



Haverling

LONDON BOROUGH

LOCAL PENSION BOARD AGENDA

3.00 pm

**Thursday
30 March 2017**

**Town Hall, Main Road,
Romford, committee
room 4**

Members 4: Quorum 3

Mark Holder, Scheme Member Representative
Anne Giles, Scheme Member Representative

Justin Barrett, Employer Representative
David Holmes, Employer Representative

**For information about the meeting please contact:
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AGENDA ITEMS

1 CHAIR'S ANNOUNCEMENTS

The Chair will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE

(if any) – receive.

3 DISCLOSURE OF INTEREST

Members are invited to disclose any interest in any items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 1 - 4)

To approve as correct the minutes of the meeting held on 10 January 2017 (attached) and authorise the Chair to sign them.

5 PENSIONS ADMINISTRATION STRATEGY (Pages 5 - 10)

Report attached. The Board is asked to note the update and make any comments it considers appropriate.

6 ON-LINE INFORMATION (Pages 11 - 14)

Report attached. The Board is asked to note the update and make any comments it considers appropriate.

7 FEEDBACK FROM MEETING OF THE PENSIONS COMMITTEE

Note to Board: the annual report of the Local Pensions Board was noted at the meeting of Pensions Committee on 14 March 2017. No specific feedback was given on the report.

8 URGENT BUSINESS

To consider any other items in respect of which the Chairman is of the opinion, by reason of special circumstances which shall be specified in the minutes, that the item should be considered at the meeting as a matter of urgency.

Andrew Beesley
Committee Administration Manager

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Public Document Pack Agenda Item 4

**MINUTES OF THE MEETING OF THE
LOCAL PENSION BOARD
Committee Room 1-Town Hall - Town Hall
10 January 2017 (4.00 - 5.23 pm)**

Present:

Justin Barrett (Chair) (Employer Representative) and David Holmes (Employer Representative)

Mark Holder (Scheme Member Representative)

Officer attendance: Sarah Bryant, James Ahlberg, Debbie Ford, Lillian Thomas and James Goodwin.

The Chairman reminded Members of the action to be taken in an emergency.

18 VACANCY

Officers advised the Board that Marsha Jane Thompson had resigned from the Council to take up a new position. Accordingly she was no longer eligible to serve on the Board. A recruitment process had been put in place with 5 people expressing an interest, of which two were deemed suitable. Both were interviewed on 4th January 2017 and Anne Giles a Business Manager in one of the borough school's had been appointed.

The Board expressed their delight at the prompt action taken to fill the vacancy.

19 CHAIR'S ANNOUNCEMENTS

The Chair announced details of arrangements in the case of fire or other event that would require the evacuation of the meeting room.

20 APOLOGIES FOR ABSENCE

No apologies for absence were received.

21 DISCLOSURE OF INTEREST

There were no declarations of interest.

22 **MINUTES OF THE MEETING**

The minutes of the meeting held on 12 July 2016 were agreed as a correct record and signed by the Chair.

The notes of the inquorate meeting held on 4 October 2016 were noted with officers providing updates on actions taken following that meeting.

JA informed the Board that he would be reviewing the Pension Regulators Code of Practice 14 to assess how well the Pension Fund and Board comply. He would submit a report to the next meeting of the Board. In the interim he would circulate to members of the Board a copy of the Code of Practice and the compliance template.

The Committee also followed up on the list of priorities JA had agreed with SB. This would be reported to the next meeting but as an interim measure this would be circulated to members of the Board together with a commentary on progress to date.

The Board expressed concern about the backlog but SB assured the Board that there were improvements but it had had no impact on scheme members, nor had it delayed the payment of death benefits.

23 **ANNUAL REPORT 2015/16**

A draft of the Board's first Annual Report had been circulated with the agenda. A number of suggested amendments were put forward and the Board agreed that these be submitted to the Chair for inclusion. When all responses were correlated the final version of the report would be agreed, by email by the Board. The report would be submitted to the Pensions Committee in March.

The Board Members would meet informally to agree a work plan for the next 24 months for inclusion in the Annual Report.

24 **SUPPORT FOR THE BOARD**

SB advised the Board of the response she had received from Legal Services regarding the Admitted Bodies contracts. After discussion the Board concluded that in the circumstances they were unable to assess the level of risk. The Board were concerned at the level of support available and asked SB to raise the matter with the OneSource Senior Management Team.

25 FEEDBACK FROM THE MEETINGS OF THE PENSIONS COMMITTEE HELD ON 20 SEPTEMBER 2016.

Officers provided a run through of the items considered by the Pensions Committee at its meetings held on 22 November and 13 December 2016. The Pensions Committee had received a review of the performance of the Pension Fund Actuary for the period 1 October 2015 to 30 September 2016. The contract was due to expire on 31 March 2018 and given the considerable changes facing Pension Funds over the next few years officers would look in to the possibility of extending this contract for a further year.

The Pension Committee had received a presentation from the London CIV on 13 December 2016. Officers had advised that they were working with the CIV to ensure a better feedback following the CIV's challenge meetings with Fund Managers.

The report was noted.

26 EXCLUSION OF THE PUBLIC

The Committee resolved to excluded the public from the meeting during discussion of the following item on the grounds that if members of the public were present it was likely that, given the nature of the business to be transacted, that there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which could reveal information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was not in the public interest to publish this information.

27 PROJECT MANAGING TUPE TRANSFERS

The draft TUPE manual had been circulated for comment and information. The Manual will be a guide to assist organisations seeking to outsource services to ensure they comply with the legal requirements of the Transfer of Undertakings and Protection of Employment Regulations 2006.

The Board agreed to provide officers with any feedback individually and requested that the final document be submitted to the March Pensions Committee for adoption.

JB offered to invite the Pensions Administration Team to present the TUPE Manual to the next meeting of the Academies Forum.

28 **ANY OTHER BUSINESS**

1. Officers advised the Board that the Funding Strategy Statement was out for consultation and asked that they read the document and make comments direct to DF.
2. Officers advised that the Valuation Employer Rates were being sent out to all employers within the scheme.
3. Stewardship training was being arranged for the 1st February 2017 by the London CIV.
4. For future meeting a standing item would be included on the agenda for feedback on any courses attended by Board members.

Chairman

Pension Administration Strategy

1. Project Purpose

To develop and implement a Pension Administration Strategy (PAS) which all employing authorities will sign up to and which will improve information flows between the London Borough of Havering (LBH) and its employers. The PAS will explain LBH's preferred method for information submission, and the cost recovery procedures to be introduced if the employer does not follow these. It will also clarify the levels of service to be offered as standard and the process to be followed if an employer requires any additional services.

2. Background

As part of the LBH pensions administration transformation project LPP will be looking to create a PAS document. The aim of PAS is to ensure that both LBH and its employers are fully aware of their responsibilities under the Scheme and to identify acceptable levels of performance. It should be highlighted that under LGPS regulation the terms 'Strategy' apply to all employers whether they have signed up or not, it is however preferable that all employers engage with the LBH on this matter.

The ultimate aim of this strategy is to educate employers to provide accurate and timely data to LBH which will improve the service provided to scheme members. Failure to comply however could result in a charge being levied in accordance with the terms set out in the PAS.

Delivery of a high quality administration service is not the responsibility of one person or organisation, but rather of a number of different parties, who between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership.

The strategy will apply to all existing employers in the fund, and all new employers joining the Fund. In preparation for this strategy LBH will have to consult with the relevant employers and other persons considered appropriate.

LBH will review the Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every three years.

LPP have developed a number of online initiatives which will improve the efficiency of the dataflow between LPP and its employers. These initiatives are tried and tested and LBH should be looking to adopt these initiatives as part of the transformation and shared service offering. These initiatives have been created so that if there are errors in the submission it is for the employer to correct them, rather than LBH staff.

This not only means efficiency savings for LBH but also should lead to the member receiving the correct information at a faster time.

The e-initiatives are:

- Online forms
- Online submission of monthly contributions
- Bulk Estimates requests
- Data matching

LBH will need a way to encourage employers to use these initiatives and PAS is a tool to do this.

Late, incomplete and non-receipt of data from employers lowers the level of service provided by LBH to its Fund members and other stakeholders and increases costs which are then spread across all active employers in the Pension Fund as part of their employer contribution rate.

The project supports LBH drive for 'a greater London' and efficiencies. It will also decrease administration costs over time and provide the ability to recharge costs caused by employer action directly to the relevant employer. This is seen as a worst case scenario and the better option would be if all employers were educated to provide data in the most effective manner.

Phase 1 of the project will be the development of the range of documents making up the PAS:

- Pensions Administration Strategy Statement – policy statement
- Variation of Contribution Rates – legally enforceable and the document all employers will be asked to sign
- Service Level Agreement – Containing measurable KPIs
- Employer Guide – or rather a brief version which employers can have on their desk and assists them in complying with the Service Level Agreement.

These documents and a detailed accompanying project initiation plan will set out timescales for these documents to be completed.

LBH would also seek to consult with employers on the complete PAS document and their views on the service levels to be included as standard.

Phase 2 of the project features consultation with employers and marketing of the PAS, formal sign up, recording of information, reporting of information and charging.

The legal power to charge this additional amount stems from the Pension Administration Strategy – Extract from the Local Government Pension Scheme (Administration) Regulations 2008 reg 65 and 43

Additional costs arising from employing authority's level of performance

43. – (1) This regulation applies where, in the opinion of the appropriate administering authority, it has incurred additional costs which should be recovered from an employing authority because of that employing authority's level of performance in carrying out its functions under these Regulations or the Benefits Regulations.

(2) The administering authority may give written notice to the employing authority stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the authority's opinion that the employing authority's contribution under regulation 42(1)(d) should include an amount specified in the notice in respect of the additional costs attributable to that authority's level of performance;

(c) the basis on which the specified amount is calculated; and

(d) where the administering authority has prepared a pension administration strategy under regulation 65, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraph (a), (b) or (c).

3. The PAS Vision

The aim of the PAS is to ensure that both LBH and its employers are fully aware of their responsibilities under the Scheme and to identify acceptable levels of performance. All employers will be asked to sign up to the PAS by 1st April 2018 and to comply with standards set by the Service Level Agreement. The ultimate aim of this strategy is to educate employers to provide accurate and timely data to LBH which will improve the service provided to scheme members. Failure to comply however could result in a variation of the administrative element of the contribution rate an employer pays.

4. Business case & expected benefits

Business Case:

Establishing a PAS in accordance with the LGPS has a direct link to LBH's efficiency drive.

This process will also go towards improving communication with employers, and develop our profile as a leading pension scheme administrator.

Expected Benefits:

Greater efficiencies and improvements in service levels can be achieved by working with employers to encourage and educate them to provide correct and timely data without the need for reminders and by providing the facilities to aid this process.

- Efficiencies for both LBH and employer
- Cost recovery: Income is not the key driver here – charging to be used as a last resort as would ultimately mean failure of other educational methods. Any charges would be cost recovery.
- LBH seen as a lead authority
- Should lead to fewer complaints from the final user since the case could be completed quicker and with more accurate information.
- Compliance with cost sharing

Experience indicates that charges are a persuasive influence on behavioural change and the knowledge that increase in contribution rates will be forthcoming will accelerate the take up of PAS initiatives and focus employers on the service they provide to LBH, leading to efficiency savings in administration time and costs through first time processing.

5. Acceptance criteria

- Improved data flow between LBH and its employers.
- Increase use of LBH's preferred method for information submission
- Efficiency savings for LBH

6. Links to other projects or systems

The PAS will be reliant on the following systems to maintain and acceptable dataflow for day to day work and an accurate year end position in order to monitor employers and justify any potential charges

- **www.yourfund.org.uk website.** At present a number of year end queries will be identified by the system and published on the www.yourfund.org.uk website. These queries are linked directly to the LP48 case type on Prows. As a LP48 case is completed, the query will disappear from the website. If information to resolve the year end query is submitted by employers directly to Pension Services, there is no guarantee that the LP48 case will be closed – therefore remaining on the website and not showing a true reflection of the current position. This needs to be considered during the reporting and monitoring stage of the Project
- **Case Management System (CMS).** A solution to the above could be built into the new CMS System.
- **Finance systems** – what is the impact here, if any?

The www.yourfund.org.uk website and CMS will form part of the core systems included within the shared service offering from LPP. These systems are used by the other oneSource boroughs, Newham and Bexley, who have exemplary monthly performance stats. Both boroughs have an average of over 97% cases completed on time for the last financial year and in January 2017 both Boroughs achieved 100% cases completed on time. With the creation of PAS and implementation of the above 2 key systems LBH could see improvements in both dataflow and key performance indicators.

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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 September 2016:

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

Testing and Website Update

The pension manager had done testing of the service and tailored the options the members have in regarding what can be updated online. This testing has been extended locally to members of the pensions, payroll and some members of HR. I have also done some more testing using the latest version of the service and am happy that the service is working correctly and was fit for roll out.

Roll Out

Roll Out was tackled differently dependant 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 we limited the amount of potential queries we 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 we 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 in appendix 1.
- Reduce basic correspondence requests from members

3 Benefits of implementing MSS

4 RESULTS

The roll out for active and deferred members of the scheme was completed in December 2016 and to date we have had 797 members register and use the system. In a drive to increase the amount of email addresses on the system we 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, we took advantage of the bulk mail out for the vacant pension board member position and included it in the letter. This allows us to upload members annual benefit statements to their online accounts which brings potential savings on printing and postage as outlined below. To date we have had 166 people opt out of electronic communications so we will still be sending out some hardcopy statements. This equates to under 2% of the active and deferred membership, from previous experience and once the system is in place for longer we can expect up to 5% of members opting out of electronic communications.

We have had very positive feedback from members that are using the system as they now have more control over their pension benefits 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 mail out activation keys to members we hold an email address which we 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. I plan to give more training as a refresher closer to the next promotion of member self-service. I have also produced to guides 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 I have been able to pin point the issue 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. We 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.

As we are yet to send out the deferred annual benefit statements this is the ideal opportunity to:

1. Start the first stage of disclosure for these members.
2. Promote the member self-service site.

*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.

Targeted Information

MSS has the facility to upload documents and have news stories within the portal, this can be taken advantage when promoting certain services that we offer. We 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.