

PENSION FUND COMMITTEE – 03 MARCH 2023

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

- a) Approve the increase in establishment of two administrator posts
- b) Comment on changes to way in which performance information is presented and what other information should be included
- c) Confirm whether this committee would like to receive a copy of the fire administration report to the fire pension board minutes with this report
- d) Confirm if the proposed changes to the nomination process is acceptable
- e) Confirm if the proposed changes to the recovery of overpayments in cases where the pensioner has died, is acceptable

Introduction

1. This report updates the Committee on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Administration

Staffing

2. Members will be aware that the advertisement using the LGPS national framework failed to attract any response. An advertisement for temporary staff was immediately put out and to date has attracted several candidates with some pension experience. The first successful candidate has started working in the benefit administration team and interviews are taking place for two roles in the employer team to start work on the McCloud data.
3. As there has been some internal movements the overall staffing structure has been reviewed / tidied up. The employer team is seeking approval to increase the establishment by two administrator posts to strengthen the team ahead of OCC going live on i-connect and to support the current and pending changes to process to ensure that the incoming employer data is reviewed and managed in a proactive and timely way.
4. There is also on-going recruitment in the benefit administration team to fill the two remaining permanent posts of administrator and administration assistant.

5. In reviewing the overall team
 - The overall fifth senior administrator post (benefit administration) is being held pending a review of the effect of the recent changes to team structure. 1 FTE.
 - The communications manager has moved under governance structure. 0.54 FTE
 - Administrator posts deleted from systems team. 0.50 FTE, and
 - Office administrator post deleted 1 FTE
6. It should also be noted that there are some continuing individual issues of under performance in the team which are being actively managed.

A copy of the establishment can be found at annex 1.

Performance Statistics

7. This quarter the information below has been updated to give a better overview of the current progress as information is received and vetted. The committee's comments on these changes would be appreciated.
8. The incoming returns for any given month are due in by the 19th of the following month and then due to be cleared by the 19th of the month after this. During the period November 2022 – January 2023 There were 21 returns made after deadline. Of these 19 have now been received. The two outstanding returns are for KGB Cleaning, which we understand was due to a change in their staffing (where we hadn't been notified) so that emails were not being received and Aspens who have not yet responded to any communications. In both cases fines have been levied and cases escalated.
9. The ongoing improvements in reporting now enable the team to identify which employers are consistently late in making their returns and by how many days which will mean that fines can be made immediately, and the escalation process will be more proactively managed. This information will be provided to committee on a quarterly basis from April 2023.
10. As of January 2023 84.1%, of the incoming returns have been vetted in line with the SLA which leaves 15.9%* of the returns being vetted outside of that standard. This backlog continues to reduce, and the aim is that all will be in specification by 19 April 2023.

* for comparison the number of returns not vetted at January 2022 was 32.30%.
11. During the period 01 November 2022 to 31 January 2023, 2,009 cases were completed. Of these 30 % were completed out of specification as the team work through the backlog. There are currently 1,329 open cases of which 449 are out of SLA which equates to 33.78% (down from 64.4% in December 2022).
12. There are no outstanding admission cases.

13. Since March 2022 this committee expected that the standard SLA, for benefit administration, would be used for performance measurement, although it was acknowledged that additional resources may well be required to meet normal SLA. The current statistics below are showing the progress towards meeting SLA.

	SLA Overall %	Statutory Overall %	Total Cases Completed	Total of Open Cases
December	85.01	82.03	1316	
January	85.54	90.75	1363	
February	87.01	78.83	1490	
March	88.67	94.69	1892	
April	82.67	93.50	1274	1800
May	81.53	95.80	1795	1559
June	85.86	96.24	1559	1197
July	93.07	97.94	1508	1200
August	89.66	98.72	1374	2383
September	90.78	95.28	1313	2680
October	85.60	96.19	1531	3310
November	83.35	94.73	1898	3055
December	83.09	94.50	1721	2626
January	85.15	94.24	1723	2990

14. The fluctuation in completion rates, during the last quarter, is due to several factors: the team is still carrying vacancies; on-going training; individual performance; annual leave and sickness.
15. In terms of the number of open cases the sheer volume of leavers and re-employments to be processed is a constant challenge. There are currently 696 cases in backlog to be cleared ahead of the next annual benefit statements being issued.
16. The open cases include the number of cases in pending waiting further information. This information has not been able to be reported on previously but in January there were 451 cases where further information has been requested. This reporting is still being developed and the intention is to give more information as this happens.

Complaints

17. For the year 2022/2023 the team has received 21 informal complaints to date. Several of the complaints are on the same subject, detailed below, whereas the remainder are more specific individual queries.
- Having to give 3 months' notice of intention to take pension (regulatory requirement)
 - Delay in payment as final pay information is not received until after member has left.

- Not being regularly updated of progress with case
- Trivial commutation of pensions
- Additional contributions
- Member didn't understand automatic aggregation and is unhappy with records being merged.

18. To address these issues the following actions have been taken:

- Telling members about requirement to give 3 months' notice of intention to take benefits – making sure this is regularly and clearly communicated.
- Introduction of a form to enable scheme employers to confirm final pay information ahead of the i-connect submission for people who are retiring.
- Working with team members to improve customer service by updating members more regularly
- Change to process for trivial commutation.

19. In addition, there are the formal complaints received by the fund. Depending on the nature of the complaint, and who made the original decision the stage 1 complaints will either be dealt with by the scheme employer, or the fund. However, all stage 2 complaints are dealt with by the Head of Pensions.

20. To date thirteen formal complaints have been received during current year. Three complaints related to release of benefits on grounds of ill-health, which the scheme employer reviewed at stage 1. Three complaints have been referred to stage 2 and in two cases the Adjudicator has referred back to the scheme employer to review their processes.

21. The remaining applications covered:

- Retrospective decision to link pension records
- Interpretation of regulation 10 and years used for pension calculation
- Request to retrospectively apply for scheme pays
- Requirement for 3 months' notice to bring benefits into payment
- Poor level of service, provision of incorrect information and delays in replying leading to loss of tax relief.
- Refund rather than transfer of benefits

Fire Service

22. Statistics for the Fire Service are as follows:

	SLA Overall %	Total Cases Completed
January	98.61	29
February	100.00	39
March	99.31	56
April	97.78	47

May	77.46	65
June	91.67	46
July	91.11	37
August	100.00	21
September	84.68	35
October	94.02	52
November	84.43	43
December	85.68	35
January	98.61	23

23. As at the end of January there are 17 open cases.
24. Further information on the administration of the Fire Service Pension Schemes is included in the administration report to the Fire Service Pension Board, a copy of which can be found at annex 2

Data Quality

25. The team is continuing to work on data cleansing but no figures have been produced to update the information held against the standards.

Contribution monitoring

26. As previously highlighted in this report the two scheme employers who have not made contributions on time are KGB Cleaning and Aspens. Colleagues in the investment team are working with the employer to ensure that this is included in the chases and fines.

Projects

27. The work that has, so far been identified as project work is detailed below.
- Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion – 31 May 2023
 - This review of the death process has identified two areas where officers are seeking committee views:
 - The fund asks members to make and maintain an expression of wish form so that payment of the death grant can be made to their named beneficiaries. Despite best attempts many of these are not updated regularly which given the changes in relationships and families can result in work for the fund to gather information and delays in payment to the beneficiaries. The proposal is that if the nomination form has been completed 5 years, or less, before the date of death the death grant would automatically be paid to the nominated beneficiary thereby preventing delays in making payments. If the nomination form

is older than this, then the current process of identify and verifying those with an interest in the death grant would be applied. If this is approved by members, then fund communication will be sent out.

- The second request to amend the process is that of recovery of over payments to deceased pensioners. At present recovery is made in all cases where the value of the over payment is more than £10.00. The proposed changes are:

Request Number	Escalation Level	Communication	Overpayment Amount	Details
1	Pension Services	Overpayment Letter	Minimum £25	No recovery for overpayment under £25 due to cost effective level (Mirrors DWP and is less than other Local Authority limits)
2	Pension Services	Overpayment Chase	Under £100	Send one chase letter and write off if no response by deadline
3	Invoice / OCC debt collection	Debt Collector	£100 - £250	Refer to debt collection in OCC to follow up via invoice etc. Close down after 'x' chases as HMRC will not seek tax collection on amounts under £250 and you don't need to report this due to administration costs
4	Small Courts	Letter	Over £250	Anything over £250 is classed as unauthorised payment under HMRC rules, so additional reporting and tax implications. For this reason, the amount and above deemed reasonable to pursue recovery via small courts
				PTM146300 - Other authorised payments: genuine errors: inadvertent payments of pension instalments or lump sums not exceeding £250 - HMRC internal manual - GOV.UK (www.gov.uk)

- AVC – a review of data held by Fund vs data held by Prudential is currently being undertaken.
- A2P – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented by end of November 2022.
- This leaves three subjects - retirements, deaths and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be implemented by May 2023. Other dates have yet to be finalised.

- I-connect project for OCC onboarding – the main concern is the amount of manual intervention, by the IBC, has been addressed in part by software changes. The initial file reporting these is promising and after a final review of these the April go live will be confirmed.

Debt Management

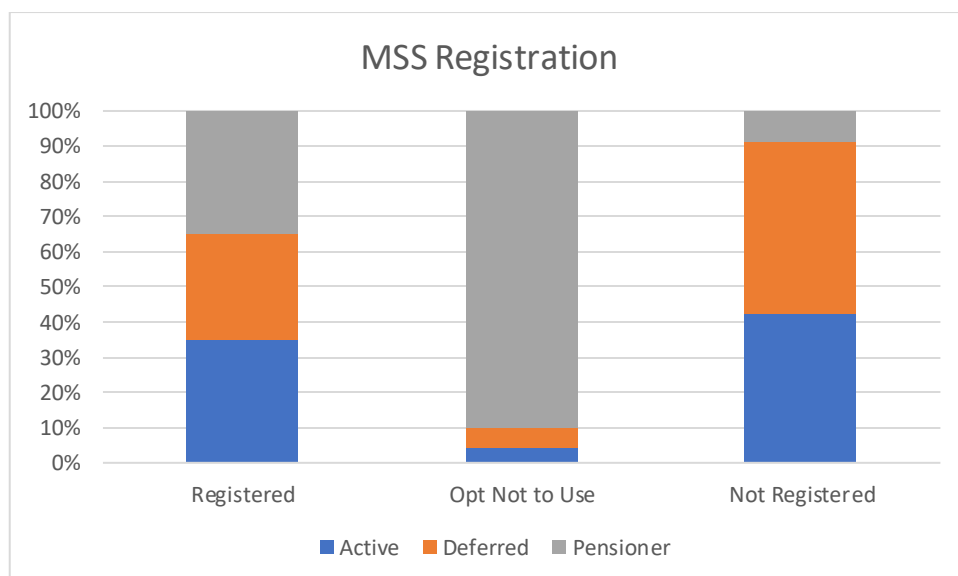
28. Discussions with the OCC debt management team have moved on and it is anticipated that resource will be available from April 2023 for the team to pick up the debt recovery process.
29. As of 01 January, the total value of outstanding invoices amounted to £93,843.76, of which £92,381.90 is overdue. An update on this information will be provided at the meeting since work is in progress to review the information held.
30. No payments were written off in the last quarter.

Data breaches

31. No data breaches have been reported.

Member Self - Service

32. The table below shows the latest information on members signing up to use member self-service.



Release of Ill-Health Pension

33. In line with the Scheme of Delegation, the Director of Finance has reviewed a case of ill-health for a deferred member whose ex-employer is no longer an active scheme employer.
34. The member became a deferred beneficiary in 2005. Following the review and independent medical assessment it was confirmed that benefits should be brought into payment from October 2022.

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