world of pensions for the future.

Changes that took effect in the year

- At the Spring Budget 2017, the government introduced a new tax charge when a member transfers their pension benefits to an overseas pension scheme. The charge applies to transfers requested on or after 9 March 2017. Some members will be exempt from the charge, for instance, whether the member is living in the same country in which the overseas pension scheme is based.
- The Government Actuary's Department (GAD) amended the majority of the factors we use to process pensions. This includes the factors we use to calculate the reduction to pensions drawn early and the increase to pensions drawn late.
- The government reduced the Lifetime Allowance (LTA) from £1.25 million to £1 million and the Annual Allowance for high earners and members who expect the value of their savings to exceed £1 million can apply for protection against the LTA reduction.

Proposals

- The Government announced proposed reforms to the rules covering public sector exit payments, for example, introducing a cap of £95,000. The proposals will have an impact on the Scheme, particularly the level of pension benefits we will pay to certain persons upon redundancy. We await further information from the government.
- In May 2016, the government launched a consultation on amendments to the Scheme's rules. These included:
 - offering members more freedom and choice as to when and how they may draw their additional voluntary contributions (AVC) fund;
 - allowing members aged between 55 and 60 who left before 1 April 2014 to draw their deferred benefits at a reduced rate without needing their former employer's consent;
 - changing the rules about what pension arrangements must be offered to LGPS employees whose employment is compulsorily transferred to a new employer.
- Certain members will have a pension that contains a Guaranteed Minimum Pension (GMP) element. In November 2016, the government launched a consultation in respect of members who attain their SPA on after 6 December 2018. The consultation considers whether the element should be fully inflation proofed and, if so, how this should be done. We are currently waiting for the government to respond to the consultation.