

your
pension
service

LANCASHIRE COUNTY PENSION FUND

Annual Performance Report 2012/13



1. INTRODUCTION

a) Purpose

This annual 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 the Pension Service against the standards set out in the SLA during the year.

The report also explains the activities and events undertaken by the Pension Service over the reporting year.

b) Review of the Year

2012 has been another year of change within the service. The biggest development was the launch of the member self service function "my pension online". This development allows scheme members to access their pension records online. This service will become our primary method of communication with scheme members in the future.

During the year the service also launched the 'I'm In' communications campaign to coincide with the County Councils auto enrolment date of 1 January 2013. The campaign was designed to promote the benefits of the Local Government Pension Scheme and to encourage staff to stay in the scheme following auto enrolment. The campaign resulted in an increase in LCC's membership of 7% against a target of 5%. The opt out rate was 37% against a target of 50%. This means that 63% of staff who were auto enrolled on 1 January 2013 chose to stay in the scheme; working and saving for their retirement.

The service was also delighted to be shortlisted, together with Cumbria County Council, as a finalist in the Shared Services category at this year's Municipal Journal Achievement Awards. These awards recognize the best work of local government. An Awards evening will be held on 20 June 2013 to announce the winners.

Annual Plan – 2012/13

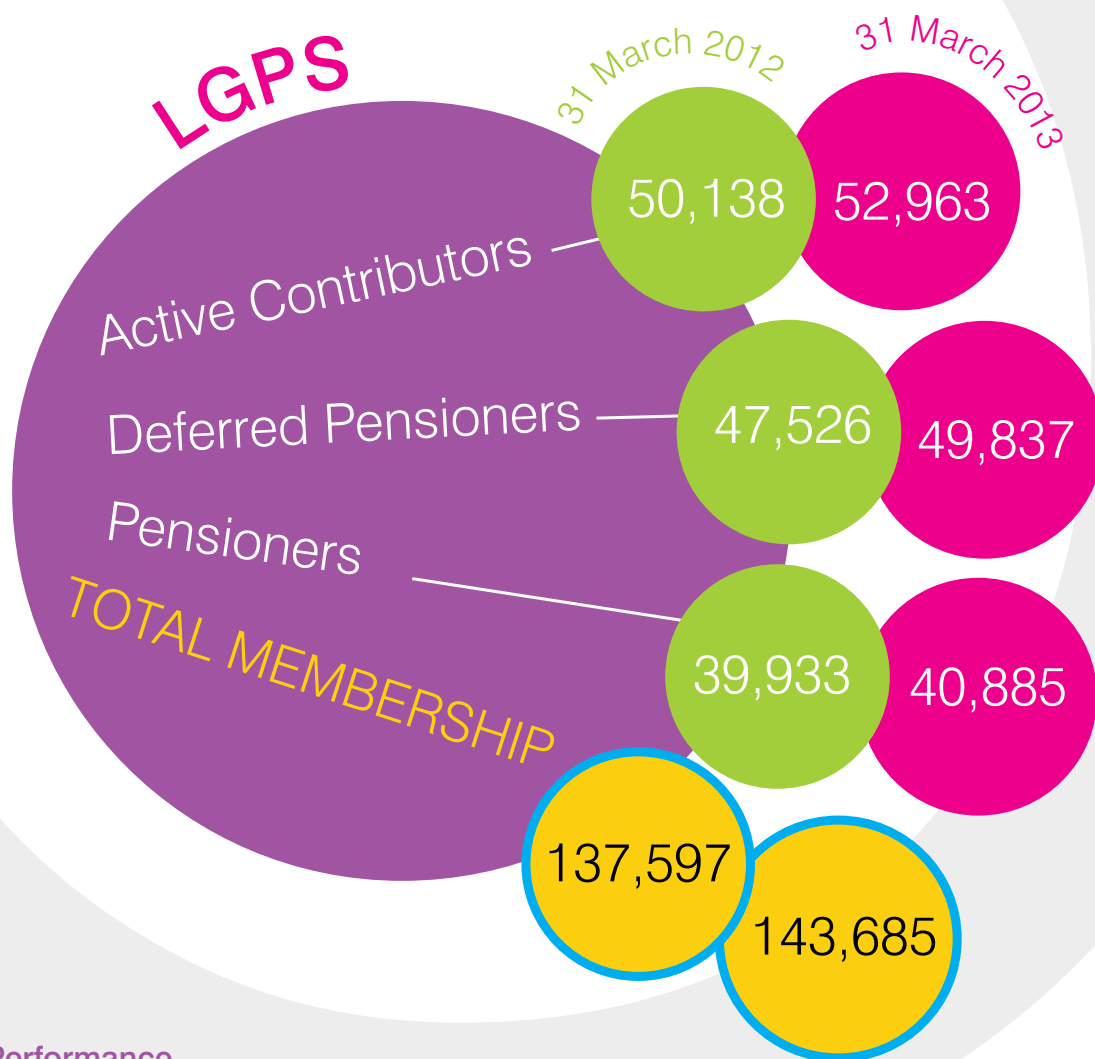
● Due ● Completed

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

2. PERFORMANCE

a) Membership

Membership of the fund has increased overall by 5% over the year.



b) Caseload & Performance

Performance continues to meet, and in some cases exceed, the SLA targets set. The service continues to meet its key performance indicator; 'to calculate and pay all retirement benefits within 10 working days'. At the beginning of 2013 the service was restructured and as a result dedicated client teams were created to deliver more efficient customer focussed services. A Performance Manager was appointed to ensure that SLA targets are met. The overall achievement against SLA targets over the year is 96%.

c) Annual Benefit Statements

Over the year the service has produced 102,000 benefit statements online for scheme members in accordance with a rolling programme. Over 49,000 deferred scheme members received statements during May 2012 whilst almost 53,000 active scheme members received their benefit statements towards the end of 2012.

During the reporting period 59,226 individual calculations/enquires were completed, of which 56,497 met the performance standard; an overall performance of 96% was achieved.

LGPS

Performance Standard

Estimate benefits within 10 working days



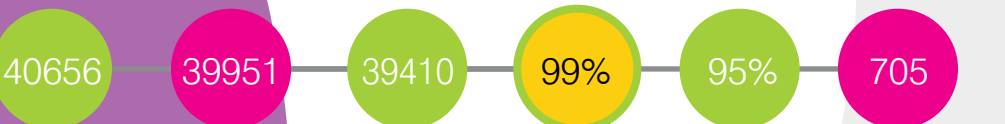
Payment of retirement benefits within 10 working days



Payment of death benefits within 10 working days



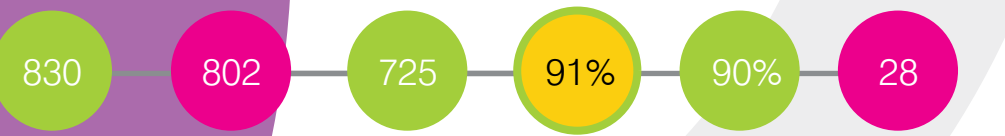
Implement change in pensioner circumstance by payment due date



Respond to general correspondence within 10 working days of receipt



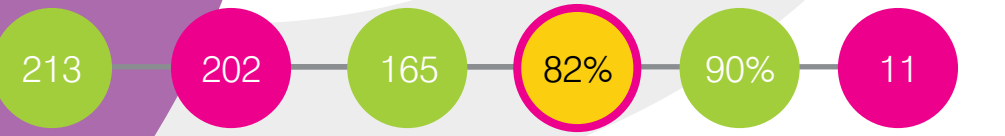
Action transfers out within 10 working days



Action transfers In within 10 working days



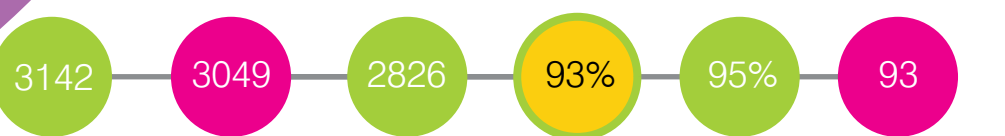
Pay Refunds within 10 working days



Provide leaver statement within 10 days



Amend personal records within 10 working days



3. CUSTOMER SERVICE & EMPLOYER LIAISON

a) Connect2Pensions

Connect2Pensions is a dedicated pension's helpdesk facility and is the first point of contact for both scheme members and employers. Over the year 93.5% of calls were successfully answered against a target of 90%.

b) Training Courses for Scheme Members & Employers

During the year the following training courses and presentations were delivered:

- Scheme information was presented at 16 pre retirement courses.
- A number of promotional events were attended at the request of the employer. Scheme information was available and the team delivered presentations and responded to general member enquiries relating to the membership of the pension scheme.
- At the request of employers 4 bespoke training events were delivered and a further 4 academy training visits were undertaken.
- Each year, following the issue of Annual benefit statements, a series of 'pension surgeries' are arranged at locations throughout the county. This year 11 events took place with over 500 members attending.
- Financial planning "drop in" sessions were held at 7 locations within Lancashire to support the auto enrolment campaign and promote the scheme to non members. Over 100 individuals attended.

c) Communication with Scheme Members

'Scheme Talk', the annual newsletter for active members, was sent promoting "my pension" online as a way to access their annual benefit statements. This was issued September 2012.

d) Annual Conferences

Our annual employer conference was held at Woodlands on 27th September 2012. Topics covered included auto enrolment, future developments within the Service and the 2014 scheme changes so far. Over 120 delegates attended on the day. In addition, a briefing for Chief Finance Officers and Directors was held at County Hall on 4th December 2012. The Fund Actuary attended to present current funding issues. Over 50 delegates attended.

e) Scheme Promotion

The "I'm in" communications campaign was undertaken to promote the Scheme in advance of Lancashire County Councils auto enrolment go live date of 1 January 2013. The aim of this campaign was to educate and raise awareness of scheme benefits to discourage opt outs and to increase scheme membership. The scope also included staff not captured by auto enrolment to encourage them to join. The campaign included posters and leaflets, letters to home addresses and online live 'Q and A' sessions. Drop in awareness sessions were also held throughout Lancashire to support the campaign. Lancashire's Chief Executive was a high profile sponsor of the campaign, raising staff awareness of auto-enrolment. The campaign resulted in an increase in LCC's membership of 7% against a target of 5%. The opt out rate was 37% against a target of 50%. This means that 63% of staff who were auto enrolled on 1 January 2013 chose to stay in the scheme; working and saving for their retirement.

4. LEGISLATIVE CHANGE

a) Public Sector Pension Reform - LGPS 2014

A Statutory Consultation started on 21 December 2012 on new benefit regulations for the Local Government Pension Scheme (LGPS) from 1 April 2014.

A number of further consultations have followed with the intention of having a new LGPS in place by 1 April 2014. This new Scheme will reflect the provisions of the Public Service Pensions Bill which having worked its way through Parliament reached Royal Assent on 25 April 2013.

The main provisions of the new LGPS 2014 are:

- The Scheme will be a Career Average Re-valued Earnings (CARE) Scheme with an accrual rate of 1/49th.
- The Scheme will be re-valued in line with Consumer Price Index (CPI).
- Pay will include non-contractual overtime and for part time staff pay will include additional hours.
- Flexibility in contributions will mean an optional arrangement allowing 50% of main

benefits to be accrued by paying a 50% contribution rate.

- Normal Pension age will be the same as the individual member's State Pension Age (minimum 65).

The next step of the ongoing statutory consultation process is to ensure that the regulations covering the protections for current scheme members (known as the transitional regulations) are in place. These regulations describe how the move from current to new rules take place and set the foundations for protections. In particular protections will include a final salary link and protected retirement age for benefits built up to March 2014.

Over the forthcoming year the Service will be putting together a comprehensive communications plan in order to keep scheme members informed of these changes. The Service will also work closely with its systems supplier to ensure that the pension's administration system is compliant with the new regulations.

5. APPEALS

Under the terms of the Local Government Pension Scheme appeals from members are dealt with under the Internal Dispute Resolution Procedure (IDRP) which applies to members of the LGPS whose position may be affected by decisions taken by their employer, former employer or LGPS administering authority.

The IDRP is a formal procedure for individuals to appeal about their treatment under the LGPS regulations. The arrangements in place allow for a 2 stage appeal process. Responsibility for determinations under the first stage of the procedure can rest with the employing authority or administering authority depending on the reason for appeal.

Responsibility for determinations under the second stage of the procedure rests solely with the Administering Authority and for Lancashire the Appeals officer position has been designated to the Deputy County Treasurer.

During the year, 22 stage 2 appeals were received. 16 of these cases related to disputes concerning the award of ill health benefits either because benefits had not been granted or a dispute concerning the level of ill health awarded.

Of the 22 cases received 11 have been dismissed, 1 has been upheld and 10 are currently on-going.

6. e-DEVELOPMENT

a) Member self service “My Pension online”

The service launched an innovative interactive self service function for scheme members. This development allows members to access their pension records online, including payslips for pensioner members and benefit statements for active and deferred members. The service aims to use this online facility as its primary means of communication in the future. A promotional campaign is planned for 2013 to

encourage Scheme members to register for this service.

b) Future Developments

The service has agreed a project plan of future developments. One of these developments is to launch the Employer online facility to Fund employers. This service will enable employers to view scheme member records for their organisation, complete basic tasks and process estimates electronically.

7. CHARGES

Your Pension Service makes a charge to the Pension Fund on a per member basis which is restricted to the lower quartile as reported in national benchmarking returns. This charge is currently set at £21.50 per member as against a benchmark of £23. For 2012/13 the financial performance of the service across all the areas

of work which it undertakes has generated an exceptional underspend and in order not to overcharge the Fund the County Treasurer has reduced the charge on a one off basis to £19.37 per member generating a rebate of £0.300m to the Fund. The ongoing level of charge to the Fund will be kept under review.

