

your  
pension  
service

PENSION FUND COMMITTEE APPENDIX A

# LANCASHIRE COUNTY PENSION FUND

## Administration Report 2010/11



5 JULY 2011

# 1. INTRODUCTION

## a) Purpose

This annual administration report is produced in accordance with the Service Level Agreement (SLA) and in line with the Pension Fund Administration Sub-Committee Terms of Reference. The report describes the performance of Your Pension Service against the standards set out in the SLA during the year.

The SLA exists between Your Pension Service and the Pension Fund Committee for the provision of a range of pension administration services and support. This agreement has been in place since 31 October 1997.

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

## b) Review of the Year

The Service was delighted to be awarded 'Corporate Team of the Year' at Lancashire County Council's Pride Awards ceremony in July 2010. This prestigious corporate award recognises outstanding teamwork as well as best practice and an enthusiasm for change.

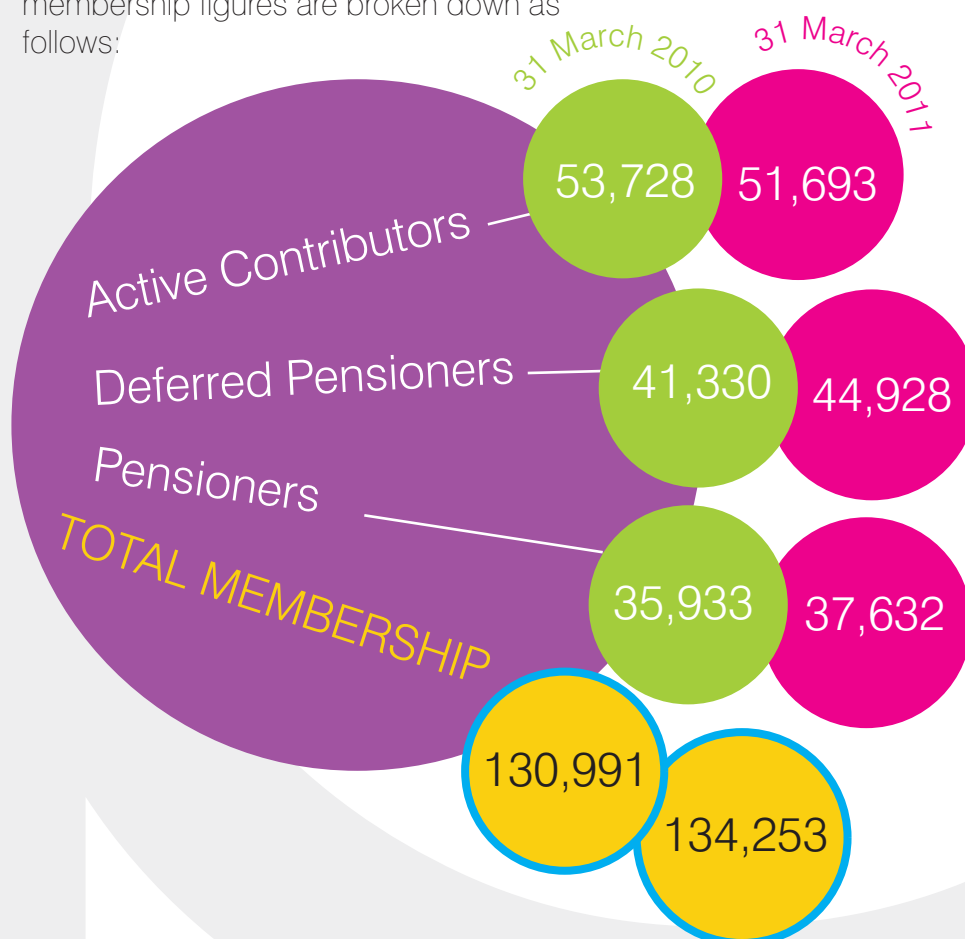
2010 has proved a challenging year. Our main focus has been to support a number of Fund employers, in particular Lancashire County Council, through extensive voluntary redundancy programmes, to provide benefit estimates to agreed timescales as well as processing actual retirements on time

At the beginning of 2011 the Service changed its name to 'Your Pension Service' to better reflect the diversity of our clients and customers which now includes the Cumbria Pension Fund.

## 2. PERFORMANCE

### a) Membership

Membership of the Pension Scheme increased from a total of 130,991 at the beginning of the year to 134,253 as at 31 March 2011. The membership figures are broken down as follows:



### b) Caseload & Performance

Caseload volumes have increased over the year. However, performance continues to be broadly in line with SLA targets and the Service continues to meet its key performance indicator; 'to calculate and pay all retirement benefits within 10 working days'. However, the service was unable to meet its performance target to provide benefit estimates within 10 days of request. This was due to the unprecedented levels of requests following

Lancashire County Council's VR initiative. 3,089 estimates were processed between September 2010 and March 2011, a 32% increase in volume compared to the previous year. The Service aims to ensure that resources are in place to meet current demand and that service levels return to normal levels in the first half of 2011.

a) Feedback  
Comparison of Caseload 2008 to 2011

	2007/08	2008/09	2009/10	2010/11
New Member set ups	8,698	8,448	7,186	6,286
Transfer In Quotations	2,571	1,262	1,407	1,805
Transfer In Payments	1,086	836	931	1,387
Issue of Leaver Statements	7,072	6,745	5,567	5,903
Transfer Out Quotations	955	1,046	1,044	1,367
Transfer Out Payments	648	409	501	537
General Correspondence	2,004	1,799	1,870	2,064
Member Changes	10,157	10,161	10,630	10,630
Estimate of Retirement Benefits	2,888	2,341	3,610	4,736
Pensioner Changes	5,560	6,589	5,631	4,695
Calculation of Retirement Benefits	2,063	1,799	2,173	2,652
Calculation of Death Benefits	1,241	1,257	1,242	1,857
New spouse/ dependant pensions	393	463	470	411
<b>TOTALS</b>	<b>45,336</b>	<b>43,155</b>	<b>42,262</b>	<b>44,330</b>

## Pensions Services SLA performance standards

Performance against SLA Targets 2008 - 2011

	TARGET	ACTUAL 2007/08	ACTUAL 2008/09	ACTUAL 2009/10	ACTUAL 2010/11
Payment of pensions on due date	100%	100%	100%	100%	100%
Production and distribution of annual P60s to pensioners by 31 May	100%	100%	100%	100%	100%
Implementation of annual cost of living pension increases on the due date	100%	100%	100%	100%	100%
Calculate and pay all retirement benefits within 10 working days of receipt of notification, or date of entitlement to benefit, whichever is later	90%	92%	95%	96%	91%
Respond to request for estimates of benefits within 10 working days following receipt of request	90%	93%	96%	94%	84%
Deal with transfers in/out of the Fund within 10 working days of receipt of documentation	90%	93%	94%	93%	91%
Implementation of pensioner and member changes by payment due date	95%	97%	96%	98%	95%
Respond to general correspondence within 10 working days	95%	93%	92%	90%	90%
Set up new starters to the Scheme within 10 days of receipt of notification	90%	98%	98%	99%	99%
Provide annual benefit statements to all active and deferred Scheme	100%	100%	100%	100%	100%

### c) Annual Benefit Statements

Over the year YPS has distributed more than 95,000 benefit statements to scheme members in accordance with a rolling programme. Deferred members received their benefit statements during May 2010. Active members received their benefit statements between September and December 2010.

## 3. CUSTOMER SERVICE

Customer focus continues to be a priority for YPS. A rolling programme of surveys is in place and this provides useful feedback on services provided by YPS. A recent retirement survey indicated that 90% of people retiring understood their pension statement and 99% of members who received the Retirement Guide found it useful (survey results are shown at the end of this report).

### b) Front Office

The Front Office provides a helpdesk facility and this is the first point of contact for members, employers and other visitors to YPS. This service has recently transferred to the County Council's Customer Service Centre. Over the year 92% of telephone calls were successfully answered, exceeding the YPS target of 90% of calls answered.

### c) Training Courses for Scheme Members

During the year the following training courses and presentations were delivered as follows:-

- YPS presented scheme information at 31 pre-retirement courses.

- A number of promotional events took place. Scheme information was available and the team responded to general enquiries relating to membership of the pension scheme.
- At the request of employers, 6 bespoke training events and 4 further presentations on the basics of the Local Government Pension Service (LGPS) and benefit structure took place.
- Each year, following the issue of Annual Benefit Statements, a series of 'pension surgeries' are arranged at locations across the county. This gives members the opportunity to discuss their statement. This year 16 events took place with over 600 members attending.

### d) Communication with Scheme Members

The regular annual newsletter for pensioners, 'Beacon', was sent in April 2010 along with P60's. 'Scheme Talk', the annual newsletter for active members, was sent with annual benefit statements towards the end of 2010.

## 4. EMPLOYER LIASION

### a) Annual Practitioner Conference

This year's conference was held at the Woodlands Conference Centre on 6 September 2010 and hot topics were scheme discretions and the future of LGPS. The fund's AVC provider, Prudential, also attended to support the promotion of AVCs across fund employers.

### c) Employer Support

As a result of various staff redundancy programmes additional pension surgeries have been held for staff at Burnley, Preston and Pendle. Following the outcome of the job evaluation exercise 11 surgeries were held for staff at Lancashire County Council.

### d) Directors Briefing

A Directors briefing for Chief Finance Officers and Directors was held on 14 December 2010. The briefing was held in order to communicate the results of the 2010 formal triennial actuarial valuation of the fund to employers. Further one to one meetings were held between the Actuary and individual employers during January in order to discuss these results and subsequent contribution rates. The Actuary's final report can be accessed via this link [www.yourpensionservice.org.uk/local\\_government/index.asp?siteid=5921&pageid=33736&e=e](http://www.yourpensionservice.org.uk/local_government/index.asp?siteid=5921&pageid=33736&e=e)



## 5. LEGISLATIVE CHANGE

### a) Hutton Report

Following an interim report in November 2010, Lord Hutton presented the Independent Public Service Pensions Commission's final report on public sector health reform on 10 March 2011. The Government has accepted Lord Hutton's report and the process of consultation and reform will take place over the course of this parliament with new regulations expected to be in place by 2014. In all Lord Hutton highlights 27 recommendations within the report, the main ones are highlighted below:-

- The Government should replace the final salary pension schemes with new career average schemes, moving over time to a common framework as far as possible.
- Existing members move to the new schemes for future accruals, maintaining the link to final salary for calculating the value of their pension rights accrued under the current schemes.
- Normal pension age be linked to the state pension age and rise over time accordingly, with the exception of the police, firefighters and armed services where this would rise to age 60.
- Ministers set a clear cost ceiling for the new schemes to limit employer contributions

to a percentage of pensionable pay with increases to employee contributions or reductions in benefits, being built into the design to keep future costs under control.

- Governance arrangements be enhanced with workforce representatives and minimum administration standards with a role for the Office of Budget Responsibility to report on the fiscal impact of public sector pension schemes.
- The LGPS to remain funded and the others not, and access to the schemes in future be restricted to public service workers.

In conclusion Lord Hutton states that it should be possible for public sector employees to continue to have access to good quality, sustainable and fairer defined benefit pension schemes that deliver decent retirement incomes, but that in order to do so there will need to be comprehensive reform.

### b) LGPS Regulations

On 30 September 2010 a number of amendments to the Local Government Pension Scheme regulations came in to effect. A lot of the changes covered technical clarifications. A summary of the main changes are set out below:



- Changes to the new 3 tiers of ill health retirement permitting a 3rd tier member to access their 'suspended' benefits before age 65 with an actuarial reduction.
- Scheme members' spouses and civil partners, who are awarded a share of LGPS retirement benefits in their divorce settlement, are now permitted to receive such benefits from age 60, rather than age 65, provided that appropriate actuarial reductions are made.
- Any new employees who join the scheme on or after 30 September 2010 who also have a deferred benefit(s) from an earlier LGPS employment(s) can now elect to

combine any of their previous membership periods with their current active employment, providing they elect within 12 months of first joining the scheme.

- Changes were introduced to enable Academy Trusts and City Technology Colleges to be treated as Scheme Employers in the Fund and dealt with the impact of the Academies Act 2010 to include new and converter academies.

A full commentary on legislative amendments over the year can be accessed via the YPS website.

[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

## 6. 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 12 appeals progressed to stage 2 of the IDRP. The specific areas of dispute are set out below: -

7 appeals related to ill health benefits  
 1 appeal related to a late transfer  
 1 related payment of refund of contributions  
 2 related to the repayment of overpaid benefits  
 1 related to a benefits estimate  
 In respect of these cases 3 were upheld in favour of the appellant, 7 were dismissed and 2 are currently on-going.

## 7. e-DEVELOPMENT

### a) Altair

Altair, a web-based system replaced AXISe as our pension administration system in August 2010. One of the benefits of Altair is that it contains a fully integrated pensions administration and payroll facility and this payroll facility has been implemented, initially for Cumbria pensions during February 2011, with Lancashire pensioners to follow from July 2011. The implementation of this integrated system will streamline the retirement process and going forward this will result in savings to the Fund through a significant reduction in duplication, effort and costs realised by using one integrated system.

### b) Website & e-forms

The Your Pension Service website has been completely revamped and can be found using the following link

[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

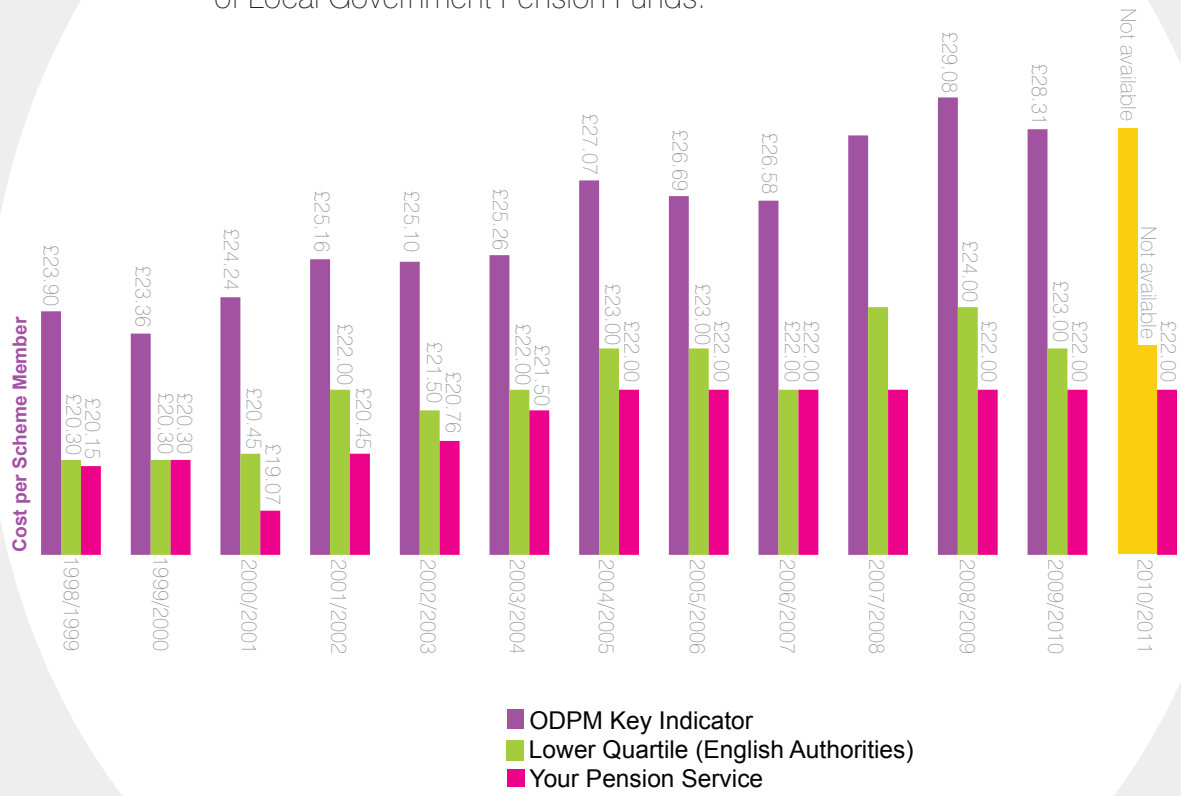
The website contains useful information and contact details as well as a dedicated area for scheme employers, who are encouraged to submit information electronically. There are now 91 employers using e-forms, with 420 individual administrators registered to use this facility via the website. Larger employers continue to send bulk data in spreadsheet format.

## 8. CHARGES

In line with the current SLA Your Pension Service charges an annual price per member and is committed to charging no more than the lower quartile price per member as produced by the Department of Local Government and Communities from their annual statistical survey of Local Government Pension Funds (SF3). This figure is £23 per member as shown in the latest published statistics for 2009/10.

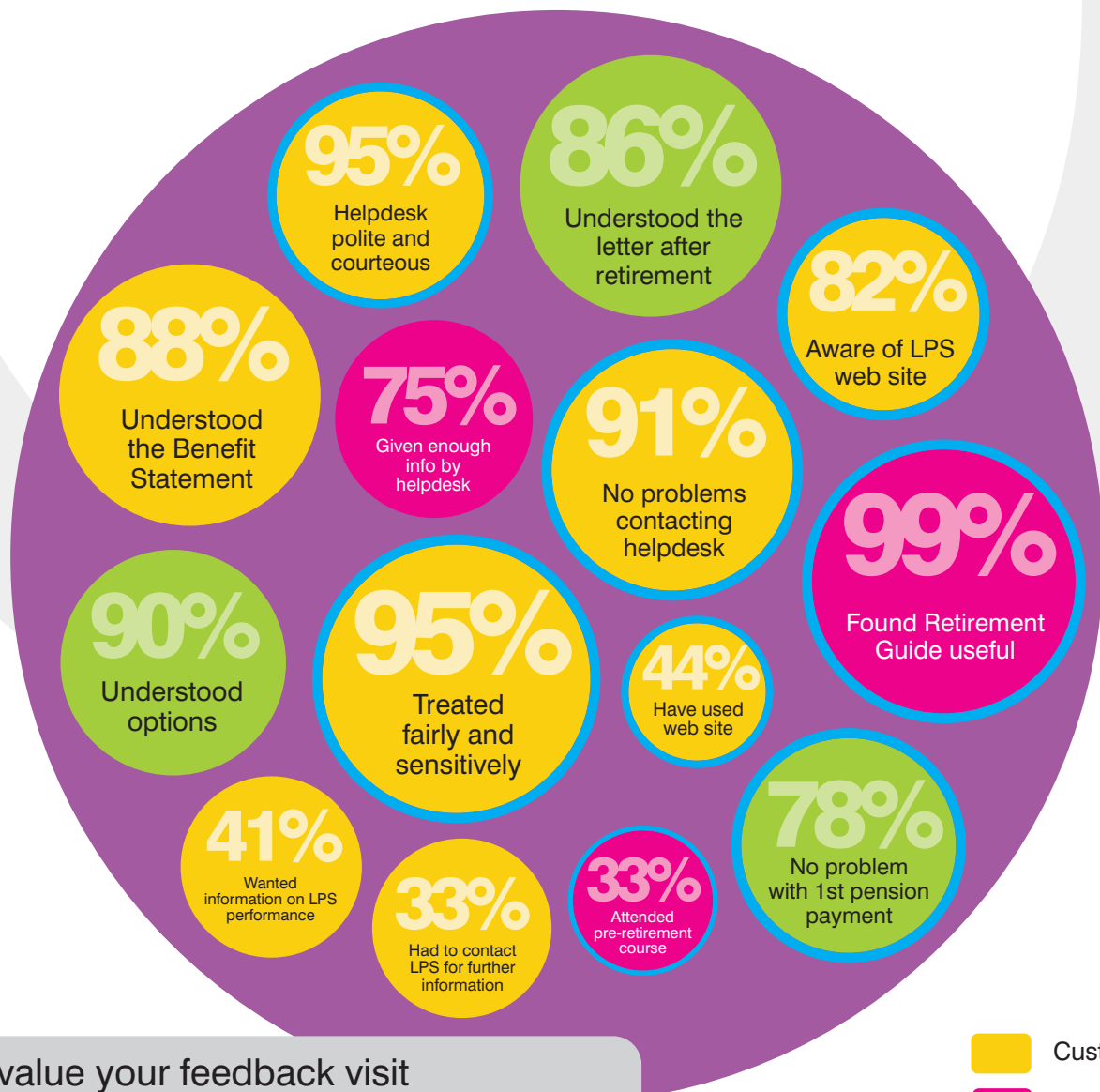
However, as a consequence of increased membership and continued efficiencies, the charge to the Fund for Your Pension Service has been successfully held at £22 per member or below since 2004/5 and for 2010/11 will continue to be £22 per member in line with previous years.

The graph below reflects this charging policy and shows that YPS has consistently charged less than the lower quartile cost of Local Government Pension Funds.



# YPS Retirement Survey Results

**Aim of Survey:** a) to obtain customers views of LPS performance during the retirement process  
b) identify areas for improvement



We value your feedback visit  
[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

- Customer Liaison
- Pre-retirement
- Payment of Pensions
- Improvement on previous year

Based on 44% responses of 500 retirees