

Division(s):

ITEM

PENSION FUND COMMITTEE – 10 MARCH 2017

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 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. Annex 1 details the latest position in processing the 2016 end of year returns and the issue of annual benefit statements on an employer by employer basis. This data is summarised in Annex 2, which also includes the numbers of members who have never received an annual benefit statement.
4. Just over 90% of the outstanding annual benefit statements relate to three main employer groups, being the Academy schools (4,090 outstanding statements, Brookes University (2,129) and the County Council (1,077). In respect of the County council is should be noted that 87.5% of statements have been issued, with the number outstanding reflecting the outstanding queries.
5. The main focus, since the last report, has been on the returns made for Academy Schools following identification of errors in the data received from the previous payroll provider. Revised returns have been received. At the time of writing the report, queries in respect of 3 academies had been fully resolved; further queries have been raised on data submitted for 13 academies and there are a further 20 returns awaiting review within the pension services team.
6. Oxford Brookes University have made considerable investment in resources to resolve the outstanding pension issues. Revised data has been returned to ourselves and is currently being reviewed with the expectation that the majority of statements can be issued during March.
7. Significant issues remain with Carillion who have now provided Pension Services with a correctly formatted data extract which means that they can now review and resubmit previously incorrect data. We are also working with Orders of St John to clear outstanding queries.

8. The monitoring of the monthly data return (MARS) and our end of year data returns is being strengthened so that incomplete or missing returns can be more quickly identified and a query raised with the scheme employer. We are also looking to improve the quality of our performance management data which will allow earlier escalation of issues and in turn improve the information available to this Committee and the Pension Board on the status of our pension records.
9. Annex 3 details the work coming in to the benefit administration team, which has increased over the past two months due to the backlog of leavers coming in from employers. Members are aware from the previous report that Pension Services are looking to engage temporary administration services to clear these outstanding leavers. Recruitment for the posts approved at the last meeting is also underway.

Write Offs

10. 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.
11. In the current period, the Pension Services Manager has approved the write off of £44.50 chargeable to the pension fund in respect of nine cases where the member has died.
12. There are two more significant cases to add to this report which have been approved by the Service Manager (Pensions), the second one in conjunction with the Director of Finance: -
 - In the first case, a member died in February 2016 but notification of this death was not received until after payment had been made in April 2016. The resulting over payment amounted to £2,393.17. Repayment of this amount was requested from the member's son but no reply was received and so the matter was referred to Legal. We have now been advised that the cost of approximately £100 to pursue this matter would simply add to the outstanding debt given that the son is facing charges for fraud.
 - In the second case involves a pensioner receiving a spouse's pension payment. This pensioner remarried in 2000 but Pension Services didn't

receive any notification / certification until 2008. Unfortunately, under the Regulations applicable at the time the initial scheme member left the scheme, the spouse's pension should have ceased on re-marriage, which resulted in an over payment of £8,333.00. We have been in correspondence with the pensioner who says this was their only income and that they do not have any money to repay this pension. The matter has been referred to Legal who advise write off of this amount given that the pensioner lives in Spain meaning any costs of legal action are likely to be in the region of at least £5,000.

13. In the period June 2016 to March 2017 a total of £10,836.66 has been written off, in respect of 23 cases where the member has died plus one case of non-repayment.

Data Retention

14. An ICT review of data retention has highlighted inconsistencies between the data retention schedules (DRS) and practice. For example the schedule says pensioner records should be kept for six years after cessation of payment. However many pensioner records will have linked records because of continuing spouse or dependent benefits being paid, and therefore cannot be deleted. To comply with the DRS would require identifying the appropriate paperwork on the original record to print and scan to a separate record for the spouse or dependent, allowing the original record to be deleted 6 years after cessation of the initial pension.
15. However, before any changes are made to the current policies and practices, it is worth reviewing the requirements under new legislation to adopt the General Data Protection Regulation (GDPR). It is likely that there will be more stringent data protection requirements introduced shortly, and a training session has been arranged for the end of March. It is proposed to bring forward any changes to our data retention policies and practices to the next committee meeting.
16. Meanwhile, a second issue around data retention is in respect of the physical storage of pension records which were scanned back in 2003 when the team insourced back to Oxfordshire County Council. The scanning of the pension records was outsourced to a company and the records were loaded on to the Altair.
17. In addition to the original 452 boxes of pension records, a further 97 boxes were added under a separate contract along with cd's and microfiche. These physical records have all been stored by the scanning company since then at a current annual cost of £8,304.48 inclusive of VAT. Previous advice from legal and audit colleagues has been to retain the original physical records, as there had been no comprehensive check on the quality of the scanning undertaken, meaning we made need to go back to the original record to confirm information before paying a pension. However given the passage of time, and the lack of queries raised on the scanned records, that risk has been mitigated on the whole and it is proposed for these documents to be destroyed.
18. The company is quoting a cost of £2596.50 for the secure destruction of these files. It is recommended that these records are now destroyed.

Update on Previous Applications for Admission

19. 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

20. Respite & short breaks for disabled children from OCC. Contract has been awarded to Barnardo's from April 2017. This second generation outsourcing is not on a pass through basis and so a bond will be required.

Closures

21. Barnardo's original contract with OCC, which was on a pass through basis, and ends on 31 March 2017

RECOMMENDATIONS

21. **The Committee is RECOMMENDED to:**
- (a) **note current team performance;**
 - (b) **approve the write off of £10,770.67;**
 - (c) **note the proposed actions in respect of data retention issues;**
 - (d) **agree to the destruction of the paper records which have been scanned to the Altair system; and**
 - (e) **note the current positions with applications for admission to the fund and other employer changes.**

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Background papers: Nil

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