

Division(s): N/A

## **PENSION FUND COMMITTEE – 2 DECEMBER 2016**

### **ADMINISTRATION REPORT**

#### **Report by the Chief Finance Officer**

#### **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 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**

2. Last quarter's report noted that there had been an improved response from scheme employers with 78% providing end of year returns. Whilst the non-return rate of 22% looks high this is mainly from a couple of the smaller employers with multiple contracts each of which is recorded as a separate scheme employer, so overall, not a huge number of scheme members are affected by these non-returns.
3. In processing these returns significant issues were found with the data provided which is detailed at annex 1, leading to delays in loading data to provide to the actuaries for valuation purposes and delays in issuing annual benefit statements.
4. Members are aware that the Fund has reported the non-issue of all annual benefit statements to the Pension Regulator but as yet no further information has been requested.
5. In terms of the valuation data work has continued to resolve outstanding issues and to load all data ahead of making a second submission to the Fund actuaries on Monday 14 November.
6. Members of the Pension Board had asked for more detailed information about outstanding annual benefit statements which is shown at annex 2. This shows that 13% of active members are missing more than one annual benefit statement, and 3% are missing more than two annual benefits statements.
7. These outstanding data issues also affect the processing of leavers / refunds which in turn affects the issue of deferred annual benefit statements. This area of work is the one which has been most neglected in that it has and can be parked whilst the team are dealing with higher priority work and managing staffing levels. However, this work is clearly outside of the regulatory timescales and as such a risk to the fund.
8. Adding in the issues of employer restructures, outsourcing leading to an increasing number of scheme employers and member concerns and queries from working in

such an environment the team are finding that they simply cannot keep up and incoming work is building at a faster pace than work can be cleared, which is shown in the figures for October below:

Open cases brought forward	6952
New cases	930
Completed cases	- 635
Cases carry forward	7247
Increase	295

9. These concerns are reflected in the increased risk score in respect of the team's ability to deliver information to members in line with regulatory requirements which is reported in the risk register agenda item.

## **Solutions**

10. The management of data received is the basis of all the work we do. Therefore, this is the key area to resource to ensure that the team are dealing with the volume of incoming data; identifying errors and queries quickly and making sure that data is sent back to employer for correction. As a team we will need to focus on better education and support for our scheme employers to make accurate and timely data returns.
11. At present this approach is somewhat fragmented across the team so in order to make our processes more efficient and robust the proposal is to create an "employer team" which would be responsible for all employer movements e.g. TUPE or conversion to academy status alongside receiving and monitoring all employer data coming in to the team. Sharing this work across a small team it is hoped will allow Pension Services to build better relationships with scheme employers and to manage the incoming data more quickly so that issues are resolved at an early stage or data is uploaded more quickly to allow the benefit team to process the work.
12. It is also intended that this team will receive end of year data to review before it is uploaded and to co-ordinate the resolution of queries across the whole administration team.
13. The data team would retain responsibility for uploading data to the pension system once cleared by the employer team, including the production of ABS. Since this team will be passing some work over to the newly created employer team it will take on more responsibility for project management of any new software or system improvements. This team would also retain responsibility for the administration of Fire Service Pension Scheme.
14. The Benefits team would then focus on all member administration from starting to leaving employment.
15. The best estimate of staffing required shown in the current and proposed structure charts at annex 3 would result in an overall increase in staffing of 4.31 FTE. Increasing staffing levels have been discussed with our colleagues at both Buckinghamshire and Gloucestershire Funds who find themselves in a similar position of having to increase staffing levels in order to maintain flow of work through the team.

16. In addition to changes to staffing levels the team are also looking at further changes to the pension software to automate process of submitting data. A demonstration has been arranged at the end of November.
17. In order to achieve a steady state more quickly Pension Services are also waiting for information about the new administration framework which could allow parts of the backlog of work to be contracted out to a third party administrator. Any work contracted out will be funded from the underspend on staffing to date.

## **Write Offs**

18. 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 Chief Finance Officer.
  - 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.
19. In the current period, the Pension Services Manager has approved the write off of £34.04 chargeable to the pension fund in respect of six cases where the member has died.
20. In the period March 2016 to December 2016 a total of £307.78 has been written off, in respect of 23 cases where the member has died.

## **Update on Previous Applications for Admission**

- Admission agreements need to be finalised in respect of:
  - The outsourcing from William Fletcher School to Carillion on 01 April 2016.
  - 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 to be finalised.

## **New Outsourcings / Academy Conversions**

- Urgent Response Service from OCC
- Respite & short breaks for disabled children from OCC. Contract has been awarded to Barnardo's
- Gypsy and Traveller Site – outsourcing of management, from OCC
- 20/20 visioning project - WODC
- St Birinus and Didcot Girls School have merged to become the Didcot Academy of schools
- There are 8, possibly 10 schools converting to academy status in January and February. All schools will join existing multi academy trusts.

## **Completed Applications**

- The application by Groundworks South has been completed bar paperwork for the bond.

## **Closures**

- Civica's arrangement with St Birinus has ceased – this was on a pass through, so no closure valuation
- OCC contract with Oxford NHS Foundation Trust ceased on 30 September. This was a pass through and so no closure valuation required.

## **RECOMMENDATIONS**

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

- (a) note current team performance;**
- (b) approve the increase in staffing levels;**
- (c) approve the write off of £34.04; and**
- (d) note the current positions with applications for admission to the fund and other employer changes.**

Lorna Baxter  
Chief Finance Officer

Background papers: Nil

Contact Officer: Sally Fox; Pension Services Manager, Tel: (01865) 323854

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