

MEETING	Pensions Committee
DATE	20 January 2014
TITLE	Pension Administration Unit Staffing
PURPOSE FOR THE REPORT	To consider adding to the staffing resources of the Pension administration Unit
AUTHOR	Dafydd L. Edwards – Head of Finance
RECOMMENDATION	To approve the report

1. INTRODUCTION

- 1.1 In order for Gwynedd Pension Fund’s Administration Unit to be able to maintain, improve and develop an appropriate level of service for all its members (employer, employee and pensioner), which conforms to all relevant statutory obligations and regulations, it is essential that sufficient staffing resources are provided.
- 1.2 The last staffing review was in July 2006, before the current 2008 scheme came into force. Now benefits are provided on two rates of accrual, 80ths and 60ths of final salary, with a choice to convert pension for a retirement lump sum within limits set by HMRC.

2 ESCALATION SINCE 2008

- 2.1 On 14th October 2010 the Government announced acute reductions in pension accrual allowances from 2011-12 resulting in the lifetime allowance being reduced from £1.8m to £1.5m and the annual allowance from £255,000 to £50,000. Following on to this the Chancellor, in his 2012 Autumn Statement, further reductions to the allowances to £1.25m and £40,000 respectively from 2014/15.
- 2.2 During the calendar year 2013 the fund’s employers began reaching their staging dates for auto enrolment legislation. It meant that those employers had to enrol all new ‘eligible job holders’ into qualifying pension schemes, the LGPS in this case. Those employees not wishing to join the scheme had to opt out after being enrolled by contacting the pensions unit, and not the employer.
- 2.3 From April 2014 the Local Government Pension Scheme Regulations 2013 (SI 2013 No. 2356) come into force and will introduce a Career Average Revaluated Earnings scheme to replace the final salary scheme. Rights accrued in the old scheme will have to be protected up to 31 March 2014 and be linked to individuals’ final pensionable salary when they leave the scheme.

3. IMPLICATIONS OF THE CHANGES ON WORK LOADS

- 3.1 As alluded to above, all aspects of these changes have and will increased administration workloads to include.
- Details of pension accrual will have to be provided on an annual basis and included on the annual benefit statement, for the member to measure against annual allowance.
 - The unit's staff will have to deal with, and have thorough knowledge, of the pension schemes, the pre 2008 scheme, the scheme between 2008 and 2014, and the 2014 scheme. On the basis that interpretation of pensionable salary in the 2014 scheme will be different to that in the current scheme it will mean a considerable increase in administration work for producing benefit values for annual statements and all other instances of leaving the scheme with benefits.
 - Automatic enrolment means the creation of pension records that will immediately show as 'leavers' in the scheme.
- 3.1 Our intention as an unit is to continue to hold pension clinics and seminars but due to all the complexities, this in itself will generate more enquiries and requests for explanation and estimates.
- 3.2 In the current financial climate and its effect on public expenditure there has been a larger increase in the number of employer requests for estimates. Also they are looking more at outsourcing services which in itself puts additional pressure on the unit to prepare workforce pension costings for the services in question.

4 RECOMMENDATION:

- 4.1 It is therefore proposed to create one new Pensions Assistant post on grade GS5, salary points 14 (£15,882) – 17 (£16,998), subject to confirmation by Human Resources, to join and assist the unit's front line administration team in accordance with existing generic job description for such posts.
- 4.2 The Committee is asked to approve the recommendation.