

PENSION FUND COMMITTEE – 11 SEPTEMBER 2020

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATIONS

The Committee is RECOMMENDED to:

- (a) note this report;**
- (b) agree to delegate the preparation of a response on the consultation of changes to the Fire Service Pension Scheme to the Director of Finance following consultation with the Fire Service Pension Board, and**
- (c) agree the response to the consultation on the extension of the Statutory Underpin in the LPGP as set out in Annex 2, amended as appropriate.**

Introduction

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

Staffing

2. At present the team is carrying vacancies for 2 senior administrators; 4.50 administrators and 2 administrative assistants. An additional senior administrator vacancy has been created by the secondment of a member of staff who will be covering the current team leader's maternity leave which starts at the beginning of October.
3. The senior administrator vacancies were not filled internally so these jobs will need to be advertised externally. The administrator posts have been advertised externally with over 200 responses received. Following an arduous selection process 4 candidates have been appointed and will be joining the team shortly.
4. Both administrative assistant roles are out to advert, and it is hoped that appointments will follow shortly. The advertisement was closed early following receipt of over 50 applications.
5. With such a high level of new recruits' team leaders are now setting out a training plan for our new entrants whilst maintaining the through put of work for the overall team.

6. The employer team will, now that end of year is completed, be moving to their new operating structure so that team members will deal with a specific group of scheme employers for all contact with the Fund.

Data

7. Scheme employers are required to submit both data and contribution payments by 19th of month following payroll. Data returns are currently being made either via MARS or i-connect. Late MARS returns have been recorded for six scheme employers in April and May; 3 scheme employers in June and 2 scheme employers in July. All returns were chased and subsequently received, so no fines have been issued.
8. The data for the i-connect returns is not so clear cut given that employers are moving across to the new system and where payroll changes are taking place returns have been delayed, at our request, whilst member records are moved and data is locked down so that it cannot be overwritten. Where necessary chases for data returns have been made. A new system report will enable better monitoring of the incoming returns.
9. As identified by the Pension Board's review of the Pension Regulator's Code of Practice 14, the performance reporting should include a regular review of the receipt of pension contributions from scheme employers and members. This report has been developed and will be provided as an addendum to this report.
10. The address tracing exercise is now underway. A system report is due to be run shortly for review following end of year process, so that overall data quality scores can be checked ahead of the annual submission to The Pension Regulator.

Workloads and Performance

11. The statistics are attached at annex 1. There are 4 subjects which failed to meet the SLA standard during the latest quarter – retirements; IFA out; Transfers out and HR estimates.
12. Retirements - one case required 2 recalculations so took longer to complete process; a couple of cases were stuck in checking for a number of days. This issue has been raised with senior administrators to ensure regular review. Other cases were out of specification by one day due to pressure of work.
13. Transfer outs / Interfunds / HR Estimates – the majority of these cases are sat with one administrator and this performance issue is being addressed as part of their monthly reviews
14. Further workload monitoring and reporting to enhance the analysis of pending cases on system is underway and this information will be included from next quarter.

Complaints

15. In 2020 two complaints have been recorded. One of these is a case from 2019 which has been re-opened by the Pension Ombudsman:

Year	Number of Complaints	Percentage of Active Membership
2019	06	0.03%
2018	21	0.10%
2017	28	0.14%

Projects

16. MSS / Benefit Projections - Members can now use MSS to run benefit projections online. Some issues with the calculation have been identified in non-standard cases which need to be resolved. We are monitoring the take up of this enhancement and the impact of workloads within the Team itself..
17. Administration to Pay - this project was due to be completed in December 2018 and has been subject to continual delays. Initial testing raised a number of queries which had to be referred back to our software supplier, the solution, re-testing and further referrals have gone around several cycles which are now coming to conclusion.
18. The second element to be resolved is that of coding for the costing files produced. Work is in progress to determine which codes need to be overwritten. A revised implementation date of July 2020 was agreed but has again not been met. This will be discussed at next meeting, in early September, to review and resolve.
19. Frozen Refunds - historically, there has been a large number of these records held on our system. These arise from members with a short period of employment which doesn't meet the vesting period and so they have no entitlement to a benefit, only a refund of contributions. Many of these are short term, casual employees who live overseas. Therefore, tracing them and getting a response to correspondence is an ongoing challenge.
20. Regulations changed in 2014 requiring the Fund to make payment of any refund within 5 years of date of leaving. This is the first element of the project which can now be considered business as usual as we are now up to date in making those refunds since 2014.
21. The second element is checking where we hold a frozen refund that the member has become re-employed in LGPS and once identified would become a transfer out to the new scheme employer.
22. GMP Reconciliation - please see separate report on this agenda
23. Address Tracing – being carried out as part of our data quality monitoring. This is being carried out by Target - data has been uploaded and initial tracing letters are now being sent.

24. I-connect - 153 Employers currently LIVE - 30 employers left detailed below (numbers may vary as employers have started and left)

25. The i-connect project finish date has been delayed due to

- End of year additional resource required.
- New employers
- Issues with larger employers and i-connect over writing information if not closed down correctly
- Issue with address data on file – OCC has the main problem.
- Additional work caused by TUPE; Payroll moves (examples below)

00133	TUPE	Northern House	28	i-connect - i-connect	01/02/2020	moving to Gallery trust
00001	TUPE	OCC - Orion		MARS - I-connect	01/02/2020	TUPE in to Gallery Trust
00001	TUPE	OCC - Christopher Rawlings			01/02/2020	TUPE into ODST
00001	TUPE	OCC - Finmere		MARS - MARS	01/03/2020	TUPE into Warriner MAT
00001	TUPE	OCC - Botley		MARS - MARS	01/03/2020	TUPE in to ACER Trust (FS4S)
00332	NEW	Leafield Parish Council	1		01/04/2020	Wef 01/04/2020
00150	PAYROLL CHG	Gallery trust	124	i-connect - i-connect	01/02/2020	Moving Payroll to Dataplan
00129	PAYROLL CHG	Ridgeway Education Trust	158		01/04/2020	Moving payroll to EPM
00124	PAYROLL CHG	Faringdon Academy	245		01/04/2020	Moving payroll WEF Orovia
00134	PAYROLL CHG	Thame Partnership Academy Trust	236		01/04/2020	Moving payroll WEF Orovia
00180	PAYROLL CHG	Pope Francis	133		01/04/2020	Moving payroll to EPM
00001	TUPE	OCC- Mabel Pritchard		MARS - I-connect	01/06/2020	TUPE into Gallery Trust
00001	TUPE	OCC_ Spingfield		MARS - I-connect	01/04/2020	TUPE into Gallery Trust
00001	TUPE	OCC- St Johns		i-connect - i-connect	delayed	TUPE to Pope francis
00099	TUPE	Oxford Academy			01/05/2020	TUPE to RLT
00086	Movement	Charter and Banbury			01/04/2020	move together
00153	TUPE	St Joesph			01/04/2020	TUPE to Pope francis
00185	Rebrokering	Radcliffe Academy			TBC	Moving to CSAT
00160	Rebrokering	Tyndale Community School			TBC	Moving to ODST

26. There are a few employers with on-going issues:

00324	Ecoclean Services Limited	6	current issues
00262	APCOA PARKING	1	current issues
00273	REGENCY CLEANING - CALDECOTT ABINGDON	1	current issues
00297	Regency Cleaning Services - Meadowbrook Coll	2	current issues

27. EcoCleen – linked to Rapid Clean – currently looking to resolve issues with the contributions being taken – ready to go live once sorted. Employer has been trained

28. APCOA Parking – issue with getting employer onboard, telephones seemed to be disconnected during furlough. Contact has now been made and now on track for September LIVE date.

29. The last employers are, in the majority, ready to go and have been tested, the reason for delaying the LIVE date has been due to the above workload and managing the resources to cover the incoming data.

30. The following employers will be live by end of September 2020

MILL ACADEMY	97	September LIVE
BERNWODE SCHOOLS TRUST	114	September LIVE
Chartwells - GLF Aureus	4	September LIVE

31. October 2020 - these employers are scheduled for October, but aim is to clear a large number in September, once end of year work is finished.

00157	WILLOWCROFT PRIMARY SCHOOL	57	October LIVE
00189	UBICO	14	October LIVE
00003	SOUTH OXFORDSHIRE DISTRICT COUNCIL	268	October LIVE
00005	VALE OF WHITE HORSE D C	141	October LIVE
00040	THE HENLEY COLLEGE	90	October LIVE
00071	ABINGDON AND WITNEY COLLEGE	294	October LIVE
00076	ORDERS OF ST JOHN	44	October LIVE
00099	OXFORD ACADEMY	59	October LIVE
00127	BURFORD ACADEMY SCHOOL	96	October LIVE
00211	WEST OXFORD SCHOOL TRUST (MATTHEW ARN	209	October LIVE
00239	GLF - William Morris School	115	October LIVE
00317	Camden 1	9	October LIVE
00318	Camden 2	6	October LIVE
00319	Camden 3	0	October LIVE
00320	Camden 4	1	October LIVE
00084	ACTIVATE LEARNING	681	October LIVE

32. The batch of employers scheduled to go Live in November 2020 are:

00280	Maiden Erlegh Trust	23	November LIVE
00256	Barnardo's	3	November LIVE
00002	WEST OXFORDSHIRE DISTRICT COUNCIL	5	November LIVE
00146	COMMUNITY ALLIANCE	138	November LIVE
00260	Publica	150	November LIVE

33. Oxfordshire County Council and Oxford Brookes University - We are still working with our two largest employers Oxfordshire County Council and Oxford Brookes. The Go live date for these is potentially going to be moved to April 2021.
34. This is to do with the amount of work in amending file not to set up duplicate records, locking down existing CARE and contribution figures for re-employments, post changes and TUPE's, to ensure data does not get overwritten. A final decision will be made in November 2020 when we have assessed the amount of work that will be needed. Testing is still ongoing. Slowed down since March due to end of year work.
35. National Fraud Initiative (NFI) – there are still a couple of outstanding cases – chasing for updates on these.
36. McCloud / Sergeant – This will be a major project with significant resource implications. We are currently working with our Actuary to establish the numbers impacted by the proposed changes and will then set up a project team to draw up a full project plan. (see section on Government Announcements below for further information)
37. Accessibility – The project is underway to review and update the web pages. The aims of this project is to make the website accessible in line with the Web Content Accessibility Guidelines (WCAG) which come into force on 23 September 2020. WCAG is a recognised set of recommendations for improving web accessibility for users with impairment to vision, hearing, mobility

and / or thinking and understanding. As well as meeting these guidelines, a secondary aim of the project is to make the website easier to navigate around and more user focussed.

38. Our website hosted by Oxfordshire County Council is accessible and meets the WCAG deadline for people who access technology in alternative ways, for example screen readers, magnifiers or through voice commands. We are looking to move as much content out of PDF format as possible, although some PDF content is allowed under the guidelines within certain parameters.
39. There is still some work to do in terms of “readability”. Our Communications Officer is working with colleagues in the Web team to simplify and streamline the content and make it more understandable and we plan to roll out the new Member pages before the September deadline. The Employer pages will follow soon after but will not be complete by 23 September 2020.
40. Although we are disappointed that we will not have the whole project complete by the WCAG deadline, unfortunately the pace of this work is largely reliant on the availability of the OCC Web team, as we do not have the expertise in house to make the changes required.
41. Our member self service module My Oxfordshire Pension, hosted by Heywood, has been declared accessible by Heywood in its “out of the box” form. Any changes made locally may not meet the guidelines and may fail accessibility tests. We have been advised that the main issue with our self-service module is that there is insufficient colour contrast and that this is easy to fix, but again we need the expertise of a web professional to make this change. This will be changed in time to meet the WCAG deadline.
42. Additional Voluntary Contributions (AVC) – project to compare our records with those of Prudential

Member Self Service

43. Sign up for this service currently stands at 42.16% (+2.27%) of active members; 28.89% (+1.93%) of deferred members and 39.77% (+2.78%) % of pensioner members. The number of members actively choosing to opt out of member self-service are: active 1.33% (+.05%); deferred 2.71% (-0.02%) and pensioners 35.98% (-.034%). From February 2020 members are able to run online calculations (estimates) of their benefits which, it is hoped, will increase the take up of this service.
44. Since the introduction of MSS this has been promoted as our main method of communication with scheme members and there have been annual exercises to encourage further take up. Therefore, it is hugely disappointing that having sent out emails to say that annual benefit statements are now available to view that the system has crashed several times during the week of writing this report. This has not just affected the Oxfordshire Fund but other Funds across the country. This matter is being raised with our software suppliers and an update will be provided at the committee meeting.

Employers

45. Edwards & Ward – an employer who had been previously highlighted to this committee as a scheme employer with multiple issues around data submission for various contracts has worked with the team to resolve all outstanding issues including that of underpaid contributions.
46. Generally, since the start of lockdown there has been a decrease in the number of outsourcings and academy conversions although there are indications that this might change in the next month or so.
47. At the start of lockdown there was discussion with some employers about how to treat furlough pay and from that some concerns were raised about continued membership of the LGPS which have, generally, faded away. There is one scheme employer where these conversations have continued, and they have been referred back to the letting authority. Monitoring of employers continues.

End of Year and Production of Annual Benefit Statements (ABS)

48. At the time of writing this report 19,142 ABS have been issued for members of 160 scheme employers. This represents 93% of active membership. It is still hoped to run the majority of the outstanding statements by the end of the month in accordance with the requirements under the Regulations.
49. So far, one employer has been identified as needing a post ABS review to discuss how their data quality and data submissions can be improved. A full review of the end of year will be carried out to learn any lessons which can improve the process further for future years.
50. A verbal update on the final numbers issued by the statutory deadline will be given at the committee meeting.

Write Off

51. Since the last report in March write offs of £62.59 have been agreed in 15 cases where pensioner has died.

Government Announcements

52. There have been four key announcements by the Government since the last meeting of the Committee in June. The first of these was a three part announcement on 16 July 2020 regarding the Government's response to the McCloud and Sergeant Court cases, where the Courts ruled against the Government, and declared the transition arrangements established under the major changes to the schemes following the Hutton review breached the age discrimination legislation.
53. In the first part of the announcement, the Treasury set out its proposed response in respect of the public sector schemes excluding the LGPS where

changes had come into effect from 1 April 2015. For this Committee this first announcement is relevant to the Fire Service Pension schemes. The transition arrangements for firefighters were very different from the changes under the LGPS in that those protected scheme members remained in the old scheme, whilst everyone else was moved to the new scheme (some on a phased basis). The proposed remedy is based on providing members with choice between which scheme they want to belong to, with a key consultation question in respect of when members make that choice – either immediately or at the time of retirement.

54. Given the complexity of this consultation document (and the fact that the lead officer within the Pensions Service Team for the Fire schemes also plays a critical role in producing the Annual Benefit Statements for all Fire and LGPS staff), it has not been possible to produce a draft response in time for this Committee. It is proposed to draft a response in conjunction with the Fire Service Pension Board for submission to the Government before the consultation closes on 11 October 2020.
55. The second part of the announcement on 16 July came from the Ministry for Housing, Communities and Local Government and proposed the changes to the LGPS Regulations to remedy the age discrimination identified in the McCloud/Sergeant cases. In short, the proposal is to define all scheme members who were active members in the 2008 Scheme on 31 March 2012, and who have membership in the 2014 scheme without a disqualifying break in service as eligible for underpin protection. This includes all Members who have left the LGPS in the intervening period since 1 April 2014 who meet the criteria.
56. The statutory underpin will apply for all membership for eligible members for the period 1 April 2014 to 31 March 2022 (the date applicable for the initial underpin, as those who qualified had to be within 10 years of their normal retirement date). The membership must be within a single membership record, so any member who has had a break or move between Funds must elect to aggregate previous membership with their current record. The Government is proposing to give those who previously chose not to elect to aggregate a further 12-month window in which they can make an election. Where members are eligible for the statutory underpin, they will receive the higher of the pension calculated under the 2008 and 2014 Regulations for their qualifying membership.
57. The proposals will have a significant impact on staff within Pension Services, and within payroll teams within Scheme Employers. There will be major challenges in ensuring we can retrospectively obtain all the data required to carry out the calculations of the pension benefits under the 2008 Regulations for the period back to 1 April 2014. Whilst we have asked scheme employers to provide this data since 2014, it has not been loaded to the pensions system nor validated, so we may now find data missing or inaccurate. It is also the case that we will not have received the relevant data in from other Funds where a member has transferred to the Oxfordshire Fund since 1 April 2014.

58. These points and others (particularly in respect of the potential issues associated with the annual allowance charge have been included in the draft consultation response included at Annex 2 to this report. Members are asked to provide any comments and to approve the draft (as amended) for submission to the Government by the deadline of 8 October 2020.
59. At this stage it is not possible to calculate the cost of the proposals as final costs will depend on the future service records of all eligible members and the pay awards they receive before their normal retirement date. For older members and those who leave the LGPS in the near future, it is unlikely the cost will be significant as the 2014 Scheme on which current Valuations are based is likely to provide the higher pension based on a higher accrual rate (1/49th of pensionable pay per annum rather than 1/60th) and pay increases lower than CPI, the factor used to annual revalue the CARE pension. For young scheme members, there is the potential for them to see significant increases in pay over the remaining period of their membership, either through promotion or pay increases, which would lead to higher costs where their pension benefits are higher under the 2008 scheme. In the third part of the announcement though, the Government confirmed that they have un-paused the cost control mechanism, so that we may well see further retrospective proposals for changes in the scheme to increase the costs of the public sector schemes back to the minimum thresholds set under the cost control mechanisms.
60. On 20th July the Treasury made a statement in respect of the Goodwin court case, where a member of the Teacher's Pension Scheme brought a case of sex discrimination related to the difference paid to male and female survivors of the death of a female partner. The Government has confirmed their intention to remedy the discrimination and to ensure similar remedies are applied across all public sector schemes. The details of this and the potential costs are not yet known.
61. On 21 July 2020, the Government published their response to the consultation on introducing an exit payment cap of £95,000 on people leaving the public sector. Despite concerns expressed in the consultation responses, the Government have opted to press ahead with their proposals and have published the draft Regulations. These Regulations now require approval in both Houses and will come effective 21 days on receipt of this approval. It is understood the Government is seeking to complete the process before the end of 2020.
62. The draft Regulations confirm that the early retirement costs met by employers will be included in the costs which are capped. This will have implications for high paid and long serving staff, especially those made redundant soon after their 55th Birthday, where the current LGPS Regulations require them to take an unreduced pension. It is hoped that MHCLG will publish changes to the LGPS Regulations to be enacted alongside the introduction of the Exit Payment Cap to deal with this issue and other concerns, likely to be through giving those made redundant the option of deferring their pension, rather than being forced to take a reduction on their pension.

63. Timing of the changes will be critical to the level of additional work on staff within Pension Services, as well as to employers looking to plan financial savings in light of the budget pressures arising from the current pandemic. Of particular concern will be redundancies agreed before the changes are made, but not actioned until after the Regulations become enacted. Any calls for voluntary redundancies will also need to be clear of the potential impact on pension benefits if the new Regulations are enacted before the redundancy.
64. Finally, on 26 August 2020, the Government published their response to last year's consultation on increasing flexibilities in respect of employer contributions. The Government response stated strong support for their key proposals, with a subsequent request to fast track their implementation to support dealing with the financial circumstances associated with the Covid-19 pandemic.
65. The Government have therefore agreed to take forward the following proposals and have published the draft Regulations under which they will be enacted:
 - a. Increase the flexibility for the Administering Authority to request the Actuary to calculate a new employer contribution rate for one of more scheme employers between formal Valuations where there has been a significant change in financial circumstances. The flexibility also applies to the scheme employer, who can also ask for the calculation of a new rate. Further details must be included in the Fund's Funding Strategy Statement
 - b. Provide a formal power to the Administering Authority to spread an exit payment over an agreed timescale. Many Funds have achieved this through side agreements, so the intention here is to introduce greater transparency and consistency, with the detail again to be set out in the Funding Strategy Statement.
 - c. Provide the power for the Administering Authority to allow an employer ceasing to retain any active members to continue to pay secondary contributions to offset any past service deficit, rather than be required to meet a single cessation valuation. Again this is something the Funds including Oxfordshire have previously achieved through side agreements, but the changes including the requirement to set out policy within the Funding Strategy Statement, will improve the transparency and consistency of the arrangements.

Fire Pension Administration Report

Workloads and Staffing

66. To be provided as an addendum to this report.
67. Fire Pension Board was held on 17 June, minutes can be accessed via this link -
<https://intranet.oxfordshire.gov.uk/cms/content/pensions-1>

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Background papers: None
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