

Pensions Committee

9 December 2015

Report title	Pensions Administration – Proposed Expansion	
Originating service	Pensions Administration and Governance	
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	Amanda Porter, HR advisor	
	Trade Union representatives through formal consultation	

Recommendations for action or decision:

The Committee is asked to note the contents of the report and agree the additional staff cost pertaining to these changes.

1.0 Purpose

- 1.1 To provide Committee with an update on the review undertaken by the Fund and plans to expand the current Pension team to meet increasing workload and respond to regulatory changes.

2.0 Background

- 2.1 The management of human resources within the Fund is a function delegated to the Strategic Director of Pensions.
- 2.2 Following legislative changes effective from 2015, the Fund is subject to increased oversight, new standards and reporting requirements from both the Pensions Regulator and the Scheme Advisory Board. The Fund needs to adapt to ensure adherence to new guidance and demonstrate through reporting compliance with the new requirements.
- 2.3 In addition, the Fund has significant projects ahead including the 2016 actuarial valuation and, following the end of contracting out in 2016, reconciliation of GMP records with HMRC. These are both resource (and cost) intensive exercises.
- 2.4 To respond to these demands, the Fund is seeking to expand its pensions administration team. This review marks a positive response to the Scheme Advisory Board's call for action in October 2015, when the Board wrote to all LGPS Administrating Authorities to remind them that they must ensure sufficient resources are maintained to meet the statutory obligations placed on them to manage the Fund. Other Local Government Pension Scheme (LGPS) Funds are also reviewing and expanding their administration teams. A copy of the letter is attached at Appendix 1.

3.0 Consultation and key changes

- 3.1 Work on the proposed changes began in July 2015, through discussions with employees about the working practices of the Fund and how these could be improved to ensure an efficient and effective service delivery. While the majority of changes are in response to regulatory changes, the review was also driven by colleagues on the ground doing the work and in day-to-day contact with our members and employers.
- 3.2 In October 2015 an overview of the proposed changes was presented to employees. This outlined the key driving factors for change, with the proposed new structure presented in November following consultations with affected employees and the Trade Unions.
- 3.3 The changes bring a new focus to some of the key areas the Fund has identified it needs to prioritise going forward. These include the maintenance and management of Fund data (and critically the exchange of data with employers) and provision of excellent customer service. The new structure creates 20 new posts at the Fund, a net increase of 9 once the review is completed.

- 3.4 Where possible, existing posts have been assimilated or ring-fenced to new posts created under the review and those staff will be given priority interviews. Once those priorities are completed, the remaining vacant posts will be advertised
- 3.5 At the time of writing consultation is on-going and an update on this and recruitment to the new posts will be provided to Committee at the meeting.

4.0 Moving forward – the benefits of change

- 4.1 As a result of the expansion and wider review of operations, the Fund aims to:
- Increase Fund operational self-sufficiency
 - Reduce reliance and costs associated with third party providers and advisers
 - Focus on key areas to address the new legislative and regulatory requirements
 - Enhance skill-set to meet future demand
 - Embed knowledge of the operational aspects of the Fund (member benefits and participating employers) within the Pensions Administration teams
 - Raise profile and standards of customer service
- 4.2 In practice, the re-structure marks the start of longer-term change programme which will enable the Fund to respond to meet not only the changing regulatory environment but also the changing needs of the Fund employers and members.

5.0 Financial implications

- 5.1 The restructure will result in an increase in staff cost in the region of £280,000 – equivalent to £1 per member of the Fund. This is significant in the context of the Fund's overall cost of administration, oversight and governance (£18.70 per member over 2014/15) but manageable within the Fund's budget. In the absence of the changes proposed, it is likely that a higher cost would be incurred in the future as opportunities to enhance the efficient operation of the Fund would be missed.

6.0 Legal implications

- 6.1 The restructure is being driven by key changes in regulatory requirements. Failure by the Fund to meet those changes exposes the Fund to the potential for scrutiny and challenge. The restructure aims to mitigate those risks.

7.0 Equalities implications

- 7.1 The structure has been undertaken in consultation with HR and the trade unions and is being conducted in line with Council policy.

8.0 Environmental implications

- 8.1 There are no implications

9.0 Human resources implications

9.1 The establishment has been reviewed in the context of the evolving LGPS landscape and requirements on the Fund going forward. New posts will be established in areas the Fund needs to focus. Some posts have been put at risk as we review and re-focus on the tasks and skill-set required to enable the Fund to meet the changes and challenges ahead. Three of these posts are currently vacant. Overall, the number of posts will increase (net increase from the restructure is nine). Where possible and appropriate to do so, staff at risk will be assimilated or ring-fenced to new posts. Any compulsory redundancies will be mitigated through voluntary redundancy.

10.0 Corporate landlord implications

10.1 There are no implications

11.0 Schedule of background papers

11.1 None

12.0 Appendices

12.1 Appendix 1 – Scheme Advisory Board letter to LGPS Funds