Report of the   Agenda Item No:
Service Director Finance   Meeting: 28 September 2010

NORTH LINCOLNSHIRE COUNCIL

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AUDIT COMMITTEE

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PENSION INFORMATION FLOWS WITH NORTH LINCOLNSHIRE COUNCIL REPORT

1. **OBJECT AND KEY POINTS IN THIS REPORT**

   1.1   To report the outcome of external audit's review on information flows between North Lincolnshire Council and East Riding Council Pension Section.

   1.2   The report concludes that of the four main contributing authorities, North Lincolnshire Council provides the most accurate and timely data. Communication between the Pension Fund and the council is good and reflects the excellent working relationship.

   1.3   The review has informed external audit's Value for Money opinion of the council.

   1.4   The committee are invited to consider the report, the assurance that can be implied from its conclusion, and to agree and monitor the implementation of the recommendations made.

2. **BACKGROUND INFORMATION**

   2.1   The Pension Scheme Regulations require contributing organisations to supply information on time. Inaccurate or incomplete data will lead to wrong pensions' calculations for members and an incorrect valuation of the Pension Fund.

   2.2   A review of the manual and electronic information flows of employee data between the contributing employer, North Lincolnshire Council, and administrating authority was recently completed. The report is attached in Appendix A and its outcome has informed external audit's Value for Money opinion for the council.

   2.3   The report concludes of the four main contributing authorities, North Lincolnshire Council provides the most accurate and timely data. Communication between the Pension Fund and the council is good and reflects the excellent working relationship. It was also reported that human resources and payroll staff work well together and there are several examples of arrangements which contribute to good quality data within the pension's administration system; such as:

- Pensions expertise within the council's corporate human resources team
- Suitably trained staff to understand how their work impacts on pensions and how the council's discretionary policies work
- Clarity of roles and responsibilities
- Electronic forms for leavers, starters and amendments to employee data
- Quarterly data validations
- Pensions publicity to increase employee awareness and readily available advice and information.

2.4 Some areas for improvement were identified for this council and for the Pension Fund and action has been agreed as shown in the report's action plan. The main improvement areas identified are:
- Greater use by the council of available Pension Fund resources
- Targeting of employees approaching retirement
- Reminding schools of their responsibilities to staff in the LGPS
- Visits by Pension Fund Member Services staff to contributing authorities
- Clarity on the remit of new posts at the Pension Fund
- Ensuring that technical communications are in plain English
- Identifying and spreading the good practice from North Lincolnshire Council to other contributing authorities.

3 OPTIONS FOR CONSIDERATION

3.1 Attached as an appendix is the report from the council's auditors. The main findings are considered here. The report also makes several suggestions for improvement which are also highlighted in the report. The Committee is invited to consider the report and seek clarification on its contents as necessary.

3.2 The Committee may consider that the report does not provide sufficient assurance and may require further work to be carried out.

4. ANALYSIS OF OPTIONS

4.1 The Committee should consider the external auditor's judgement, which is a positive one, and the assurance that can be implied from its conclusions. The Committee should seek clarification from the Audit Commission or council officers as necessary. In addition, to maintain or improve its performance in future years the council needs to address the issues raised by the auditors. An action plan has been developed and implementation will be monitored during 2010/11.

4.2 The option set out in paragraph 3.2 represents an opportunity missed to receive an important source of assurance to assist the Committee to fulfil its role effectively if adequate clarification is not provided. To take no action would also invite an adverse value for money judgement in future years.

5. **RESOURCE IMPLICATIONS**

5.1 Regular reviews of key financial systems should safeguard the council's assets and ensure that value for money is achieved in the use of resources. There are no staffing, property or IT implications.

6. **OTHER IMPLICATIONS**

6.1 The value for money judgement is part of the Comprehensive Area Assessment by which the Audit Commission fulfils its statutory duty under section 99 of the local Government Act 2003 to make an assessment, and report on the performance, of local authorities.

7. **OUTCOMES OF CONSULTATION**

7.1 Not required.

8. **RECOMMENDATIONS**

8.1 That the Committee consider the external audit report, the assurance that can be implied from its conclusions, and agree that its recommendations be implemented and monitored.

SERVICE DIRECTOR FINANCE

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Background Papers used in the preparation of this report
Pension Information Flows with North Lincolnshire Council
East Riding Pension Fund Audit 2009/10 (attached as appendix to this report)
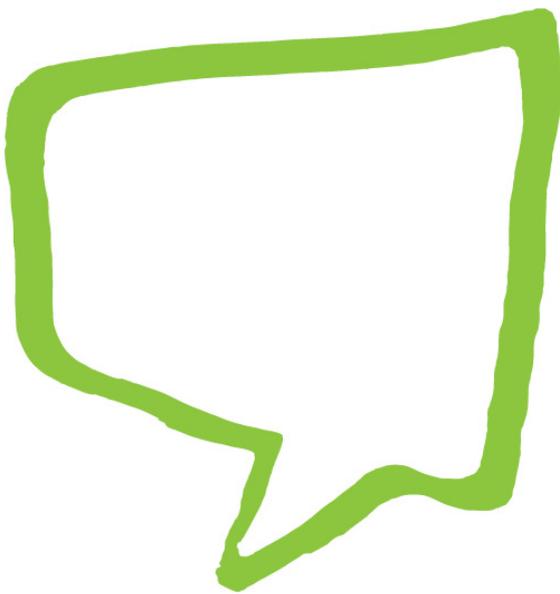
Information Flows with North Lincolnshire Council

East Riding Pension Fund

Audit 2009/10

September 2010

Contents

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Summary report

Introduction

1 The East Riding Pension Fund is based in the offices of the East Riding of Yorkshire Council at Goole. The Fund administers the Local Government Pension Scheme (LGPS) for four local authorities, police and fire civilian staff, and staff at various colleges and charitable trusts in the area, 79 employers in total. The four local authorities, East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council and North Lincolnshire Council account for eighty percent of the members of the fund.

2 The East Riding Pension Fund uses the AXISe application system for pensions administration. The Pension Fund has improved the controls around the system over a number of years, acting in part on recommendations from previous internal and external audit work, but is still to a large extent reliant on the contributing employers for the quality of the data in the pension administration system.

3 North Lincolnshire Council (the Council) passes employee data electronically from its payroll system to the pension administration system. The Council's separate human resources (HR) and payroll application systems have been installed for a number of years. To ensure data in the two systems is consistent HR and payroll staff undertake a quarterly data matching exercise. The Council recognises that an integrated system would provide efficiencies, and is mindful of developments which may offer them the desired functionality in the future, should funding be available.

Background

4 The Pension Scheme Regulations require contributing organisations to supply information on time and the Pensions Act provides for fines to be levied on pension scheme administrators when information is not processed in a timely manner.

5 Regulations also allow the administrating authority to draw up an administration strategy which could contain service levels with employers for the supply of data. The strategy document could also allow the administrating authority to levy additional administration charges on poorly performing employers.

6 Inaccurate or incomplete data will lead to wrong pensions' calculations for members and an incorrect valuation of the Pension Fund, which could mean higher or lower than necessary employers' contributions being fixed.

7 Pension schemes are required to issue an annual statement of benefits to contributors and the LGPS regulations require such a statement to be issued to those members with a deferred pension. An unacceptable level of queries is generated if the benefit statements are based on poor quality data.

8   The Pension Fund provides members with information on what options are available to them. There are many variables and the best option is not always obvious. Members will have the opportunity to make a more informed choice on what is best for them if the options presented to them are calculated on the basis of sound information.

Audit approach

9   The objective of our work was to review the manual and electronic information flows of employee data between the contributing employer, North Lincolnshire Council, and the administrating authority, East Riding Pension Fund, and to identify ways in which these processes may be improved so as to improve data quality in the pension administration system.

10   Our work was carried out by:

- interviewing members of staff at the East Riding Pension Fund;
- interviewing Human Resources and Payroll contacts at North Lincolnshire Council; and
- reviewing relevant documentation.

11   The Key Lines of Enquiry (KLOE) for this review are detailed in Appendix 1. Previous reviews of information flows at East Riding of Yorkshire Council in 2005/06, at Kingston upon Hull City Council in 2006/07 and 2007/08, and North East Lincolnshire Council in 2008/09 have shown that any issues usually fall into three main areas; resources, data quality and communication. We have focused on these themes.

12   This review has also informed our Use of Resources (UoR) judgements and Value for Money Opinions at East Riding of Yorkshire Council and North Lincolnshire Council, in particular UoR KLOE 2.2, which asks 'does the organisation produce relevant and reliable data and information to support decision making and manage performance?'

13   The fieldwork for this review was carried out between December 2009 and March 2010.

Main conclusions

14   East Riding Pension Fund and North Lincolnshire Council staff have an excellent working relationship built up over a number of years. Generally there are fewer queries and issues with North Lincolnshire Council than with any of the other main contributing authorities. Staff are knowledgeable, well trained and provide an effective service for members. Pension staff are considered very helpful, technically competent and quick to respond to queries. Council staff are regarded as knowledgeable, proactive, enthusiastic and helpful.

15   The Pension Fund considers that, of the four main contributing authorities, North Lincolnshire Council provides the most accurate and timely data. This means that there is a low level of queries and no backlog; members base their decisions on good quality information; and members have a good pension experience.

16   Communication between Pension Fund and Council is good, underlining their excellent working relationship. Within the Council the HR department and the payroll department work well together. The Council encourages membership of the Pension Fund, and keeps members informed of any changes, but could be more proactive in working with members approaching retirement.

17   We are pleased to report a number of areas which contribute to good quality data within the pensions administration system:

- a centre of pensions expertise within the Council's corporate HR team;

- HR and payroll staff trained to understand how their work impacts on pensions and how the Council's discretionary policies work;

- clarity within HR and payroll on their roles and responsibilities throughout the retirement process;

- standard electronic forms for starters, leavers and amendments to employee data;

- historical records readily available;

- quarterly data validation exercises to reconcile data in the HR and payroll systems;

- publicity to increase employee awareness of the importance of pensions and the advice and information available to them; and

- early notification of projects which may impact on pensions.

18   There are a few areas where further improvements could be made:

- greater use by the Council of available Pension Fund resources;

- individual targeting by the Council of employees approaching retirement;

- reminding schools of their responsibilities to staff in the LGPS;

- visits by Pension Fund Member Services staff to contributing authorities ;

- clarity on the remit of new posts at the Pension Fund;

- ensuring that technical communications are in plain English; and

- identifying and spreading the good practice from North Lincolnshire Council to other contributing authorities.

19   We have made a number of recommendations which are summarised in the Action Plan at Appendix 2. Our detailed findings follow.

Detailed report

Resources

20 The East Riding Pension Fund and North Lincolnshire Council staff have an excellent working relationship built up over a number of years. There are sufficient staff at the Council and the Pension Fund to provide an effective service for members. Staff are knowledgeable and well trained. Generally there are fewer queries and issues with North Lincolnshire Council than with any of the other main contributing authorities.

Pension Fund resources

21 The skills and experience of the Pension Fund staff help to provide a good level of service to the Council. The appointment of a Training Officer has strengthened the training function. All new staff are trained over a six to ten week period, working in each of the four teams, under the supervision of the Training Officer. There is no strict timetable with training tailored to meet the experience and skills of the member of staff. Recent recruitment has attracted a number of good quality external applicants.

22 The Council has a good working relationship with the Pension Fund which has continued for a number of years. The Council regards Pension Fund staff as 'very helpful' and 'technically competent' when passing on information, and 'responsive to queries' raised with them. This has been maintained through a period of organisational change following the retirement of the Pensions Manager in March 2009.

23 Management reporting at the Pension Fund has improved. East Riding of Yorkshire Council, the host body, has provided additional technical resources, through dedicated Finance and IT leads for the Pension Fund. This also transfers some of the responsibility for the IT infrastructure out of the Pension Fund, allowing staff to concentrate on optimising use of the pension administration system. A new technical post within the Pension Fund will help meet the increasing demands to use IT to operate more efficiently.

24 The Pension Fund uses its resources efficiently. Benchmarking shows that the average cost per member is £16 per annum compared to a national average of £22 per annum. The number of compliments received by the department have also increased year on year.

25 The appointment of a Pensions Liaison Officer (PLO) with specific responsibility for North Lincolnshire Council has strengthened the close working relationship between Council and Pension Fund. The PLO helps with the programme of pensions information sessions at the Council and is the first point of contact for most queries. Other Pension Fund staff visit the Council as necessary, such as when planning the year end or working on other specific projects.

Detailed report

26 The Council does not make as much use of Pension Fund resources as the other unitaries. No training has ever been requested, apart from when there have been changes to the scheme. There is no backlog of member queries and so no need for regular on-site visits from the Pensions Liaison Officer to sort out issues. Pension Fund staff may however benefit from additional visits to the Council to see what North Lincolnshire is doing well in HR and payroll that could be shared with other contributing authorities.

Recommendation
R1 East Riding Pension Fund should consider additional visits to North Lincolnshire Council with a view to sharing the Council's good HR and payroll practices with other contributing authorities

Council resources

27 Staff in the Council's HR and payroll departments have the capacity, skills and experience to manage the flow of information to the Pension Fund and deal with the impact of changes to the LGPS pension scheme which came into effect in April 2008. There is no backlog of outstanding queries from the Pension Fund. Council HR and payroll staff were described by Pension Fund staff as 'knowledgeable', 'proactive', 'enthusiastic' and 'helpful', so much so that it was 'difficult to think of any negatives'.

28 Over the past two years the Council has built up pensions expertise in the corporate HR team. Additional resources were needed following a loss of expertise through retirement and to cater for the introduction of a new LGPS.

29 Over that time the service to members has improved and there is now greater resilience with two people who understand the systems and procedures. A Principal HR Officer is dedicated to pensions work. She keeps the HR Director informed of any changes to the scheme and the impact on the Council, and ensures that the rest of HR can understand and implement any changes, particularly to discretionary policies.

30 An Administrative Officer was appointed a year ago when the level of resources needed to implement and manage the new scheme became apparent. She deals with pensions and retirements at an operational level. Her main role is to communicate to members that there is an HR pensions service, and to arrange and publicise pensions events which members can attend.

31 The experienced payroll team equally understand the importance of pensions. The department is small with a low staff turnover with many staff having been in post for a number of years. Staff move between different payroll teams to experience the range of payroll work.

32 Staff understand how their work impacts on pensions and how the Council's discretionary policies work. They receive training at induction and as part of professional development. Council HR staff attend pensions training courses to keep up to date, including those run by the Pension Fund and by other organisations such as the Local Government Employers. All payroll staff attend the 'My Retirement Explained' course run by the Pension Fund.

33 There is clarity within HR and payroll about their roles and responsibilities throughout the retirement process. The Council aims to have pension entitlement paid within four days of retirement. The process is initiated through the service area HR teams before passing to corporate HR and payroll. The Pension Fund knows who to contact - for example there is one person in the Council who manages ill-health retirement.

34 HR and payroll staff at the Council work well together. Separate HR and payroll systems can lead to inconsistencies in data recorded and some tensions between the HR and payroll departments but this is managed well. The Council recognises that an integrated system would provide efficiencies, and is mindful of developments which may offer them the desired functionality in the future, should funding be available.

35 The Council does not use Pension Fund resources as much as other contributing authorities. The half day Council induction course is not long enough to include a talk on pensions from the PLOs, as happens elsewhere, and there is sometimes reluctance at the Council to allow staff to attend joint Pension Fund events with other authorities. The Council may be able to derive additional benefits for itself and members through a greater engagement with the Pension Fund.

Recommendation
R2 North Lincolnshire Council should consider whether it could use additional Pension Fund resources to benefit its employees.

Data Quality

36 The Pension Fund considers that, of the four main contributing authorities, North Lincolnshire Council provides the most accurate and timely data. This means that:

- there is a low level of queries;
- members base their decisions on good quality information; and
- members have a good pension experience

37 The Council passes data to the Pension Fund on a regular and timely basis. Additional checks ensure that the data is complete and accurate. Updates for new starters and other changes are sent electronically each week. Email is used to send leaver forms and to reply to queries. Any necessary paperwork is also received in good time. There have been very few examples of pension payments being delayed or new starters set up incorrectly on the pension administration system. Each incidence is investigated. Data sent to the Pension Fund is signed off by the HR department, giving an opportunity for inconsistencies and errors to be spotted before the data leaves the Council.

38   Information is received by the Council's HR and payroll departments in sufficient time to meet planned processing dates. A recently introduced system of electronic forms (e-forms) ensures data is consistent and confirms roles and responsibilities for completing the data. Standard forms for starters, leavers, amendments to employee data and for processing retirements are automatically routed to HR and payroll. Managers have a greater responsibility for ensuring the data is correct, and the quality of data has improved. Variable data, such as overtime worked, is received by payroll on a timely basis, resulting in few over or under payments that need rectifying later.

39   The use of e-forms has created some issues:

- E-forms are not automatically uploaded to the payroll system, being printed off in payroll, then re-input to the payroll system, so offering the opportunity to introduce errors;

- IT technical constraints mean that it is not possible to use these forms in some service areas such as schools; and

- the generic email address used by schools to send e-forms does not provide a full audit trail;

40   There is no standard payroll input form. Service areas design their own time sheets and changes do not have to be agreed with the payroll department. The payroll department has no problem in using different input documents, as long as all the required information is there.

41   The Council has been proactive in seeking ways to streamline the payroll service. The payroll system is old and may be replaced in the next few years, but the Council may still be able to secure efficiencies through:

- using a standard timesheet in all service areas;

- removing the technical barriers to extending the use of e-forms; and

- interfacing e-forms with the payroll system.

Recommendation
R3   North Lincolnshire Council should investigate whether the cost of further changes to make payroll processing more efficient would offer value for money in the long term

42   Pensions and final pay are paid on time. The Council aims to complete the paperwork required by the pension fund in sufficient time for pension entitlements to be paid no more than four working days from date of leaving. The target for paying final pay following a resignation is twenty days after the final working day. Payroll check that all variable pay input has been received before final pay is calculated. Completion of the leaver form sent to the Pension Fund requires a good understanding of payroll and pensions and North Lincolnshire Council staff complete the forms to a good standard.

43 There is no backlog of queries. The Council responds quickly to individual queries which are raised, confirming answers via email. Year end processing flags up any apparent anomalies which generate additional queries. These are reducing year on year.

44 Projects which may impact on pensions are notified to the Pension Fund in good time. One example of this is Building Schools for the Future where a representative from the Pension Fund has attended project team meetings.

45 Historical records are readily available, back to 2000 on line and before that on CD. Records from the predecessor Council are not available, but employment start dates are. Project work initiated when scheme regulations change often needs to refer to historical records. Recently thirteen year old data was required and the Council was able to provide this.

46 In common with many other local authorities the Council experiences some problems in getting information for schools staff in the LGPS. Schools who are responsible for their own budgets are able to choose who provides their services. This may lead to payroll processing being done outside the Council and the provision of information to the Pension Fund not being specified in the contract. Some schools have brought payroll processing back into the Council following such problems.

Recommendation
R4 North Lincolnshire Council should: • remind schools' management of their responsibilities to staff in the LGPS; and • ensure schools' staff have access to information about the LGPS.

47 Opportunities for inconsistent data are minimised. The Council has separate HR and payroll systems, and to ensure that the data in the two systems is consistent quarterly validation exercises are carried out. In addition regular exception reports ensure that any anomalies are investigated. Validation reports showing incomplete HR data are sent to the service area HR teams for completion.

48 The Pension Fund continually seeks to improve the quality of data in the pension administration system and in the pensions payroll. It plans to implement a module of the pension administration system which would allow on-line access by the contributing authority. It is also preparing a business case for implementing an integrated pensions payroll, to reduce errors in the manual input of new pensioners to the pensions payroll operated by East Riding of Yorkshire Council.

Communication

49 Communication between Pension Fund and Council is good, underlining their excellent working relationship. Within the Council the HR department, both corporate and in the service areas, and the payroll department work well together. The Council is proactive in encouraging membership of the Pension Fund, and keeping members informed of any changes, but could be more proactive in working with members approaching retirement.

Council

50 Council HR and payroll departments work well together at an operational level, for example agreeing wording on payslips and confirming salaries for pensions estimates. HR staff find payroll staff helpful in allowing important data changes after the payroll cut off date, if this is at all possible. Payroll staff work equally well with HR staff in the service areas.

51 There are no regular meetings between HR and payroll, but the departments do work together on specific projects. Communication between the central HR function and the directorate HR teams is good and the dispersal of the HR function does not delay passing information to the Pension Fund.

52 The Council has raised awareness amongst staff of the importance of pensions and the information available to staff. This was done through publicising at induction and in a poster campaign the 'My Pension Explained' course, surgeries and drop in sessions. Some managers are reluctant to allow staff time off to attend. Many sessions are arranged to go over lunch time or into early evening to accommodate this.

53 The Council is proactive in encouraging membership of the Pension Fund, and keeping members informed of any changes, through:

- automatically enrolling the majority of new staff into the pension scheme;

- communicating through messages on payslips, the monthly staff magazine and posters;

- Council-wide electronic messages, also passed on to those staff who do not have email accounts through the Council's network of 'communications champions'; and

- monthly pension drop in sessions and surgeries with the PLO for employees' specific queries.

54 Staff generally have a good 'pension experience' when they retire, with pension and lump sums paid on time. We have received some excellent examples of the Council working with employees and the Pension Fund to determine the best option for retirement, particularly for ill health retirement. However the Council could do more to target individuals directly when they are approaching normal retirement age. Those over 58 may attend a 'Preparing for Retirement' course run by the Pension Fund but the onus is on the employee to ask for this. The default retirement age is 65 and only when the employee has passed 64 will the Council start a dialogue with the employee. The Council does not run its own pre-retirement course.

Recommendation
R5 North Lincolnshire Council should actively target staff over 58 to receive information on pensions advice and courses available to them

55 Generally project work has been communicated early to the Pension Fund so that the impact of any proposed changes on the pensions of affected staff may be assessed and advice given. The Building Schools for the Future project for example has pensions as a standard item on the agenda at project board meetings. Occasionally pension provision has not been considered at an early enough stage of a project or not considered at all. In one instance cleaning staff at a school moved under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) to a provider in the private sector, without any provision for pension benefits equal to those of the LGPS.

56 Communication with the Pension Fund is good and Council staff are proactive in suggesting how such communication can be improved. For example they suggested resolving queries immediately over the phone, then confirming them with a password protected email, rather than sending letters. The Council also identified occasional contradictions in guidance given by the Pension Fund's PLOs and Member Services teams. The Pension Fund has responded by appointing a training officer who trains both Pension Fund and authority staff, to make sure that all staff are up to date with operational changes.

57 Cooperative working between fund and employer has improved the flow of information, one example of this being the electronic leaver form developed and introduced for North Lincolnshire Council and East Riding of Yorkshire Councils during the past year

58 The Council attends regular meetings with the Pension Fund but there is sometimes reluctance on the part of the Council to allow staff to attend events for all four unitaries. At the Council's request the Pension Fund holds separate meetings with HR and payroll departments. The HR Administrative Officer also meets with the PLO on a regular basis and project staff visit the Council as necessary.

Pension Fund

59 Pension Fund staff are clear who they need to contact at the Council for each type of query - for example there is a nominated contact for ill health retirement. The Pension Fund has gone through a period of reorganisation since the retirement of the Pensions Manager in March 2009. During this period Council staff were not always sure who to contact. This has now been resolved as the Pension Fund has issued an updated list of contacts, although the Council is still unsure of the exact remit of some new posts.

Recommendation
R6 East Riding Pension Fund should clarify the remit of new posts in the organisation

60 Communication has improved further through having a named PLO responsible for North Lincolnshire Council. The previous system, whereby two PLOs had joint responsibility for all unitaries, did work, but the Council prefers to have a named PLO as a first point of contact. Other Pension Fund staff can be always be contacted if the named PLO is unavailable.

61 Recent changes in Pension Fund personnel have sometimes resulted in those new in post and therefore less experienced delivering communications, which are not as clear as they could be. In particular technical matters are not always expressed in plain English nor illustrated with specific examples relevant to North Lincolnshire Council.

Recommendation
R7 East Riding Pension Fund should remind staff to use plain English when explaining the technicalities of pensions administration

62 The Pension Fund holds regular meetings with HR and payroll staff from the four unitaries. The Head of Member Services and the PLOs always attend and other staff attend as appropriate, for example the Technical Officer will attend to explain changes to the scheme. As well as passing information on to contributing authorities, the Pension Fund uses the meetings to seek feedback to identify ways in which they can improve, and to gain understanding of the issues facing employers.

63 Face to face contact improves communication between Pension Fund and Council. Pension Fund staff are keen to visit employers, particularly the PLOs and Project and Development team, who find it helpful to discuss project work and complicated cases face to face. Member Services visit occasionally and feel they would benefit from more direct contact with Council staff.

Recommendation
R8 East Riding Pension Fund should consider allowing staff in Member Services to make a visit to a contributing authority

Appendix 1 – Key Lines of Enquiry

1 Resources – staff have the capacity, skills and knowledge to provide an effective service to members

1.1 Pension Fund resources
- The Pension Fund has the capacity, skills and knowledge to provide the agreed service to its clients.
- There are staff at the Pension Fund who have specific responsibility for the Council.
- Pension Fund staff visit the Council on a regular basis.
- Pension staff receive training on new legislation and other relevant changes.

1.2 Council HR/payroll resources
- There are adequate HR and payroll resources to manage the pensions work flow.
- Staff understand how their work impacts on pensions, and how the Council's discretionary policies affect pension entitlement.
- Staff receive training in pensions, both at induction and as part of professional development.
- There is clarity of roles and responsibilities throughout the retirement process.

2 Data quality – processes in place at the Council and the Pension Fund contribute to good quality data in the pension administration system

2.1 Timely data
- Information on new starters, leavers and employee changes is passed to the Pension Fund on a regular basis.
- There is no permanent backlog of outstanding queries.
- Any Council or Pension Fund project work is discussed at the planning stage.
- Pensions for new retirees are paid on time.

2.2 Accurate, valid and consistent data

- Member queries are dealt with in a timely manner.
- Queries generated by Annual Benefits Statements are reducing year on year.
- Leaver forms are completed to a consistently good standard.
- Members are given correct information on which to make pensions decisions.

2.3 Complete data

- Historic HR/payroll data is complete and easily accessible.
- Standard forms are in use throughout the Council to capture employee data.
- Breaks in service are notified to the Pension Fund.
- Paperwork for new starters is passed to the Pension Fund.

3 Communication – there is effective communication within the Council, with members and the Pension Fund

3.1 Council communication

- There is communication between the HR and payroll departments.
- Actions agreed at meetings with the Pension Fund are communicated to those responsible in the Council.
- The Council is proactive in communicating with members of the scheme and staff have a 'good pension experience'.
- The Council attends meetings with the Pension Fund on a regular basis.

3.2 Pension Fund communication

- There are nominated points of contact at the Pension Fund for specific services.
- The Pension Fund disseminates information to the contributing authorities on a timely basis so that the authorities are aware of current and future requirements.
- The Pension Fund arranges regular meetings with the Council and with the Council and other contributing authorities.
- The Pension Fund communicates with the Council in 'plain English'.

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 East Riding Pension Fund should consider additional visits to North Lincolnshire Council with a view to sharing the Council's good HR and payroll practices with other contributing authorities	1	Assistant Pensions Manager Pension Fund Training Manager	Yes	Good practice is already shared at quarterly meetings attended by all contributing authorities. In addition the Pension Fund Training Manager will undertake a review of how each contributing authority works with the Pension Fund, so that good practice can be identified and shared.	March 2011
8	R2 North Lincolnshire Council should consider whether it could use additional Pension Fund resources to benefit its employees	1	Assistant Director - HR	Yes	The Council will explore how, in the current operating environment, it can make more use of Pension Fund resources to benefit its employees.	December 2010
9	R3 North Lincolnshire Council should investigate whether the cost of further changes to make payroll processing more efficient would offer value for money in the long term	2	HR Payroll	Yes	HR and Payroll Departments constantly review how they may operate more efficiently. Funding is unlikely for a new integrated HR/pay IT system in the medium term. HR and Payroll will combine their investigative work into how the current separate systems for HR and payroll may be used more effectively.	October 2010

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
10	R4 North Lincolnshire Council should: • remind schools' management of their responsibilities to staff in the LGPS; and • ensure schools staff have access to information about the LGPS.	3	Assistant Director - HR	Yes	The Council is specifically targeting schools through such as: • 'HR Matters' a quarterly newsletter; • attendance by the HR Pensions Officer at termly administration meetings; • offering pensions presentations to small groups of schools staff'; and • holding pensions events in outlying areas and out of school hours.	March 2011
12	R5 North Lincolnshire Council should actively target staff over 58 to receive information 2on pensions advice and courses available to them	2	Assistant Director - HR	Yes	An event has been arranged for November 2010 which will target this age group. The Council is working towards offering events on planning retirement to staff who are ten years away from retirement.	March 2011
12	R6 East Riding Pension Fund should clarify the remit of new posts in the organisation	2	Assistant Pensions Manager	Yes	Those appointed to the new posts of Technical Officer and IT Officer are to be invited to one of the quarterly meetings between the contributing authorities and the pension fund, so that they can explain the remit of their post and their planned work programme.	January 2011

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
13	R7 East Riding Pension Fund should remind staff to use plain English when explaining the technicalities of pensions administration	2	Pensions Manager	Yes	The Pension Fund will encourage staff to use plain English in communications. The technical language of new regulations is difficult to understand, and joint meetings to discuss a specific topic, such as protecting benefits, could help to make the regulations	September 2010
13	R8 East Riding Pension Fund should consider allowing staff in Member Services to make a visit to a contributing authority	1	• Head of Member Services	Yes	This is to be encouraged, particularly for members of Team 1, who deal with new starters and changes to member records.	September 2010

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

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