

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

24 November 2016

## MEMBER AND EMPLOYER ISSUES

## Report of the Treasurer

**1.0 PURPOSE OF THE REPORT**

1.1 To provide Members with information relating to membership movements, performance of benefits administration as well as related events and activity over the year to date as follows;

- |   |                 |
|---|-----------------|
| (a) Admission Agreements and Academies    | (see section 2) |
| (b) Membership Analysis                   | (see section 3) |
| (c) Administration Performance            | (see section 4) |
| (d) CIPFA Benchmarking Results 2015/16    | (see section 5) |
| (f) Updated Policy Documents              | (see section 6) |
| (e) Annual Allowance Exercise for 2015/16 | (see section 7) |
| (e) Member Training                       | (see section 8) |
| (f) Meetings Timetable                    | (see section 9) |

**2.0 Admission Agreements and New Academies**

2.1 The latest position on new Admission Agreements is described in the table at **Appendix 1**. There are no specific issues requiring the attention of the Committee.

2.2 The list of schools known to have converted to academy status during 2016/17 is also included in **Appendix 1**.

**3.0 Membership Analysis**

3.1 The membership movement figures for the first half of 2016/17 are as follows:

<b>Membership Category</b>	<b>At 31/03/15</b>	<b>+/- Change (%)</b>	<b>At 31/03/16</b>	<b>+/- Change (%)</b>	<b>At 30/09/16</b>
<b>Actives</b>	34,990	-3.4	33,796	-2.4%	32,985
<b>Deferred</b>	30,591	+3.7	31,718	+1.4%	32,148
<b>Pensioners*</b>	18,451	+5.2	19,414	+3.2%	20,026
<b>Total</b>	<b>84,032</b>		<b>84,928</b>		<b>85,159</b>

\*Figures include spouses' and dependants' pensions

3.2 The breakdown of retirements across the Fund in Quarter 2 of 2016/17 is at **Appendix 2**.

#### **4.0 Performance of the Pensions Administration Team**

4.1 The performance figures for the second quarter of 2016/17 are as follows:

<b>Performance Indicator</b>	<b>Target in Q2</b>	<b>Achieved</b>
<b>Measured work achieved within target</b>	98%	98%
<b>Customers surveyed ranking service good or excellent</b>	94%	96.77%
<b>Employer satisfaction with the service ranked good or excellent</b>	90%	100%
<b>Reduce reliance on customer helpline. Phone queries reduced as a proportion of customer contacts to &lt;29%</b>	29%	42%
<b>Increase numbers of registered self-service users by 700 per quarter</b>	700	963 (total increased from 12,467 to 13,430)
<b>Total sickness absence in Q2</b>	1.5 days per employee	0.64 days per employee

4.2 The overall performance has improved this quarter. A number of new staff have started in the Section which has assisted with work allocation and the through-put of work.

- 4.3 Telephone queries increased due to the Annual Benefit Statement exercise which is carried out at the end of August each year. This exercise resulted in a large number of calls from members wishing to clarify issues or report changes in their personal information. Although there is an ongoing element in the Communications Strategy to encourage member self-service and e-communications, the Pensions Administration Team continues to provide a fully manned, dedicated telephone helpline. It is acknowledged that members retiring and those receiving pension benefits have a particular need to speak to a member of staff in the Pensions Team over the telephone. The telephone helpline also provides a vital point of contact for family members to inform the Pensions Team when Scheme members have passed away
- 4.4 The target for this year has been changed to an increase per quarter of 700 new registered users rather than focussing on the overall total. There has been an increase of 963 new users in Quarter 2.

## 5.0 CIPFA BENCHMARKING RETURN 2015/16

- 5.1 The benchmarking results for the year 2015/16 showed that the unit cost for NYPF Pensions Administration was £15.42 compared with an average across the whole of the CIPFA Benchmarking Club of £18.18.
- 5.2 The NYPF unit cost has increased from £14.14 in 2014/15 due to an increase in staff numbers to deal with the additional complexities of the LGPS and the earlier possible retirement age of 55. The trend over the previous 5 years is shown below and demonstrates that the NYPF has continued to be well below the average for the comparators in the exercise.

	2010/11	2011/12	2012/13	2013/14	2014/15
<b>NYPF unit cost</b>	£14.09	£15.32	£14.27	£14.85	£14.14
<b>Average unit cost across comparators</b>	£19.56	£19.21	£19.22	£19.01	£18.23

## 6.0 UPDATED POLICY DOCUMENTS

- 6.1 The **Communications Strategy 2016/17** has been updated to reflect the latest communication initiatives. Each of the Local Government Pension Scheme (LGPS) Funds in England and Wales is required to publish a Statement under the LGPS (Amendment) (No 2) Regulations 2005 relating to the Communications Strategy for the Fund. The NYPF strategy for 2016/17 is attached at **Appendix 3**.
- 6.2 The strategy is designed to assist both the Fund and its employers with managing expectations and keeping the customer up to date. Some of the key strategies are shown below:
- Continue to promote self-service provision
  - Develop e-communication for deferred members
  - Encourage retirement planning and financial awareness via pre-retirement courses
  - Flowchart template detailing the timeline of the retirement process. Employers can tailor timescales to fit payroll processing and issue flowchart to retiring members

- Face to face training for employers
- Develop relationships with new employers (particularly academies) and provide dedicated support

## 7.0 ANNUAL ALLOWANCE EXERCISE FOR 2015/16 TAX YEAR

7.1 HMRC requires that a check is made on the growth in each person's pension scheme benefits each year. If the growth in pension benefits exceeds a value set by HMRC then a 'tax charge' will apply. The level of increase which was permitted for the year 2015/2016, before a tax charge would apply, was split into two parts for this year due to the transition to a new lower level of £40,000. The levels which applied for the 2015/2016 period was as follows (as the calculation was split into 'two mini tax years').

- £80,000 for the 2015/2016 tax year as a whole
- £40,000 for the 'post-alignment' tax year

7.2 Those affected tend to be members who had either been new joiners to NYPF who had come from local government employment elsewhere in the country and had transferred their previous LGPS pension rights into NYPF, or who have received an internal promotion with their current employer.

7.3 For 2015/2016, all affected members have been informed in writing and provided with the required Pension Savings Statements, as required by HMRC, within the HMRC deadline.

7.4 Thirteen Pension Savings Statements were issued by the deadline of 6 October 2016. There were three members who had a tax charge. The information regarding the affected members has been reported to HMRC as per the required procedure.

## 8.0 Member Training

8.1 The Member Training Record showing the training undertaken over the year to 30 September 2016 is attached as **Appendix 4**.

8.2 Upcoming courses, seminars and conferences available to Members are set out in the schedule attached as **Appendix 5**. Please contact Gary Bowden (01609 532520 or email [gary.bowden@northyorks.gov.uk](mailto:gary.bowden@northyorks.gov.uk)) for further information or to reserve a place on an event.

## 9.0 Meetings Timetable

9.1 The latest timetable for forthcoming meetings of the Committee and Investment Manager meetings is attached as **Appendix 6**.

## 10.0 Recommendations

10.1 Members are asked to note the contents of this report.

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

14 November 2016



## LATEST POSITION RE ADMISSION AGREEMENTS

Admission Agreement	Current Position and Action to Be Taken (If Applicable)
SPS Group Ltd providing cleaning services for Norton College	The contract for Norton College's cleaning services has been awarded to SPS Group Ltd from 1 November 2016. An admission agreement has been put in place to allow eight staff to continue to have access to the Local Government Pension Scheme.
Caterservice Ltd providing staff restaurant services for NYCC	The contract for the staff restaurant services for NYCC at County Hall has been awarded to Caterservice Ltd from 10 October 2016. An admission agreement has been put in place to allow three staff to continue to have access to the Local Government Pension Scheme.
Elite Cleaning Ltd providing cleaning services for Skipton Academy	Skipton Academy has awarded the contract for cleaning services to Elite Cleaning Ltd from 2 May 2016. An admission agreement has been drafted to allow three staff to continue to contribute to the Local Government Pension Scheme.
NY Property Services Ltd	An admission agreement has been put in place to allow three staff to continue to contribute to the Local Government Pension Scheme when they transferred to the employment of NY Property Services Ltd on 1 November 2016.

## LATEST ACADEMY ADMISSIONS

Original name of school	Date of conversion/ current position	Name of academy after conversion
Brayton High School (NYCC)	School converted to an academy on 1 September 2016	School became part of the Rodillian Multi Academy Trust
Hookstone Chase CP School (NYCC)	School converted to an academy on 1 September 2016	School became part of the Northern Star Academies Trust
Scalby School (NYCC)	School converted to an academy on 1 September 2016	School became part of the Scalby Learning Trust
Hawes CP School (NYCC)	School converted to an academy on 1 October 2016	School became part of the Yorkshire Collaboration Academy Trust
Burton Green School (NYCC)	School converted to an academy on 1 October 2016	School became part of the Hope Learning Trust
East Whitby CP School (NYCC)	School converted to an academy on 1 November 2016	School became part of the Enquire Learning Trust
Stokesley CP School (NYCC)	School converted to an academy on 1 November 2016	School became part of the Enquire Learning Trust

**NORTH YORKSHIRE PENSION FUND**  
**Cumulative Total of Retirements from 1 April 2016 to 30 September 2016**

<i>Employer</i>	<i>Normal</i>	<i>Ill-Health</i>		<i>Efficiency/ Redundancy/ Employers Consent</i>	<i>Total</i>
		<i>Actuarial Assumption<sup>≠</sup></i>	<i>Actual</i>		
007 - Scarborough BC	3	2	2	7	12
009 - Hambleton DC	1	1	-	1	2
010 - Ryedale DC	2	1	1	7	10
011 - Harrogate BC	22	2	-	9	31
012 - Richmondshire DC	2	1	-	-	2
013 - Selby DC	2	1	1	4	7
014 - Craven DC	1	1	-	-	1
016 - York St John University	7	-	-	20	27
020 - York	38	7	5	11	54
025 - NYCC	162	22	1	13	176
041 - Skipton Town Council	1	-	-	-	1
051 - NY Fire and Rescue	3	1	1	2	6
055 - Uni of Hull	5	-	-	-	5
056 - Malton Town Council	1	-	-	-	1
057 - Yorkshire Housing	2	1	1	-	3
061 - Askham Bryan College	2	1	-	-	2
062 - Craven College	1	1	-	-	1
065 - Selby College	3	-	-	-	3
068 - Scar 6 <sup>th</sup> Form College	2	-	-	-	2
074 - York College	4	-	-	-	4
077 - Craven Housing	1	-	-	-	1
080 - Yorkshire Coast Homes	1	-	-	-	1
102 - South Craven School	1	-	-	-	1
103 - Archbishop Holgate Sc	2	-	-	-	2
104 - Norton College	2	-	-	-	2
110 - Ringway	4	1	1	-	5
113 - Harrogate High	2	-	-	-	2
120 - Churchill Security	1	-	-	-	1
128 - NY Police and Crime C	6	-	-	-	6
129 - NY Chief Constable	13	2	2	11	26
130 - Explore York	3	-	-	-	3
132 - Housing 21	1	-	-	-	1
139 - Roseberry Academy	3	-	-	-	3
146 - Huntington Primary Sch	1	-	-	-	1
149 - SLM Scarborough	1	-	-	-	1
153 - Red Kite Learning Trust	1	-	-	-	1



156 - Yorkshire Causeway ST	1	-	-	-	1
157 - South Bank MAT	2	-	-	-	2
Others	-	6	-	-	-
TOTALS	310	51	15	85	410

(75%)

(4%)

(21%)

Quarter by quarter analysis					
Quarter 1	129		7	28	164
Quarter 2	181		8	57	246
Quarter 3	-		-	-	-
Quarter 4	-		-	-	-
	310	N/A	15	85	410

≠ **Estimated** actuarial assumptions re Ill-health numbers for the whole year - 2016/2017



**North Yorkshire Pension Fund**

# **Communications Strategy**

**2016 / 2017**

**Index**

	Page
<a href="#"><u>Introduction</u></a>	3
<a href="#"><u>Goals 2016/17</u></a>	3
<a href="#"><u>Stakeholders</u></a>	4
<a href="#"><u>Summary of progress against 2015/16 Strategy</u></a>	6

## **Introduction**

The North Yorkshire Pension Fund is committed to providing excellent customer care. The Communications Strategy is a key part of our customer service plans. The Fund recognises the limitations of employers to be able to provide information within tight timescales on a monthly and annual basis. With this in mind, the focus of this year's Communications Strategy is 'Managing expectations and keeping the customer up to date'.

## **Goals 2016/17**

Goals have been set in relation to the categories of LGPS stakeholders.

### **Theme A – 'Managing expectations and keeping active members up to date'**

Continue to promote online member self-service and encourage members to check their online Annual Benefit Statement, paying particular attention to their Career Average Benefits

Explain the potential impact of 'contracting-out' and signpost members to information about the New State Pension through a dedicated newsletter

Encourage members to plan for their retirement by providing pre-retirement presentations in conjunction with Affinity Connect. Information regarding financial planning and lifestyle adjustments will be provided

Manage the member's expectations by developing a simple flowchart explaining the timeline of the retirement process. This will show the flow of data between the employer and the pension fund from the time the member notifies their employer of their intention to retire to the payment of their pension benefits

Provide a dedicated page on the NYPF website to keep active members up to date on issues regarding investment reform (pooling)

### **Theme B – 'Managing expectations and keeping employers up to date'**

Offer face to face training and support for new employers or new staff within existing employers

Develop a simple flowchart template explaining the timeline of the retirement process. The employer will be able to edit the flowchart to show their own timescales and internal contacts. This links in with managing the member's expectations at retirement

Continue NYPF OG meetings with the focus on practical sessions and current issues. Positive feedback has been received from previous sessions with employers enjoying the 'hands-on' approach in an informal group setting

Develop relationships with new employers to support them with the requirements of the LGPS. Following the Education Act 2011 there has been a significant growth in scheme employers largely in respect of Secondary schools converting to Academies and the trend is still continuing with Primary school Academies

Issue regular updates to all employers electronically including consultations, regulation changes (that impact the employer), best practice and promotion of pre-retirement courses

Assist employers with the delivery of up to date and accurate information by presenting at-retirement courses

Provide a dedicated page on the NYPF website to keep employers up to date on issues regarding investment reform (pooling)

## **Theme C – ‘Managing expectations and keeping retired members up to date’**

A dedicated newsletter to include:

- Why there was no pensions increase in April 2016
- The potential impact of the New State Pension
- A reminder about the Pensioners’ Representative

Monitor whether the retirement process flowchart results in improved feedback from the retired members’ survey

Provide a dedicated page on the NYPF website to keep retired members up to date on issues regarding investment reform (pooling)

## **Theme D – ‘Managing expectations and keeping deferred members up to date’**

A dedicated newsletter to include:

- Why there was no pensions increase in April 2016 and leavers during 2015/16 affected by 0.1% negative revaluation
- The potential impact of the New State Pension
- When deferred benefits are payable
- When NYPF will contact the member about payment of benefits
- How members can keep track of their deferred benefits using the new online benefit projector.
- How member can check their Annual Benefit Statement using the online member self-service facility

Encourage electronic communication with deferred members. Processes have been updated to encourage deferred members to ‘opt into’ electronic communications. This will allow a quicker and more efficient retirement process when the member wants to claim their pension benefits. It will also allow regular updates to be provided more frequently. It will also increase the number of newsletters which can be sent via email rather than by post, saving on printing and postage.

Provide a dedicated page on the NYPF website to keep deferred members up to date on issues regarding investment reform (pooling)

## **Review of this Strategy**

This Strategy is prepared and considered by the Pension Fund Committee on an annual basis. However, employers can, at any time, suggest improvements to the Communications Strategy of the Fund.

## **Stakeholders**

This Communications Strategy applies to all the NYPF stakeholders who are defined as follows:

- Employers
  - Scheduled Bodies
  - Admitted Bodies
- Scheme Members (including councillor scheme members)
  - Active members (contributors)
  - Retired members and Dependents
  - Deferred members
- Eligible employees working for Fund employers but not currently contributing
- AVC provider (Prudential)
- Actuary

- Legal Adviser
- Pensions Administration Software Provider
- Members of the Pension Fund Committee
- Members of the Pension Board
- Officers in the Pension Section
- Other NYCC officers undertaking work on behalf of the Fund

## Summary of progress against 2015/16 Strategy

Items in 2015/16 Strategy	Summary of 2015/16 Progress	Year End Status
<p><b>Theme A: Provide practical support through innovative communications methods for active members</b></p>	<ol style="list-style-type: none"> <li>1. Promote the continued use of the self-service provision, with particular emphasis on encouraging members to check their Career Average Benefits via the online Annual Benefit Statement. This will help members with retirement planning including understanding the way in which CARE benefits build up each year.</li> <li>2. Encourage the use of electronic communications in relation to all administration processes via the online self-service provision. This provides a much faster service for the member and increased administration turn-around times. This is currently offered for estimate requests and quotes prior to retirement.</li> <li>3. Allow members to securely upload documents to their online pension record so that option forms can be received electronically via a secure route. Currently members either post documents to NYPF or email them to the generic email address.</li> </ol>	<p>All targets achieved apart from 3. which needs a software development from Heywood</p>
<p><b>Theme B: Providing practical support through innovative communications methods for employers</b></p>	<ol style="list-style-type: none"> <li>1. Provide online training modules for employers which can be easily accessed from the employer pages of the NYPF website. This addresses the requirements of the Administering Authorities to deliver training but without the need for Pensions Section staff to be present. The format is practical examples which can be accessed at any time and used when completing relevant forms. The training is web based so provides universal access from any location. The content is easily updated so reduces the risk of out of date information being passed on to new staff. This is particularly useful, given the number of smaller employers that are in the Pension Fund who are located outside of North Yorkshire.</li> <li>2. Provide practical training for employers, in the form of targeted sessions at NYPFOG meetings. This ensures a consistent message is delivered once to a wide range of employers. It is an opportunity for employers to ask questions about 'real' cases but also for the management team to gauge employers' understanding. For those unable to attend, presentation slides and examples are provided on the NYPF website.</li> <li>3. Provide a more tailored approach for new employers in the Fund who may need additional support e.g. academies taking on their own payroll/HR responsibilities.</li> </ol>	<p>Not achieved</p> <p>Achieved</p> <p>Achieved</p>

Items in 2015/16 Strategy	Summary of 2015/16 Progress	Year End Status
<p><b>Theme C: Providing practical support through innovative communications methods for pensioners</b></p>	<ol style="list-style-type: none"> <li>1. Encourage feedback from recently retired members via the retired members' survey which is accessed from the NYPF website. Feedback is analysed and responded to where requested. Suggested improvements are considered and processes are amended where appropriate.</li> <li>2. Dedicated page for pension board retired members' representative on the NYPF website. This is a continuation of the facility previously available for retired members to communicate with their representative. Articles regarding the newly formed pension board will appear in this area.</li> <li>3. Encourage electronic communication with pensioners. Processes have been updated to encourage retired members to 'opt into' electronic communications. This has already allowed an increase in the number of annual retired member newsletters which have been sent out via email rather than by post, saving on printing and postage. All new retired members will be asked to provide a home email address. Existing pensioners who contact the Pensions Section are asked to provide an email address.</li> </ol>	<p>All targets achieved</p>
<p><b>Theme D: Provide practical support through innovative communications methods for deferred members</b></p>	<ol style="list-style-type: none"> <li>1. Extend the use of the self-service provision to members with 'deferred benefits' so that online calculations can be done. This will allow members to decide when to take their pension benefits and contact the Pensions Section at the time they wish to have them paid out. Currently much work is done on asking members if they wish to take pension benefits at a time when substantial reductions apply to the benefits and many members decide to defer payment.</li> <li>2. Deferred members will also be able to use self-service to check on the tax free cash available at different ages which will reduce the number of queries dealt with in the Pensions Section as this is an area which many members are interested in after the Government's recent Freedom and Choice initiative. Freedom and Choice allows pension benefits to be 'cashed in' and although it does not apply to the LGPS it is possible for a larger tax free cash lump sum to be taken from the LGPS.</li> </ol>	<p>Achieved</p> <p>Not achieved. Not developed by software provider (Heywood)</p>





## PENSION FUND COMMITTEE TIMETABLE FOR MEETINGS IN 2016, 2017 AND 2018

Meeting Date	Time & Venue	Event	Fund Managers
24 November 2016	10am, The Grand	Pension Fund Committee	
25 November 2016	10am Meeting Room 3	Investment Strategy Review Meeting	
23 February 2017	10am, TBC	Pension Fund Committee	
24 February 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
25 May 2017	10am, TBC	Pension Fund Committee	
26 May 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
06 July 2017	10am, TBC	Pension Fund Committee	
07 July 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
14 September 2017	10am, TBC	Pension Fund Committee	
15 September 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
23 November 2017	10am, TBC	Pension Fund Committee	
24 November 2017	10am, TBC	Investment Manager Meeting	2 Managers TBC
22 February 2018	10am, TBC	Pension Fund Committee	
23 February 2018	10am, TBC	Investment Manager Meeting	2 Managers TBC

## UPCOMING TRAINING AVAILABLE TO MEMBERS

<i>Provider</i>	<i>Course / Conference Title</i>	<i>Date(s)</i>	<i>Location</i>	<i>Themes / Subjects Covered</i>
LAPFF	Annual Conference	7-9 December 2016	The Highcliffe Marriott Hotel Bournemouth	LGPS Pooling Panel, Infrastructure/Impact Investment Panels.
CIPFA	Members local pension board spring seminar	1 March 2017 1.30pm – 4.30pm	Albion Street Leeds	Latest information updates, training on specific topics and opportunities for discussion and networking with members of other Funds' Boards.
LGC	Investment Seminar	2-3 March 2017	Carden Park Cheshire	Government's Efficiency Challenge and Other Emerging Issues. Strategic Asset Allocation. Governance and Accountability.
PLSA	Investment Conference	8-10 March 2017	EICC Edinburgh	Key Investment Choices, Challenges and Changes Faced by Institutional Investors.
PLSA	Local Authority (Pension) Conference	15 – 17 May 2017	Cotswold Four Pillars Hotel Gloucestershire	Keynote speeches, specialist break-out sessions, Learning Zone, fringe meetings, a welcome drinks reception, conference gala dinner and exhibition.