

Division(s):

ITEM

PENSION FUND COMMITTEE – 5 JUNE 2015

FUTURE MANAGEMENT ARRANGEMENTS

Report by the Chief Finance Officer

Introduction

1. The current management arrangements for the Pensions Investment and Administration Teams have remain largely unchanged since the establishment of what was then Shared Services in 2007. The change in the focus for the pension services and this Committee, plus the transfer of a significant element of the financial and HR services to the Integrated Business Centre at Hampshire, make this an ideal time to re-look at the future management arrangements to ensure the service remains fit for purpose.
2. This report therefore looks at proposed changed to the structure of the Pension services teams and seeks the committee's endorsement to the outline proposals.

Pensions Administration

3. The Pensions Administration Team is currently structured with a pensions payroll/technical team, two teams responsible for the administration of individual member records, and a communications officer. The majority of the work with employers falls to the Pension Services Manager.
4. The key pressure points in the current arrangements have come around are work with employers. The establishment of Academy schools, and an increase in out-sourcing has led to a significant growth in the number of employers within the Fund. At the time of the 2010 Valuation, there were 68 employers with 17,916 active members. By the time of the 2013 Valuation, the number of active members had fallen slightly to 17,811, but the number of employers had risen by almost 50% to 100. Since, then we have added in excess of another 30 employers, taking the growth since the 2010 Valuation to close to 100%.
5. Not only has the workload increased with the additional numbers of employers, but many of these employers are small, with small of part time HR sections, and so find it very difficult to meet their responsibilities under the LGPS Regulations (although it should be noted that we also face significant issues with a number of the bigger employers within the Fund).
6. It is therefore proposed to re-structure the Pensions Administration team to introduce an Employers Team. This team would have responsibility for

dealing with all new employers, helping them through the process of completing their application for admission, providing training and support to ensure the new employer was fully aware of their responsibilities under the Regulation, and was able to produce the necessary policy documents and returns to the Administering Authority.

7. It would be expected that the demands placed on the Employers Team by a new employer would reduce over the initial few months following admission, and the work would then focus on individual member pension records, which would be the responsibility of the single Members Benefits Team. This team would be responsible to maintaining the records of individual members, dealing with queries from scheme members, and providing individual benefit estimates.
8. The Payroll/Technical Team would remain responsible for processing the monthly pensions payroll, maintaining the pensions system, and overseeing the practices and processes in the service to ensure the system is used to achieve maximum efficiency and effectiveness.
9. The Communications Officer would remain responsible for working with the national LGPS organisations to ensure we continue to provide communications to all scheme employers and members as appropriate, as well as providing support on all changes to the Scheme Regulations.
10. At the present time, we are looking to re-structure the team as outlined above within existing resources. Once the new teams and ways of working have been established, we will need to review the resource levels in light of the KPI performance for the service as a whole, and the issues being identified by the monitoring of employer performance.

Pensions Investments

11. As a consequence of the major changes to the delivery of financial services under the transfer of services to the Integrated Business Centre at Hampshire, we are currently reviewing the structure of all corporate financial services teams.
12. Subject to a formal consultation exercise, it is intended to split the current Pensions Investments and Treasury Management team, though the teams would remain co-located and continue to work very closely together. A key aspect of this change is the requirement for the Treasury Management Team to pick up the work in respect of the Council's banking arrangements, which will see a number of changes following the transfer of services to Hampshire.
13. As discussed at the last meeting of this Committee, it is the intention to establish a full time Head of Pensions Position to oversee the work of both the Pensions Investment and Administration Teams. Currently the Service Manager picks up this work alongside their management of the Council's procure to pay transactional services. This change, which was reflected in the budget, will allow the Head of Pensions to provide greater support to the new

Pensions Investment Team. As with the Pensions Administration changes, the new arrangements would be allowed to bed down before any review of the appropriate level of resources was undertaken

RECOMMENDATION

- 14. The Pension Fund Committee is RECOMMENDED to note this report, and endorse the proposed changes in management arrangements as outlined.**

Lorna Baxter
Chief Finance Officer

Background papers: Nil
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