

## **PENSION FUND COMMITTEE – 23 JUNE 2017**

### **ADMINISTRATION REPORT**

#### **Report by the Director of Finance**

##### **Introduction**

1. This report is to update members of current issues within the Pension Services team from both management and operational perspectives. It also sets out the latest position in respect of the employers within the Oxfordshire Fund. The report includes information about data retention issues.
2. The report also includes new requests for admission to the Fund, an update on previously approved applications and the write off of any amounts due to the Fund.

##### **Performance Data / Data Quality**

3. To enable Pension Services to administer the benefits for scheme members, scheme employers are required to provide the information in the following formats:
  - Contribution Returns – monthly return to detail the employee and employer contributions collected during the pay period.
  - Monthly Administration Return Spreadsheet (MARS) – as a minimum scheme employers are required to make a return showing the CARE pay for each scheme member. This report is also used to report on starters; leavers; absences; changes to hours or changes of address.

Both of the above reports must be submitted by the 19<sup>th</sup> of the month following payroll.

- End of Year Return – requires scheme employers to give details of contributions paid over and final pay calculated under the definition of the 2007 Regulations, which is required to be maintained in line with transitional protections when the scheme changed in 2014.
4. Aside from the day to day administration of leavers, retirements, transfers and so on, the most visible and monitored output from this data is the production of annual benefit statements (ABS) which have to be sent to scheme members by 31 August.
  5. Whilst this requirement has been in place for some years, the focus changed in 2015 when The Pension Regulator (TPR) first became responsible for public sector pension schemes. At that time schemes were asked to report the numbers of ABS sent to scheme members by 31 August. This Fund, alongside many of the LGPS Fund, reported that no ABS had been issued by the due date, largely due to the complexities resulting from the introduction of the new CARE scheme and the

requirement to return data in respect of two schemes with different definitions of pensionable pay etc. However the Fund was subsequently able to report the issue of 13,348 statements which was just shy of 69.50% of the active membership.

6. At the end of the following year the numbers reported to TPR and this committee were the issue of 11,243 statements which amounted to 58.22% of the active membership. Of the outstanding ABS just over 90% related to three main employer groups: - Academy schools (4,090 outstanding statements, Brookes University (2,129) and the County Council (1,077). In respect of the County Council it should be noted that 87.5% of statements have been issued, with the number outstanding reflecting the records being queried.
7. During this time there have been regular updates to both TPR ( a copy of the latest telephone note is attached to this report) and this committee about the actions being taken to address the issues which have contributed to the non-issue of ABS: -
  - Setting up a dedicated team to manage and monitor all incoming data both for monthly and annual returns. This team has suffered from both staff absences and relative inexperience, but has made a very good proactive start in engaging with scheme employers to make returns and deal with queries.
  - Setting out how these returns will be checked / returned if not correct – so employer is clear on what is needed / able to check before submission
  - Documentation has been sent to all scheme employers with the appropriate returns.
  - Ensuring training is available on how forms should be completed / what information is required. Specific training was offered for end of year processes. Scheme employers can attend one of the quarterly training sessions / employer meeting or request a further ad-hoc training session.
  - Central inbox for returns. This has been created and is now used for both contribution and information returns.
  - A clearer process for escalation both within employer and the Fund, and the use of fines in line with Administration Strategy.
  - No more than two chases before the issue is escalated to Team Manager to follow up. Where information has not been provided scheme employers have been advised that charges will be made in line with administration strategy.
8. In terms of the end of year processes, outstanding data has been chased with a final deadline of 5 June for receipt. Employers have been told that fines will be levied where no returns are received. Currently for 2016/2017 the MARS returns are missing for 31 scheme employers. In terms of number of members affected this is significant for 6 of those scheme employers with the other 25 only having one or two members of staff.

9. For End of Year returns the data, as at 06 June 2017, shows:

Returns due	182
Received	152
Outstanding	30
Balanced	134
Not balanced	18
Posted	53
Posting errors	

10. Of the 30 scheme employers who have yet to make an End of Year return –the majority of these scheme employers only have one or two members of staff. Whilst chases / fines are being made, resources are being concentrated on processing the larger scheme employer returns.
11. The overall workload in Pension Services remains high with incoming work keeping pace with completed tasks. Recruitment continues to be a priority.

### **Write Offs**

12. In June 2015, the Committee reviewed the scheme of financial delegation and agreed the following:
- Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.
  - The authorisation of debt write offs up to and including £10,000 is delegated to the Service Manager (Pensions). For debts between £7,500 and £10,000 authorisation is in conjunction with the Director of Finance.
  - For Debts below £500, authorisation of debt write off is delegated to the Pension Services Manager
  - All debts below £10,000 need to be reported to Committee following write off. This report provides the details of those debts written off in the last quarter.
13. In the current period, the Pension Services Manager has approved the write off of £7.96 chargeable to the pension fund in respect of four cases where the member has died. This brings the total written off over the past year to £10,841.04. This covers 26 cases where the member has died plus one case of non-repayment.

### **Employer Issues**

14. Changes within scheme employers whether due to restructuring, outsourcing or the creation of an academy school remains at a high level – many of these are now moving away from the “standard approach” to outsourcing and so are requiring much more administrative effort to finalise.

### Update on Previous Applications for Admission

15. Admission agreements need to be finalised in respect of:
- The outsourcing from William Fletcher School to Carillion on 01 April 2016. This has been referred to Legal.
  - Optalis Ltd, second generation contract following on from Leonard Cheshire Disability, which was effective from 15 February.
  - The admission agreement between Age UK and Oxfordshire County Council is outstanding.
  - Civicare Oxford, a second generation contract following on from Allied Healthcare, effective 14 March 2016
  - The long outstanding admission agreement between Carillion and Oxfordshire County Council for the second transfer of staff has not yet been resolved despite reminders and meetings with Carillion.
  - Outsourcing from VWHDC / SODC to Capita, Vinci, Arcadis and Indigo.

### New Outsourcings / Academy Conversions

16. The following are new requests for admission of a new out-sourced body or academy school:
- Mill Academy Trust – Queen Emma’s School to Alliance in Partnership Ltd
  - Kings Meadow School to Clean Genie
  - Launton School to Freshstart Catering
  - WODC Parking Services to APOCA Parking
  - Wheatley Park to Chartwells
17. All of the above have been made on basis of pass through arrangements with the pension risk retained by the ceding employer, and so have been approved by the Service Manager – Pensions, under their delegated powers.

### Closures

18. Community Voice has gone in to administration. Pension Services are in contact with the administrators. However, this admission was made under a pass through arrangement and therefore any costs not recovered will be charged to the ceding employer.
19. One other scheme employer has also been in discussions with officers of the pension fund in respect of ceasing its membership of the Fund. A confidential briefing on the status of the current legal negotiations is included at Annex 2.

### Non-Active Scheme Employers

20. In instances where records are held for deferred members and the scheme employer no longer exists the Pension Fund Committee is required to make decisions which would have fallen to that scheme employer. Pension Services has

received an application for release of deferred benefits which is attached as annex 3 to this report.

## **RECOMMENDATIONS**

### **21. The Committee is RECOMMENDED to**

- (a) Note current team performance;**
- (b) Note the position regarding end of year processes and the issue of annual benefit statements;**
- (c) Approve the write off of £7.96;**
- (d) Note the current positions with applications for admission to the fund and other employer changes; and**
- (e) Decide whether to approve the release of deferred benefits in case of Mr TH**

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Background papers: Nil  
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