

## *Pension Bulletin No. 32* **2014 Autumn Update**

### Key Points:

- Proposed amendments to our Administration Strategy have been agreed by the Pension Fund Boards and we are now launching a 30 day consultation
- A new Communications Strategy has been agreed by the Pension Fund Boards and published on our website
- Employer Forums were held for both Funds during October
- The main theme for the day was the importance of providing good data
- A presentation of our Administration Report provided feedback on the performance of both the Pensions Service and Scheme Employers
- Copies of all presentations are available on our website.

### Further Details:

#### Administration Strategy Consultation

Our Administration Strategy was launched in April 2013 and sets out our policy on the administration of the Scheme including the performance standards expected of both LGSS Pensions and Employers.

We have reviewed and updated the Administration Strategy to reflect the new LGPS 2014 regulations. Our proposed amendments have been presented to both Pension Fund Boards who have approved these amendments and we are now launching a 30 day consultation to seek the views of all our stakeholders. The draft Administration Strategy is available on the [Latest News](#) page of our website now. The consultation will close on 14 January 2015. Please send any comments to [penemployers@northamptonshire.gov.uk](mailto:penemployers@northamptonshire.gov.uk) by this date.

#### Update to Communications Strategy

We have also updated our Communication Strategy which sets out how and when we will communicate with the Funds' stakeholders. The Communications Strategy has been agreed by both Pension Fund Boards and comes into effect immediately. This document is available on the [Governance](#) page of our website.

#### Employer Forums

On October 15th and 21st, we held our annual Employer Forums for each fund. The Forums were a great success with positive feedback received. Delegates in attendance gave an average score of 3 out of 4 for relevance across all presentations for both Funds. However, attendance at both forums was below the numbers that we would have expected with 83 delegates from 60 employers attending.

We do encourage you to make sure that at least one delegate from your organisation attends these important updates and, in the new year, we will be seeking feedback on what you would like included in the forums.

The focus of this year's forums was the importance of providing good data. The day began with an Administration Report providing feedback on the performance of both the Pensions Service and employers against our Administration Strategy and this was followed by a presentation from our scheme actuary Hymans Robertson on the consequences of incorrect data. Delegates also received an update from our Governance and Investments teams about changes to the governance of the LGPS and the performance of the Funds investment portfolio.

Copies of all the presentations from each Forum are available on our website.

### **Administration Report**

The Administration Report looked at the half year performance of the Pensions Service and employers against a number of KPIs from the Administration Strategy. The report identified an issue with the timeliness and accuracy of the data provided to the Pensions Service, by employers, particularly around notification of new starters, leavers and variations.

The presentation also set out our action plan for improving performance in this area. This includes our latest series of employer training sessions, encouraging use of Employer Self Service, embedding new processes and direct contact with a number of establishments to improve the provision of data.

### **Scheme Actuary**

Our scheme actuary Hymans Robertson gave a presentation on the consequences of poor data. The presentation showed how even small typing errors can have a significant impact on the funding levels of employers and provided examples of the effect of such things as mistyping a date of birth or transposing salary figures.

The presentation also highlighted that with the launch of LGPS 2014 it is now even more vital than ever that employers submit correct data as neither the Pensions Service or the scheme actuary will be able to validate the data in the same way that we have previously.

### **Governance Update**

The Governance Update covered information on the existing Board structure for both Pension Funds and also the changes that are taking place as a result of the Independent Public Services Pensions Commission (IPSPC) review of public service pension schemes and their on-going affordability.

The IPSPC review, chaired by Lord Hutton, led to 27 recommendations affecting public service pension schemes and the passing of the Public Service Pensions Act 2013. This Act, amongst other items, requires all public service pension schemes to create a Local Pension Board to ensure compliance with scheme regulations and other legislation relating to the governance and administration of the scheme. A key function will be to ensure good record keeping and quality member data. The local pension board will be in operation from 1 April 2015 and run alongside the existing Pension Fund Board (to be renamed Pension Committee) and the Investment Sub Committee.

The creation of this board and other changes to scheme governance, further reinforces the need for the Scheme to hold accurate records and for the employer to provide accurate and timely data on their members.

### **Investments Update**

The Investment update provided information about the Fund's investment strategy, how funds are invested and the performance of these investments. It also touched on the adverse effects bad data can have on the Fund's investment strategy.

The Fund's liabilities in comparison to its assets (the funding gap) is a key component that is used in the development of the investment strategy of the Fund. Data provided by employers is used by the actuary in their valuation of the liabilities of the Fund and also in projecting trends that could impact on the Fund in the longer term.

Inaccurate or inconsistent data could mean that the actuarial valuation is not reflecting the correct level of liabilities, which also means that the Fund's investment strategy is not reflecting the correct levels.

The investment strategy provides a plan on how the Fund intends to close its funding gap through the implementation of various investment mandates. Bad data impacts the effectiveness of this plan.

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<http://pensions.cambridgeshire.gov.uk>

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