PENSION FUND COMMITTEE – 8 MARCH 2019

IMPROVEMENT PLAN

Report by the Director of Finance

Introduction

1. At their December 2018 meeting the Committee considered the draft Improvement Plan which had been submitted to the Pension Regulator at the end of September 2018. At the time of the December meeting, we had not received the formal feedback from the Pension Regulator.

2. The December Committee also received the draft implementation plan for iConnect. Whilst iConnect is not seen as a pre-requisite for the delivery of the Improvement Plan, it is seen as a key step for delivering long term improvements to the current arrangements, and so the Committee agreed to monitor progress as part of future reports on the Improvement Plan.

3. Since the December Committee we have had further correspondence with the Pension Regulator on the Improvement Plan, and following amendments, they have stated that they are happy with the revised plan. This report covers the main changes in the final Improvement Plan and sets out the progress against achieving the Plan.

Comments from the Pension Regulator and the Revised Plan

4. The formal comments on the draft Improvement Plan were received from the Pension Regulator (tPR) by letter on 20 December 2018. The comments, and the responses, which we submitted on 8 January 2019 are set out below:

   - tPR was concerned that the Plan did not clearly set out who was responsible for the various elements of the Plan. Our response clarified that the Committee had overall responsibility for delivery of the Plan and that day to day operational responsibility was delegated to the Service Manager – Pensions. Responsible officers for each task were included on the plan, and a footnote was added to cover those lines where responsibility was split across a team.
   - tPR felt that there were insufficient milestones included within the plan, to enable those responsible to track progress over the period of the Plan. The revised Plan includes more interim steps to ensure progress can be monitored and early warning given if the Plan is not on target for success.
   - tPR felt there was a lack of clarity over the risks to the delivery of the Plan. A risk register has been added as a new sheet to the Plan, including the mitigation strategies for each of the risks identified.

- tPR were unclear on the engagement of the Pension Fund Committee and the Pension Board with the Plan. In our response, we re-iterated that the Committee is the ultimate owner of the Plan and responsible for its delivery, supported by the Pension Board. The Plan was revised to include the regular reporting to both bodies to ensure both were in a position to meet their responsibilities.
- tPR felt that the overall objectives of the Plan were not explicit, and it was unclear on how the success of the work would be judged. In response, we have added a new front sheet which sets of the project objectives, and the individual target scores against the key statutory responsibilities.
- tPR were unclear on the targets for data quality in light of the national work to produce a standard approach to the calculation of data quality scores. In our response, we have confirmed that the data quality targets set out in the front sheet are based on the definitions used in making the 2017/18 return. If we receive national guidance which indicates a significant change to the way the data quality scores should be calculated, then we will review the appropriateness of the targets and advise tPR accordingly.

5.   The other major change to the revised plan (as contained in Annex 1) was to include the detailed implementation plan for iConnect.

6.   The Pension Regulator responded on 16 January 2019 to confirm that they were now happy with the Plan and did not require any further changes. They did make a few comments in terms of improving future presentation and sought further clarification about our approach to data quality but confirmed that we should proceed with deliver of the revised Plan as now drafted.

7.   The Pension Regulator also asked for an update on the current position in respect of the 2017/18 annual benefit statements. We have confirmed that there are still 16 ABS outstanding, all in respect of employees of Edwards and Ward.

8.   We have provided a full report to the Regulator on the performance of Edwards and Ward, who have a number of contracts with both maintained and academy schools for the provision of school meals. Initially Edwards and Ward failed to provide the necessary pension provision for the out-sourced staff, placing a number of staff into the NEST scheme.

9.   Once we became aware of the issue, we took advice from Legal Services on the best approach to restoring the statutory pension protection to the out-sourced staff, and required Edwards and Ward to enter admission agreements in respect of each out-sourced contracts and provide data returns and pension contributions back-dated to the start of each contract.

10.   Despite the provision of support to Edwards and Ward, they have been very slow in addressing the outstanding issues. Officers attended a meeting in March 2018 at Edwards and Ward head office in East Sussex and re-iterated the required information and the deadlines for its provision. Following further

failures to meet the agreed deadlines, a second meeting was attended in East Sussex during November, which agreed a final deadline for all outstanding information of 30 November 2018.

11. Unfortunately, Edwards and Ward again failed to provide the majority of the outstanding data and have failed to provide any updates on the outstanding position since missing the deadlines. In accordance with the Administration Strategy, we have now issued a fine of £13,500 which represents a charge of £150 for each outstanding end of year return and each year where we are missing a monthly data return.

Progress against Improvement Plan Milestones

12. Progress against the End of Year actions has largely been in line with the planned timescales. We have issued the general communications and have had a good response to the request to provide senior escalation points in the event of non-compliance with the timetable. We have just appointed a new Senior Administrator to support the process, and next steps are to allocate a team member to each employer and initiate contact with employers to ensure no known issues

13. Work on the monthly returns though is behind target, impacted in part by key staff absences over the last 6 months. Additional staff have now been allocated to support this task with a view to bringing it back into target for the March returns, so there are no knock-on implications for the work once we start receiving the end of year returns at the end of April.

14. The major concern remains on the level of vacancies held across the various teams within Pension Services. As covered in the Administration report elsewhere on the agenda, the initial round of recruitment was unsuccessful, and we are still carrying vacancies in key positions. We continue to work with colleagues in HR to identify new approaches to filling the outstanding vacancies and are continually looking to re-allocate work in line with the key priorities identified to meet the Plan.

15. In respect of data quality, as noted above the Regulator queried our decision to remove certain tests where the data 'fail' does not impact on the scheme benefits for the member. We have provided further clarification to the Regulator on this on 30 January 2019. We have indicated that we will be happy to discuss these points further with the LGA and the Scheme Advisory Board as part of the process of designing a comprehensive set of standard data quality tests to ensure we are measuring relevant data items against relevant records.

16. We are currently reviewing our records to identify any missing data to determine the action we need to take to resolve these. We have met with our software supplier and have provided examples of data 'fails' where the information held on our system is accurate. The software provider is reviewing these cases to see if the reports can be amended to take these circumstances into account.

17. Work is underway to run a procurement exercise to identify an address tracing agency with a view to undertaking another address tracing exercise which will complete in time for the issue of benefit statements in August 2019.

18. In respect of the iConnect project, we are currently in the employer testing stage, for phase one we are working with 17% of our employees, just over 3400 members. The table below provides an update where we are with each employer.

I-Connect				
Number	Employer	Active mer	Payroll	Notes
00014	DIDCOT TOWN COUNCIL	14	Sharon	awaiting date
00017	HENLEY ON THAMES TOWN COUNCIL	24	Liz	Feb onboarding meeting
00031	WITNEY TOWN COUNCIL	15	Sharon	awaiting Date
00032	CARTERTON TOWN COUNCIL	6	Tan	TESTING
00034	OXFORD BROOKES UNIVERSITY	1836	Sarah	Awaiting file - for data matching
00075	CHALGROVE PARISH COUNCIL	2	Jo	awaiting Date
00084	FARINGDON TOWN COUNCIL	12	Sally	TESTING
00086	SANCTUARY HOUSING	5	John	*TESTING*
00097	UNITED LEARNING TRUST	305	Cat	Data Matching
00102	OLD MARSTON PC	1	Tim	TESTING
00110	OXFORD SPIRES ACADEMY	109	EPM	Data Matching
00119	GILLOTTS SCHOOL	50	Data plan	Awaiting file - for data matching
00130	ASPIRATIONS ACADEMY TRUST	91	Data plan	Awaiting file - for data matching
00136	OXFORD DIOCESAN TRUST	662	John	TESTING
00153	DOMINIC BARBERI ACADEMY	290	EPM	linked to 00110
00179	RAMSDEN PARISH COUNCIL	1	Jon	*TESTING*
00254	GEMS Didcot Primary Academy	11	Data plan	Awaiting file - for data matching

Awaiting File – Employer is currently producing a CSV to test with I-Connect and data Matching
TESTING – First file received, data matching taken place and employer uploading alongside main Monthly submission. Go live date April 2019 (maybe before)
Awaiting Date – been in contact with employer waiting for them to confirm a training date.
Data Matching – File received, currently checking quality of data and Data matching against Altair (Pension System)

19. Key tasks undertaken include:

- Setting up *training sessions* for employers and helping them create file extract.

- Looking at *processes* with in the Pensions team and how iConnect will impact these. The main review has been carried out however we will continue during testing period to pick up anomalies using the Live data.
- *Data matching* – this includes matching records, amending any payroll reference changes, creating missing records. Oxford Diocesan Trust alone had 122 members in conflict and 42 unmatchable. These have now been resolved with the help of the employer.
- Creating Multi payroll providers (MPP) — this means a payroll provider like Data Plan only has to do one return.
- Reaching out to Smaller employers to try and onboard these in quieter periods.
- Looking at Administration strategy to include iConnect
- *Reporting* – setting up reports to test the data coming in from Employers. Data tests being applied by not limited to are:
  - *CARE v Contributions Monthly*
  - *CARE v Contributions Year to data*
  - No CARE pay
  - Final pay checks

20. The key challenges faced include:

- Internal processes need to change – trying to think of every what if scenario so these can be tested.
- TUPE transfers is a concern, education of employer to reiterate the need to let us know before transfer.
- Managing and updating payroll number changes, this had to be done before the DATA matching process could happen.
- Casual Employees – the number of casual employees are increasing. This will impact iConnect and the end of year if records are not closed now effectively.
- Working with employer to create a working extract file, not all employers understand CSV or the background to the data we require.
- Keeping momentum going with some smaller parish councils, feedback has been that pensions is a small part of their role and they are normally only one person doing all types of roles.
- The interest in iConnect has slowed down…we will be working on communication, websites, targeting getting some testimonials from our current employers in phase one.

21. The next key steps in the process include:

- Continuing to meet with team to discuss processes and workflow task management
- Plan phase 2 which will commence 01/04/2019 – aim is to get Oxfordshire County Council and Oxford City Council on board. This equates to 9600 members nearly 50% membership.
- Continue testing and feeding back to Employers with the aim to go LIVE April 2019

- Set up an iConnect section on the Oxfordshire County Council Pension web pages.
- Keep targeting smaller employers, and those employers who already use iConnect with other LGPS schemes. Also look at providing employers with a provisional staging date to keep momentum going.
- Use the iConnect data to help the end of year process. Any employer currently in the phase 1 of testing we will be able to start the end of year process on receipt of their March 2019 file.

RECOMMENDATION

22. **The Committee is RECOMMENDED to note the latest position with regard to the implementation of the Improvement Plan.**

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