

COPY

PENSION FUND COMMITTEE – 6 DECEMBER 2019

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATIONS

1. The Committee is **RECOMMENDED** to:
 - (a) note the report and changes to reporting for Fire Service Pensions;
 - (b) agree the changes to the administration strategy;
 - (c) note change of date for the Pension Fund Forum.

Introduction

2. This report is to update members on scheme administration data and issues.

Staffing

3. The overall position remains unchanged from the previous report which reported an overall shortfall against establishment of 4.33 FTE.
4. As previously noted, recruitment is on hold until such time as the full effect of the i-connect implementation has been assessed.

Workloads and Performance

5. The statistics are attached at annex 1. Overall the team has brought completion of work back to standard more quickly than anticipated when the temporary SLA targets were agreed. However, there are still some areas where the SLA is not being met, which are currently being reviewed.

Complaints

6. One complaint has been received in the quarter bringing the total to 6 complaints in 2019:

Year	Number of Complaints	Percentage of Active Membership
2109	06	0.03%
2018	21	0.10%
2017	28	0.14%

7. Additionally, there are two open cases from 2018 with the Pension Ombudsman waiting for a decision.

Projects

8. Administration to Pay - Re- testing of the software set up has started again but has had to be taken back to the beginning so that all changes made so far can be fully tested. Once completed the software can then be further tested by recreating actual cases in a test environment. If successful, this will go live in Spring 2020.
9. GMP Reconciliation - ITM has recently sent through a project update stating that the project will go on pause again until February 2020 whilst they complete the comparison with HMRC's final data extract. The delay is a direct consequence of the revised timescale that HMRC are working to, to complete their element of the project.
10. I-Connect - This project is on track with 100 scheme employers now live on the system, which includes all Town and Parish Councils. From phase 1, the only employer not yet live is Oxford Brookes University who have completed the data matching exercise and will be submitting a test file in November.
11. Phase 2 is fully completed and from phase 3 the only outstanding queries are:
 - linked to larger employers *e.g. West Oxfordshire DC linked to Publica*
 - contacts being amended *e.g. Camden unsure of status*
 - Academy conversions. *e.g. Abbey Woods, John Mason.*
 - Admission agreements still being finalised *e.g. Clean Genie*
12. These are now being picked up in Phase 4 which covers all remaining employers, all of whom have been contacted. For larger employers testing is to be done between November 2019 and April 2020. Any employers of concern will be reported at next Pension Fund Committee meeting.
13. Key highlights from the current work include:
 - Oxford City Council are currently working on the CSV upload file. Payroll provider has been hired to write I-Connect report
 - Cherwell are changing their payroll provider with effect from Feb 2020, so once in place will be back in contact. Moved to phase 5
 - Access group – we have 5 schools LIVE, others will follow once larger schools has been tested.
 - Larger employer like OCC we aim to be live with effect from 01/04/2020.
14. The final phase 5 commencing on 31 March 2020 will be the tidy up phase as well as ensuring that any new scheme employers are live on i-connect.
15. In addition to contacting and working with scheme employers to review, upload and test data ahead of going live the team are:
 - Amending website pages – end of year information will be added to website for January 2020 – ensure website is user friendly
 - Prepare I-Connect end of year process

- Document I-Connect for team training – produce employer checklist
 - Pick up new employers, train Employer team to deal with these.
16. Member Self-Service - In October activation code letters were sent out to any active members who had not signed up (or made the decision to opt out) and in November activation code letters were sent out to deferred scheme members. Given that member self-service is intended to become the Fund's primary method of communication this will be an annual exercise to encourage members to sign up.
 17. At present all documents are uploaded to member records, except in cases where the member has chosen to continue receiving paper copies. Once signed up members will, not only be able to view documents online but also make changes to personal information.
 18. The next changes to be tested for release in 2020 are the facility to enable members to run estimate calculations and to upload documents which will then create a task in Altair for which they can monitor progress.

Employers

19. The end of year review identified 45 scheme employers (contracts) with issues to be resolved. Of these 15 relate to the ongoing project with Edwards & Ward. Of the remaining 30 some are simply for the team to review and check information held on the member's record.
20. The tables at annex 2 details the employer returns received this year. As members will note the percentages of returns received on time and without queries are still high. Where appropriate, fines have been issued in line with the administration strategy.
21. Scheme employers where there are issues to be resolved are:
 - Order of St John – find that years prior 18/19 pay information may be incorrect and so need to review
 - Vale White Horse District Council – various outsourcing arrangements to be resolved.
 - SODC – final pay – after issuing the ABS we were informed that incorrect final pay figures had been provided (despite our previously querying these). The employer has been fined for providing incorrect information. However, we are still waiting for them to contact their employees and tell Pension Services if they wish us to reissue ABS. If so, the cost of this work will be recharged.
 - Publica – final pay– after issuing the ABS we were informed that incorrect final pay figures had been provided (despite our previously querying these). The employer has been fined for providing incorrect information. However, we are still waiting for them to contact their employees and tell Pension Services if they wish us to reissue ABS. If so, the cost of this work will be recharged.
 - Camden – no response to final pay queries - fined
 - GLF – no response to final pay queries - fined

- CSAT – final pay queries and data queries need to be checked as not sure information provided is right, officers think this is more of a training issue and will be arranging to visit scheme employer.

Data Quality

22. These measures are reported on the annual scheme return to the Pension Regulator. It was reported:

Common Data:	98%	(97% in 2018)
Scheme Specific Data:	96%	(95% in 2018)

Detailed results are expected in early December, and these will be analysed to see what action can be taken to further improve the scores.

Administration Strategy

23. Officers recently reviewed the 2019 end of year process to see what changes, if any, could be made ahead of the 2020 end of year. The changes identified were limited given that end of year 2020 will be a hybrid with scheme employers making submissions by both current method and i-connect.
24. One area where there are plans to make changes to the communications and process was around ensuring that the submissions received do balance to the contributions paid over. As Members will be aware in 2019 the high number of returns which didn't balance and so had to be sent back to scheme employers pushed the whole timetable out.
25. To help achieve this, officers have identified some changes to the administration strategy:
- To add a charge of £150 for the submission of incorrect data returns. This is to address the issue where some scheme employers submitted random information to meet deadlines and avoid charges for late submission.
 - To amend the charge for re-do of work due to incorrect information being supplied by scheme employer from £75 per return to £50 per member record.
 - To reduce the time period between chases, set out in the escalation process from 10 days to 5 days.

Write Off

26. In the last quarter a total of £155.35 has been written off in 16 cases where member has died and two cases where an error in Pension Services resulted in an overpayment of pension.

Pension Fund Forum

27. To avoid clashing with election date this has been re-arranged for Friday 17 January 2020.

Fire Pension Administration Report

28. At the recent Fire Pension Board meeting members requested that a separate administration report was written and submitted to this Committee. This is the first of these reports.

Governance:

29. The Fire Pension Board is currently one member short against SAB guidelines, which will be remedied when the current Chair hands over to the new Assistant Chief Fire Officer but remains a member of the Board.
30. National advice is for Boards to hold at least 4 meetings per year with a minimum of 3. All present agreed that the Fire Fighters Pension Board would meet 4 times per year and, where possible, these meetings will take place on the same day as the LGPS Pension Board meeting.
31. The Chair updated the Board on the information he has received providing detail on the basic level of information Services should have available on their Pension Advice website pages. The information available on the website should include
- Pension Board Terms of Reference
 - Internal Dispute Resolution Procedures
 - Pension Board Governance
 - Training Plans for Board Members
 - Risk Registers
32. Fire Service Pensions risk register has previously been included as part of the overall Pension Fund's risk register. As the Fire Service has a slightly different way of looking at risk the Board decided that the Fire Service Pensions specific risks should be shown in a separate document to be presented to this Committee each quarter.
33. Legal Challenge on Age Discrimination: The dates for the tribunals have been set so need to await the outcomes. All administration must be based on current regulations until remedy has been determined and implemented.
34. Officers advised that the O'Brien Case could affect the modified exercise which effectively extending the date to which service can be backdated to before 1st July 2000. Guidance will come from the LGA and, if this is the case, there will need to be a change of regulations.

Administration

35. The Board expressed some concern that knowledge of the Fire Service Pension Schemes administration is limited to two people within the Pension Services Team. One additional team member is currently being trained. It was agreed that officers would present an outline training plan for team members. However, as shown in the attached performance statistics, at annex 3, the number of cases available for training purposes are low.
36. Annual Benefits Statements - the annual exercise is complete and annual benefit statements were all issued by the deadline of 31st August 2019.
37. Pension Saving Statements – all pension saving statements were issued by the deadline of 6 October 2019.
38. The Pension Regulator annual returns have been submitted. These include the scheme data quality scores which were recorded as:
 - Common Data: 94%
 - Scheme Specific Data: 63%
39. It should be noted that the criteria for the assessment of scheme specific data for the Fire Schemes only has changed hence the lower score being recorded this time around. Detailed results are expected in early December, and these will be analysed to see what action can be taken to improve the scores going forward.
40. The Pension Regulator Governance Returns, to be completed by the Board are due in November 2019.

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Background papers: None

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November 2019