

Public Document Pack

**MINUTES OF THE MEETING OF THE
LOCAL PENSION BOARD
Town Hall, Main Road, Romford
30 March 2017 (3.30 - 4.35 pm)**

Present:

David Holmes (Employer Representative)

Anne Giles (Scheme Member Representative)

Mark Holder (Scheme Member Representative)

All decisions were taken with no votes against.

Officer attendance: James Ahlberg, Anthony Clements

29 CHAIR'S ANNOUNCEMENTS

The Chairman gave details of the arrangements in case of fire or other event that might require the evacuation of the meeting room.

30 APOLOGIES FOR ABSENCE

Apologies were received from Justin Barrett. It was agreed that Mark Holder should chair the meeting on this occasion.

Apologies were also recorded from Debbie Ford, Pensions Accountant.

31 DISCLOSURE OF INTEREST

There were no disclosures of interest.

32 MINUTES OF THE MEETING

The minutes of the meeting held on 10 January 2017 were agreed as a correct record and signed by the Chairman.

Matters arising:

Minute 22: It was confirmed that a resource was now in place to assist with working through the backlog of pensions administration work.

Minute 23: The Annual Report of the Board had been presented to the Pensions Committee.

Minute 24: Officers would check the level of indemnity that the Board had and report back on this to the next meeting.

Minute 25: Noted that a Board member and officer had attended a recent meeting of the London CIV which had covered investment strategy.

Minute 27: Final changes to the TUPE manual had been put in place and an update would be given at the next meeting.

33 **PENSIONS ADMINISTRATION STRATEGY**

The strategy would assist by setting out the standards expected between the Council and employer members of the scheme. The strategy, which was reviewed regularly, was not mandatory but was enforceable.

It was hoped that e-initiatives introduced under the strategy would lead to better customer service for members. Employers who were late in submitting contributions would be chased by officers, although this would be done in consultation with the Board and the Pensions Committee. Discretion could however be used and it was hoped to build stronger relationships with employers over time.

E-initiatives included an on-line portal for employers to give notification of new starters etc. Monthly contributions could be submitted on-line and there was also the facility to upload estimate requests in bulk in the case of for example a large redundancy exercise.

It was aimed to sign up all scheme employers to the strategy by 1 April 2018. Expected benefits of the scheme were higher efficiency and improved communication with employers. Havering would be seen as a Lead Authority in this area and fewer complaints (from an already low number) were also expected. Reduced administration would also mean cost savings for the pensions team.

The case management system showed key performance indicators and service level agreements. The yourfund.org.uk website fed into the system and this allowed better management of the pensions caseload. All queries were logged and support was available 24:7. Both systems were already in use in Bexley and Newham and it was emphasised that this was separate from the systems available for staff.

The service level agreement with employers would generally be in a generic format. If payroll data was received late from Havering, this would be flagged as late in the same way as for other employers and the Council could be open to the same fines etc. under the strategy.

Officers added that the Government Actuaries Department had introduced changes to the split of how payments were made. Whilst this would not affect members, it would lead to some changes to how the pension scheme was reported.

The Government was likely to look at the affordability of the scheme over the next 1-2 years and then consult on any possible changes. No changes were therefore expected to be implemented until around 2020.

It was noted that the administration of the scheme was becoming a specialist job and the scheme had also become more complex for members. There were spreadsheets available on line that could give a rough idea of pension entitlements etc.

It was agreed that officers would continue to update the Board on the progress of the Pensions Administration Strategy.

34 **ON-LINE INFORMATION**

The Board considered a slightly amended version of the report for this item which is attached to the minutes for reference.

It was noted that the Membership Self Service (MSS) portal was now available and improvements were being made. The system was considered secure and cost in the region of £5,000 per annum plus VAT. Scheme members were able to use the on-line system to view records, benefit statements etc and update nomination forms. Payslips and P60s for pensioners could also be viewed.

There were approximately 11,000 scheme members who could access the system and around 1,000 people had now registered on-line. The portal would be promoted via benefits statements etc and people would have to opt out of the electronic system if they still wished to receive paper copies of statements. This would produce a saving in costs for printing and postage. It was expected that more people would sign up to the on-line system when the annual benefits statement was released.

The pensions team had received training on the portal and active members had been contacted in tranches of 2,000 each. It was possible that there could be small discrepancies with the payroll system and the roll out would be completed by summer 2017. Officers would keep the Board updated on progress.

MSS was also being promoted on the Council's website and via global e-mails to staff. E-mails had also been sent to deferred members. It was clarified that members could only amend non-financial details via the portal and could not update any data affecting the value of a pension.

It was accepted that members were often confused about the pension scheme but MSS could assist with this and allow members to be in control of their benefits. The amount of additional contributions paid was not currently included on the site and officers would look into this. General

feedback about the site had been very positive. All schools in the Havering pension scheme had access to the site.

MSS would deliver financial benefits to the Council in terms of reducing the number of hard copies being sent out whilst still meeting disclosure requirements required under the scheme regulations. Pension forms and statements would be published direct onto the system. Only 166 people had thus far opted out of MSS – less than 2% of total scheme membership.

Further promotion of MSS was planned to take place over the next three months and the new release of the system this year would support all browsers. Officers added that potential savings via reduced need for hard copy statements alone amounted to £4,000 per annum.

The Board noted the position.

35 FEEDBACK FROM MEETING OF THE PENSIONS COMMITTEE

It was confirmed that the Annual Report of the Board had been noted at a recent meeting of the Pensions Committee. No specific comments had been made on the report.

36 URGENT BUSINESS

The Board agreed to defer a discussion of its work plan to the next meeting.

Officers would forward the latest version of the compliance documents.

It was suggested that Key Performance Indicators could be looked at in more detail at the Board. Officers responded that reporting of these indicators was currently on hold until revised systems were in place. The case management system would assist with this.

It was confirmed that, under legislation, each Council was required to have its own Local Pensions Board and the Board could not therefore be combined with that for Newham or another area.

Chairman

Member Self Service (MSS) Project update to Pensions Board

1 PROJECT PURPOSE

Background

Altair Member Self Service provides members and pensioners with an easy to use web portal to access and update their own information. Using simple and easy to navigate screens accessed through a fully auditable secure system, a member or a pensioner is able to:

- Update personal details
- Run their own benefit calculations
- Request benefit statements
- Notify the pensions department of any amendments required
- Print nomination and other forms for completion
- View payslips and P60's

The roll out of this service does not only give the above advantages for members it will also free up administration time for the pension and payroll team as any estimate requests, expression of wish forms, change of addresses and bank details can be completed on the website.

Current Membership

Current Havering membership as of March 2017:

- Actives 6172
- Deferred 6083
- Pensioners/ Dependants 6020
- Frozen Refunds 329

Testing and Website Update

The previous pension manager had done testing of the service and tailored the options the members have regarding what can be updated online. This testing has been extended locally to members of the pensions, payroll and some members of HR. Additional and more rigorous testing has also been done to ensure all calculations and functionality is working using the latest version of the service and it was fit for roll out.

Roll Out

Roll Out was tackled differently dependent on the status of the member:

Active members were sent out in tranches of approximately 2000 members, each tranche lasted 2 weeks before the next tranche was sent out. This minimised the amount of queries raised as there are only a limited amount of potential queries the pension's team could receive per tranche.

Deferred members were sent out in one tranche using inserts with the deferred annual benefit statements as promotion of the service.

Finally pensioners and dependants are due to be sent out in tranches of 2000 and each tranche will last 1 month. Pensioners will be the final group of members enrolled as LBH will need to do some due diligence and data matching of the data held on altair and what is being paid by the payroll. If this is not done then this could result in queries as to why the amounts do not match. This payroll data matching is due to be completed in summer 2017.

- Active members there will be 3 or more tranches dependant on employer splits
- Deferred members there will be 1 tranches
- Pensioner members there will be 3 tranches

Promotion of MSS

Promotion of service varied dependant on the status of the member:

Active Members

- Promotion on the www.yourpension.org.uk/handr website
- Promotion in 'The News – Global Email'
- Promotion on the intranet site
- Information and guides will be sent to new starters of the scheme

Deferred Members

- Bulk email to email addresses held on altair
- Promotion on the www.yourpension.org.uk/handr website
- Wording to be included on the annual benefit statement

Pensioner Members (once roll out commences)

- Bulk email to email addresses held on altair
- Promotion on the www.yourpension.org.uk/handr website
- Wording/ message to be included on payslips

2 OBJECTIVES

The objective is to allow all members of the pension scheme to have access to their own records via electronic means. This will be reliant on a number of factors;

- Promote the project in such a way to maximise take up from members.
- Roll out service within specified timescales as outlined above.
- Reduce basic correspondence requests from members

3 BENEFITS OF IMPLEMENTING MSS

Members are in Control

With MSS being available to members it hands back some of the responsibility to the members allowing them to monitor their records and alert the pensions team to anything that may be incorrect such as previous service, working hours and or any personal information. This makes paying benefits a smoother process as any potential queries will be addressed before retirement and the member is happy with and aware what benefits are payable. Members can also update their personal details, nomination form and contact the pension department directly if any queries do arise.

Reduction in Multiple Estimate Requests

Since the roll out of MSS any members that ask for multiple estimate requests are informed about the service and issued with login details so they can run their own estimates at different dates. The pension's team have also seen a reduction in these types of request since implementation freeing up time to process other work types. Any members that are nearing retirement, whilst can use the system to estimate when they will retire, the pensions team will also do an estimate on the date they have chosen to ensure accuracy of the figures.

Financial Benefits

Having completed both stages of disclosure LBH are now in a position to upload the annual benefit statements rather than posting them to members which gives significant savings year on year. There are also new developments within altair, the pensions database, that allow documents to be published to MSS meaning in an ideal world physical posted documents could be a thing of the past.

Targeted Information

MSS has the facility to upload documents and have news stories within the service; this can be taken advantage when promoting certain services that LBH offer. The pensions team have used this when advising members of the change in actuarial factors for over 65's and also the more recent news story of the cohabitating partner that won the ruling to extend benefits automatically to partners that are unmarried.

4 RESULTS

The roll out for active and deferred members of the scheme was completed in December 2016 and to date LBH have had 797 members register and use the system. In a drive to increase the amount of email addresses on the system LBH now have over 5000 email addresses on members records which is just under 30% of the total membership, this is up from 19% (3,600) in September 2016.

Both stages of disclosure have now also been completed; the pension's team took advantage of the bulk mail out for the vacant pension board member position and included it in the letter. This allows the pensions team to upload members annual benefit statements to their online accounts which brings potential savings on printing and postage as outlined below. To date the pension's team have had 166 people opt out of electronic communications so some will still be sent out as a hardcopy statement. This equates to fewer than 2% of the active and deferred membership, from previous experience and once the system is in place for longer LBH can expect up to 5% of members opting out of electronic communications.

The pension's team have had very positive feedback from members that are using the system as they now have easy access to their pension records and can update personal details and run estimates which accurately let them know what they can expect to receive. The most popular calculation used is the voluntary retirement calculation as members can accurately see the difference in benefits if they choose different leave dates, this helps the pension team out as we have seen requests for multiple retirement dates go down in the last couple of months.

Another promotion drive of the service is needed through the prescribed routes over the next 3 months to increase membership and also to stop a bottleneck of mass subscriptions when the annual benefit statements are issued. There is a facility to bulk email out activation keys to members that have an email address which the pension's team will be investigating as part of the promotion of online benefit statements.

All the pension staff have received training on the system and can deal with member queries efficiently. More training is planned as a refresher closer to the next promotion of member self-service. In house guides have been produced to help the pension team walk through the sign up process with members.

Overall this project has run smoothly without any major issues however there does seem to be a consistent query with a minority of members around not being able to login or the activation key/ link doesn't work. After some investigation the issue has been pin pointed and there is one factor that is constant, this is the use of unsupported internet browsers such as Chrome. This has been reported back to the software providers, Heywoods, so that future releases can include improved connectivity and usability for different browsers.

The future of the service will start by migrating to the new look Member self-service later in 2017 at no extra cost, this is dependent on agreeing the shared service approach with LPP. The pension's team will, of course, be looking at increasing the uptake of member self-service and monitoring this closely.

5 LINKS TO OTHER PROJECTS

E-Comms

In a drive to reduce print and postage costs on an on-going basis, year on year, from 2017 active and deferred annual benefit statements will be uploaded to member's online records unless members wish to opt out of electronic communications. This could see potential savings of up to £4,300.00* per annum.

*Based on 2016 annual benefit statements print and postage costs

Pension to Payroll Cross Check

Before the final roll out to pensioner members it is essential to do a pension to payroll cross check, this will ensure the pension in payment matches the members record. Failure to do this will see an increase in queries to the pension team and be counterproductive.

GMP Reconciliation

In preparation for the GMP reconciliation the above project will prepare the pension records for members without a GMP and ensure they are correct. Once the project is completed the member data will be ready and MSS can be rolled out for these members.

This page is intentionally left blank