

Division(s): NA

## PENSION FUND COMMITTEE – 6 SEPTEMBER 2019

### ADMINISTRATION REPORT

Report by the Director of Finance

#### RECOMMENDATIONS

1. The Committee is **RECOMMENDED** to note the report.

#### Introduction

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

#### Staffing

3. Since last quarter one of the recently appointed administration assistants has left the team and one of the team's experienced senior administrators has resigned and will be leaving in September. On the positive side two new administrators have been appointed and will be joining the team shortly.
4. Overall this leaves a shortfall against establishment of 4.33 FTE (160.21 hours), which is broken down across the team as detailed below, although where the vacancy sits can be fluid depending upon workloads. We are currently using temporary staff to cover part of this shortfall.

Benefits – administrators -2.89 FTE  
Communications – managers - .20 FTE  
Employers – administrators -.20 FTE  
Systems – administrators -1.04 FTE

#### Workloads

5. As previously agreed temporary SLA measures are in place until January 2020, as detailed below:

Period	Original SLA measure	New SLA Measure
April – Aug 2019	95%	75%
	90%	70%
Sept – Dec 2019	95%	85%
	90%	80%
Jan 2020 onwards	95%	95%
	90%	90%

Reporting against these SLAs is still work in progress, which is reflected in statistics shown at annex 1 and 2 for both LGPS and FIRE.

6. Annex 1 shows that over the first quarter of this year, there was a steady improvement in performance, moving from 83.5% of tasks completed within the Service Level Agreement deadline in April to 94.5% in June. In turn, these figures compare to just 58% and 69% in January and February 2019 respectively. This improvement in performance has been achieved at a much quicker rate than assumed when setting the temporary performance targets above.
7. Looking at the statistics in more detail, we hit the revised 70/75% performance level across most areas in each of the first 3 months of the year, and indeed restored performance to meet the long-term 90/95% target in several areas. The main area where we failed to hit the short-term target of 70% of work completed in the standard deadline was inter fund transfers, where we fell below 70% in each of the first three months.
8. The steady improvement in performance reflects improved staffing levels, as well as the impact of the increased automation of processes through the development of iConnect and Member Self Service. Subject to no further significant resignations from the Pension Services Teams, performance across all areas should return to the standard long-term targets of 90/95% by the beginning of 2020. There are though likely to be further short-term blips on the way due to the need to switch staff from out of the Benefits Teams to support the end of year work and the issuance of the Annual Benefit Statements. We would expect to see this reflected in the figures for the next quarter, and in particular those for August where the competing pressures have been greatest.
9. Annex 2 shows the equivalent figures for the Fire Fighter Pension Schemes. The numbers involved here are much lower, which means that individual cases can skew the performance figures, and trends are much harder to determine. As with the main LGPS performance data, the figures are also impacted by the need to re-prioritise the work of the staff to support the end of year process and ensure all Annual Benefit Statements get issued by the statutory deadline of 31 August 2019. We would therefore expect performance levels for the Fire Fighters Scheme to remain fairly volatile until the later part of the year, where they should again come into line with the long-term performance targets.

## **Project Work**

10. **Administration to Pay** – this project status is currently at red. Initial testing had identified some 31 errors which were raised with our software suppliers who then investigated and made system changes to correct. Therefore, the initial implement date of May was missed.
11. This project was then put on hold to be reviewed in September to enable resources to be diverted to support the end of year processes.

12. **GMP Reconciliation** - this project status is currently at amber. This project, which is part of a national exercise, is designed to ensure that the records held here regarding contracted out membership are in line with those at HMRC. As previously reported, the project is nearing the final stage, which will involve a comparison of the final HMRC data cut with our data, and then correcting the data held if necessary. This could involve an underpayment, or overpayment of pension benefits.
13. Unfortunately, HMRC delayed the final data cut has from June 2019 to October 2019 at the earliest. As soon as the final data cut is received, ITM (who have undertaken most of the project work on our behalf) will undertake a final comparison of the data, and we will be able to move to completion of this exercise in early 2020.
14. **Pension Software Contract** – this project status remains green. The tender process has taken place, the responses reviewed, and the preferred supplier identified. The project now in the “standstill” phase until the end of August, when the contract will be awarded.

### **Scheme Employers**

15. CfBT Advice and Guidance went in to administration in 2017. The cessation report identified a deficit of £1,458,000 between the assets held and the discounted pension liabilities calculated on a low risk basis, for which a claim was submitted to the Liquidators. We have now received payment of £32,658.57, which represents just 2.2p for each £ owed. However, it should be noted that the assets assigned to CfBT have remained invested in line with the rest of the Fund and have therefore attracted investment returns much higher than assumed under a low risk basis. A cessation valuation calculated using the current investment risk levels estimated the total deficit for CfBT at just £17,000, which would be fully covered by the sum received from the Liquidators, leaving no outstanding deficit to fall to the remaining employers within the Fund.
16. The White Horse Federation Academy has schools in the Oxfordshire, Berkshire, Gloucestershire and Wiltshire Pension Funds. To rationalise this the Academy has recently applied for a direction order to change administering authority to Wiltshire Pension Fund. The transfer to the Wiltshire Pension Fund will take place on 01 November 2019. There are only 2 primary schools within Oxfordshire involved in the transfer, so there is no significant impact on the Fund.

### **Complaints**

17. To date 5 complaints have been received in 2019 and there are two cases open from 2018 which are with the Pension Ombudsman waiting for a decision.

18. The number of complaints shown as a percentage of active scheme membership are:

Year	Number of Complaints	Percentage of Active Membership
2019	05	0.02%
2018	21	0.10%
2017	28	0.14%

### **Write Offs**

19. This report provides the details of those debts written off in the last quarter. In the current period, £20.63 has been written off in respect of four cases where a member has died.

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Director of Finance

Background papers: None

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