

PENSIONS COMMITTEE
27 APRIL 2016**ADMINISTERING AUTHORITY – ADMINISTRATION**
UPDATE

Recommendation

- 1. The Head of Human Resources and Organisational Development recommends that the general update from the Administering Authority be noted.**

Membership

2. The Administering Authority continues to provide support and process members through the cycle of current, deferred and pensioner. The current numbers are shown in Table 1 below:

Table 1

	2015	2016
Current Members	20,700	22,700
Deferred Members	16,800	18,800
Pensioner Members	16,200	16,400

The End of Contracting Out / Change to National Insurance Contributions (NICs) from 6 April 2016

3. LGPS members have been contributing towards the Basic State Pension and have been 'contracted out' of the Additional State Pension (known as SERPS or S2P) and have been receiving a rebate for this part of their NICs.
4. The Government has introduced a new 'single-tier' State Pension for people who reach State Pension age on or after 6 April 2016 which replaces the existing basic and additional State Pension.
5. From 6 April 2016 the LGPS is no longer contracted out. Members and employers will no longer receive the NI rebate and will see a rise in NI contributions of 1.4% for members and 3.4% for employers.
6. Contracted Out NI tables and categories have been replaced by new Standard NI tables and categories.

End of Year Requirements

7. The Administering Authority invited all employers to an End of Year Workshop on 22 February 2016. The presentation gave a detailed understanding of the End of Year process and timetable. The presentation outlined the responsibilities of the Employers and particularly in relation to need for the Administering Authority to receive accurate and timely information.
8. Employers have been requested to forward their End of Year returns to the Pension Fund by 30 April 2016.
9. The information requested will be used for calculating Member Benefits, Annual Benefit Statements and Annual Allowances.

Pension Fund Valuation 2016

10. Preparation for the 2016 Triennial Valuation is underway with the Administering Authority data cleansing its records before providing our Actuaries, Mercers, with our membership data.
11. The fund is keen to engage employers at the earliest stage about the valuation process and specifically the increasing number of academies which have converted and become individual employers in the Fund.
12. A presentation was delivered by Mercers at the Administration Forum held on 24 November 2015 (reported to Committee on 14 December 2015 – Minute no. 27 refers) and a further session, being delivered by Mercers, will take place on Monday 11 April and all employers have been invited. The Agenda will include:
 - a) Proposed actuarial valuation methodology – how the value of the liabilities will be calculated and which assumptions will be key;
 - b) Update on Committee discussions on Funding Strategy;
 - c) Approximate funding update of the Whole Fund;
 - d) What the updated position might mean in terms of deficit recovery strategy and therefore contributions;
 - e) What information we may require from you to help us understand any affordability constraints;
 - f) Timetable for the valuation process; and
 - g) Current Issues Update, including March 2016 Budget.
13. We will be undertaking the Pension Fund Valuation as at 31 March 2016.
14. The valuation outcome will set the individual employer's contribution rates for 2017/18, 2018/19 and 2019/20.
15. Accurate information must be provided and strict deadlines adhered to by both Employers and the Pension Fund.

Tell Us Once (TUO)

16. The Administering Authority has been working with the Department for Work and Pensions to bring the Pension Fund into their 'Tell Us Once' project.

17. The Administering Authority is in the process of sharing its national insurance data and then the system will be live – anticipated for May 2016.

18. Tell Us Once enables the Fund to be automatically notified of all deaths registered via the Registration Service. This reduces the number of letters and/or visits a grieving family has to undertake and means that we can process pension payments more efficiently.

Newsletters

19. The Administering Authority has prepared, in partnership with Staffordshire, Shropshire, Warwickshire, Cheshire, Oxfordshire, Cambridgeshire and Northamptonshire funds, and issued an Employer and Employee Newsletter. These are attached as an Appendix.

Member Self-Service (MSS)

20. Following research into a number of options available in the market, the Project Team have prepared an options paper for consideration by the Head of Human Resources and Organisational Development and the Chief Financial Officer.

21. It is planned for work to commence on MSS from May with a pilot being undertaken over summer.

22. Although experience from other Funds using member self-service has shown low up-take to start with the Administering Authority is keen to progress with this project to enable 24/7 to members to their records, with options to update certain information and access to pension estimates and Annual Benefit Statements.

New Employers Workshop

23. The Administering Authority has seen a steady increase in the number of employers in the Fund now standing at 156.

24. Predominantly these new employers are schools which have converted to academy status and the remainder are Admitted Bodies, for example, where fund employers have contracted out service to third party (private) external suppliers.

25. Following feedback from employers at the Administration Forum, the Administering Authority is currently developing a new workshop for these new employers.

26. The workshop will enable the Administering Authority to explain the roles and responsibilities of the Fund and the new employers, to share information about key activities which take place during the year and be an opportunity to meet key staff.

27. The first workshop is planned for Autumn 2016

Contact Points

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Supporting Information

- Appendix - Employer and Employee Newsletter

Background Papers

In the opinion of the proper officer (in this case the Head of Human Resources and Organisational Development) there are no background papers relating to the subject matter of this report.