

your
pension
service

LANCASHIRE COUNTY PENSION FUND

Annual Administration Report 2014



1. INTRODUCTION

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 Your Pension Service (YPS) against the standards set out in the SLA during the year.

Review of the Year

2013 has been a busy year of planning and preparation for the new LGPS2014. This began with a communication campaign to encourage members to make use of the Service's "My Pension Online" self service facility. This facility

will be a key communication channel in the future and has been used to communicate the 2014 Scheme changes.

LGPS2014 Roadshows were hosted at 27 locations across Lancashire. Approximately 3,000 Scheme members have attended these events. The Roadshow was also webcast to make it available to all members and has received over 3,800 hits to date.

Your Pension Service was delighted to be awarded the Quality of Service award at the Local Government Chronicle Investment Awards held in December. This award focuses upon the service provided to internal and external customers and on new developments that enhance quality in the delivery of financial services.

Annual Plan – 2013/14



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 type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

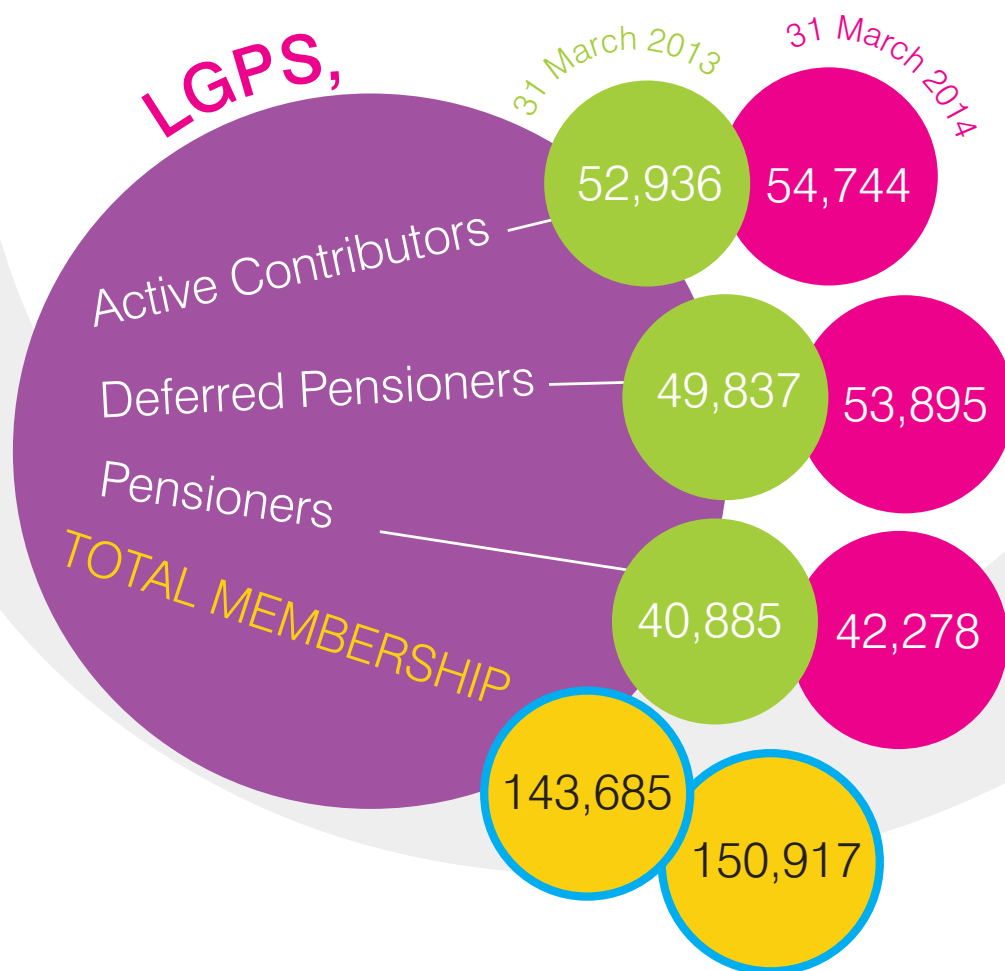
2. PERFORMANCE

Annual Benefit Statements

Over the year the service produced over 100,000 online benefit statements for active and deferred Scheme members. Annual newsletters were posted online alongside the statements. Email alerts were also sent to Scheme members who had signed up to "My Pension Online" to promote the Roadshows and raise awareness of the 2014 Scheme changes.

Membership

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



Performance

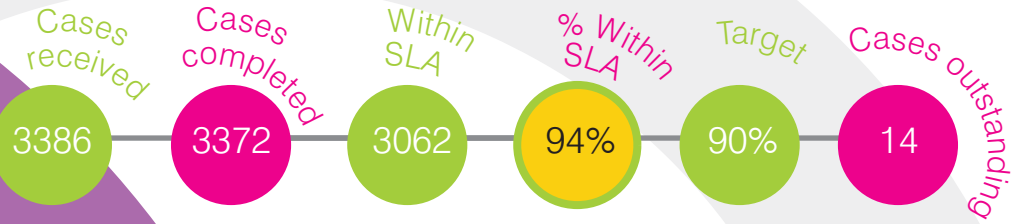
Performance continues to exceed SLA targets and the Service consistently exceeds its key performance indicator; 'to calculate and pay all retirement benefits within 10 working days'. Overall achievement against SLA targets over the year was 98%. The Service has experienced an unprecedented increase in workload since November 2013 and the launch of LCC's Budget Challenge exercise. More than 1,300 VR estimates were processed between November 2013 and March 2014.

During the reporting period 68,036 individual calculations/enquiries were completed, of which 66,945 met the performance standard; an overall performance of 98% 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



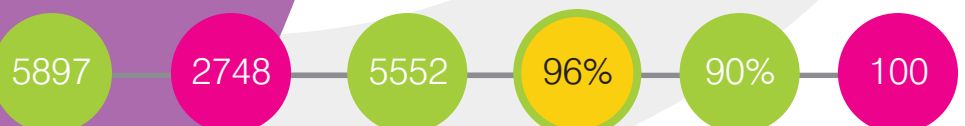
Action transfers In within 10 working days



Pay Refunds within 10 working days



Provide leaver statement within 10 days



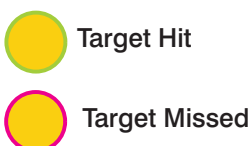
Amend personal records within 10 working days



VR Estimates



VR Payments



3. CUSTOMER SERVICE

Partnership Events

During the year the Service's dedicated Partnerships Team undertook a variety of events, courses and presentations. In addition the Team visited a number of employers to maintain and improve working relationships. Not surprisingly communication of the new LGPS2014 was top priority during the year and, as well as hosting Roadshows, the Team also hosted employer training events with payroll and HR practitioners from employers across Lancashire in attendance.

The Service's annual employer conference was held at Woodlands on 6th November. The main topic was of course the new LGPS2014. The event showcased the new way of working with employers and the monthly submitting of data via the new employer portal; EPIC. The annual Directors Brief for Chief Finance Officers was held in December. The Fund Actuary attended to report the initial results of

the 2013 triennial valuation. The briefing was followed up with one-to-one surgeries for employers to discuss the financial impact of the results upon their organisation.

AskPensions

A dedicated pension's helpdesk is the first point of contact for both Scheme members and employers. Over the year 90% of calls were successfully answered, meeting the SLA target. A dip in service was experienced at the beginning of the year due to the introduction of online P60s alongside the promotion of "My Pension Online". This led to a large increase in calls from pensioners. The Partnerships Team held 'Drop In' sessions at libraries across Lancashire in response to the increase in calls. Performance recovered significantly over the last quarter when 96% of calls were successfully answered.

4. LEGISLATIVE CHANGE

During the year significant legislative change encompassed the introduction of the new Local Government Pension Scheme with effect from 1 April 2014.

The Public Service Pensions Act received royal assent on 25 April 2013 setting out the new legal framework for public service pension schemes, including the LGPS. The Act reflects the recommendations made by the Independent Public Service Pension Commission chaired by Lord Hutton. After completing a statutory consultation in August 2013, legislation outlining the LGPS rules from 1 April 2014 was made to provide:

- a pension scheme design based on career average pay
- an accrual rate of 1/49th of pensionable pay
- revaluation of benefits in line with the CPI
- a Normal Pension Age equal to State Pension Age
- an average contribution rate of 6.5%
- a new low cost 50/50 option where half the contribution rate can be paid in return for half the benefits
- a vesting period of two years

Later in the year legislation was passed to remove access to the Scheme for new councillors from 1 April 2014. Existing councillor members as at 31 March 2014 will leave the Scheme at the end of their current fixed term of office.

5. 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 Officer for Lancashire County Council is the Deputy County Treasurer.

During the year, 7 second stage appeals were received, which mainly concerned the Scheme's ill health retirement provisions. The Appeals Officer has dismissed 4 and upheld 2 of these appeals with 1 currently ongoing.

6. e-DEVELOPMENT

EPIC

Your Pension Service has worked closely with BT Lancashire Services to develop a solution to meet the additional demands of the LGPS2014.

The solution will: -

- Record career average pay accurately for all scheme members
- Improve reconciliation of employee and employer contributions
- Ensure that all auto enrolled members are captured correctly
- Improve overall data quality within the Altair Pensions administration system
- Manage and monitor the receipt of employer returns more effectively on a monthly 'real time' basis.

The new Employer Payroll Information Collection "EPIC" system has been in developed to take data securely from employers and will enable YPS to regularly upload contributions and pensionable pay. The system will ensure that contributions and

career average pay reconcile with payments made, and are recorded on individual pension accounts accurately.

Support and guidance has been provided to employers. The first data collection files are due at the end of April 2014.

Employer Services

Employer Services is an online tool to allow employers to access their own employees' records. It enables them to check personal and financial data, and run benefit estimates without the need to contact YPS. The service was launched in December 2013.

The benefits of Employer Services include the mitigation of estimates requests, access to immediate benefit estimates and early retirement costs for employers, and an increase in employer interest and knowledge of pensions. Over the next few months Employer Services will continue to be promoted alongside EPIC.

Immediate Payments

Your Pension Service pays monthly pensions using the Altair payroll system. The payroll system also incorporates the facility to make ad hoc payments to members. This facility is currently being developed and is due to be launched at the end of May 2014.

Implementation of this facility will allow the quick and efficient payment of retirement lump sums, death grants, transfers and refunds out of the Fund. This new development will reduce costs as there will no longer be a need to use the Councils Accounts Payable service.

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 £23.00. The ongoing level of charge to the Fund will be kept under review.

