

PENSION FUND COMMITTEE – 10 SEPTEMBER 2021
ADMINISTRATION REPORT
Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

- i) Agree to a further extension of the reduction in SLA target, to be reviewed at the December meeting;
- ii) Agree to the proposed changes to communication policy;
- iii) Note the amounts written off by the Pension Services Manager; and
- iv) Decide whether the fund should undertake an annual benchmarking exercise.

Executive Summary

1. This report updates the Committee on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Workload and Performance

2. Previous reports have split the overall workload reporting along lines of the sections within the team. Given the interdependencies this report aims for a more holistic view of the workload.
3. Members will be aware that i-connect has now been implemented for all scheme employers with the exception of OBU and OCC, who are due to go live in September and October respectively. This has been delayed so that the annual benefit statement exercise can be finalised first.
4. Once a scheme employer has processed their monthly payroll, they can now upload their data, via i-connect, directly to the pension software. Certain checks are built into the software which will prevent erroneous data being uploaded to pension records. These checks, however, are still limited and as a result various other reports are run so that manual checks can be made, and any anomalies queried with the scheme employer. This vetting process is a key procedure to ensure not only that data is being received on a regular basis but that it meets the criteria set out in regulation for the administration of pensions.
5. The latest statistics show that the team is not keeping up with the vetting of incoming data by the 18th of the month following receipt. As at July 2021:

40.74% of returns have been vetted in the correct time frame

45.06% of returns are still to be vetted

9.25% of returns have not yet been received

4.95% of returns are queries or related to new admission agreements.

6. To address these issues team leaders are reviewing both the structure of the team and the processes in place as well as better reporting to ensure such issues are identified more quickly so that corrective action can be taken. This will then improve the flow of work to the benefit administration section who are responsible for processing the payments, answering queries, and updating member records.
7. Work also comes into the benefit administration team directly from scheme members; enquiries from scheme employers; information requests from other funds and third-party providers.
8. Over the past six months the team has been working to a reduced SLA standard, as agreed by this committee, because of new administrator training and the lack of experienced staff. At the same time there has been an increase in the volume of new cases coming into the team. Below are the headline figures – full information can be found attached at Annex 1

	SLA Overall %	Statutory Overall %	New Cases
April	57.14	54.22	1365
May	67.83	64.01	1085
June	69.37	65.12	1536
July	74.88	62.91	2047

9. Staff training continues to be a priority but as members will note from information in Annex 1 there is still a lack of experience in the more complex subjects.
10. During the last quarter the team has been working on processing end of year returns, which overall has been easier with the majority of scheme employers having transferred to i-connect. Unfortunately, this improvement did not carry over to the production of the annual benefit statements which has flagged issues particularly around post changes and aggregation resulting in records needing to be updated before producing statements.
11. Members will be aware that we are required to issue 100% of annual benefit statements by 31 August each year. The number of active and deferred statements issued will be reported at the committee meeting.
12. Fire Service – good progress has been made in clearing backlog of leaver files. At time of reporting there were 13 records to be finalised. All other statistics at 100%.

Contribution monitoring

13. This process sits within the Investment team. The chart below shows which scheme employers have been late in making payments to the fund, which are due by 19th month following payroll.

14. The only concern at present is with APCOA who are consistently late in making payment. The Investment Manager has been in contact with this employer regarding the late payments.

Missing contributions

	April	May	June	July
South Oxfordshire District Council	Redacted			
Vale of the White Horse District Council	Redacted	Redacted		
Oxford Brookes University	Redacted			
Abingdon Town Council		Redacted		
Carterton Town Council			Redacted	Redacted
CSN Resources Ltd			Redacted	Redacted
Stonesfield Parish Council	Redacted	Redacted	Redacted	
Heyford Park Parish Council			Redacted	
Blackbird Leys Parish Council		Redacted		
Oxford Archaeological Unit			Redacted	Redacted
Oxford Community Foundation			Redacted	Redacted
Oxford Homeless Pathways			Redacted	Redacted
Fusion Lifestyle				Redacted
Skanska Construction UK Ltd	Redacted	Redacted		
APCOA Parking (UK) Ltd	Redacted	Redacted	Redacted	Redacted
Oxfordshire LEP	Redacted			
The Camden Society - Lot 1			Redacted	Redacted
The Camden Society - Lot 2			Redacted	Redacted
Chartwells – GLF (Aureus Primary School and Aureus School, Didcot) (catering contract)	Redacted	Redacted	Redacted	Redacted
Clean Genie Banbury Ltd. - ODST		Redacted	Redacted	Redacted
Christopher Rawlins		Redacted	Redacted	Redacted
Clarendon Limited – Clanfield Church of England Primary School (cleaning contract)	Redacted	Redacted		

Projects

15. In the coming quarter the projects to note are as follows.
16. GMP Reconciliation – the changes were made to the April payroll for scheme members where under or over payments had been identified. GMP remains on the project list as checks and any corrections need to be applied to both active and deferred records.
17. Implementation of i-connect – bar a couple of tidy up meetings all scheme employers are fully operational on system with the exceptions of OCC and OBU. For OCC this will link up with end of year to ensure that all data is matched, and files being uploaded are monitored. Once complete process will be fully handed

back to OCC payroll for October (this has moved from July). For OBU a similar process has been followed as for OCC – the process will be handed over in September (this has moved from May)

18. Administration to Pay has been the project with the most delays to timetable. The implementations in February and March were achieved, however work on retirements has been delayed yet again.

Area of Work	Implementation date	Implemented (Y/N)
IFA out	February 2021	Y
TV out	February 2021	Y
Refunds (not including over 75s and post 14 leavers being paid more than 5 years after leaving) *	March 2021	
Retirements from active status (redundancy, efficiency, ill health, age retirement)	May 2021	Delayed
Retirements from deferred pension	July 2021	Delayed
Death **	September 2021	Delayed
Trivial Commutations	November 2021	Delayed
Fire	January 2022	Delayed

Solution being sought with software suppliers to deal with post 75 and post 14 leavers being paid after 5 years as the tax implications are different and Altair does not calculate these at present

** Deaths. Further work needs to be done in cases where death grants are split between multiple beneficiaries.

19. The next major project for the team will be the “McCloud” project which is included as part of the annual business plan.
20. All other projects are on target.

Staffing

21. In looking at current workloads and project work the next major work pressure will come out of the McCloud project. This arises from the Court case which ruled that the underpin protections applied to scheme members, in 2014 with the introduction of the CARE scheme, was unlawful because it discriminated on ground of age.
22. As a result, all scheme members as at 1st April 2012, regardless of age, are now eligible for the underpin. Whilst this does not come into play until benefits are crystallised a check must be carried out on all active, deferred and pensioner

records to determine which benefit calculation is the more generous. Initial estimates suggest this will affect in excess of 13,000 member records.

23. Whilst hour change information was requested from scheme employers post April 2014 this was not uploaded to our system. Therefore, the first task is to identify any gaps in member records, liaise with scheme employers for any missing information and then to upload this to our system. By which time it is anticipated that regulations will have been issued and software changes implemented so that new benefit calculations can be run, and adjustments made.
24. It is not feasible to consider that this work can be undertaken with current staffing structure. At the moment there are vacancies within the team equalling 4.63 FTE out of total FTE of 34.75.
25. Choosing to recruit to 4 of these vacant posts is an easy decision in one respect. However, to be effective that training needs to be undertaken in the benefit administration team which has already been under pressure due to the loss of experienced staff and training of 4 new administrators since autumn last year.
26. To avoid further pressures on the benefit administration team my proposal is:
 - Recruit 4 new administrators – costs to be met within current budget provision
 - Team Leader return from maternity in early October, albeit on part time hours. Job role to be reviewed to see what changes could be made to accommodate part time – as would need to advertise internally to cover gap to FTE which would then impact on proposal for senior administrators below.
 - Senior administrator covering this maternity will return to substantive post
 - There are 9 senior administrators over whole team, 5 of these are based in the benefit administration team. Keep 4 of these posts in current role to maintain checking and dealing with specific work areas. Then use 5th senior as a trainer.
 - The trainer would work exclusively with new recruits to speed up training process.
27. It is proposed that this should be an interim step whilst a fuller and more detailed analysis of the team structure is undertaken identify the best possible structure to deal with workloads, deliver a robust, efficient service to scheme members and scheme employers and to include succession planning.

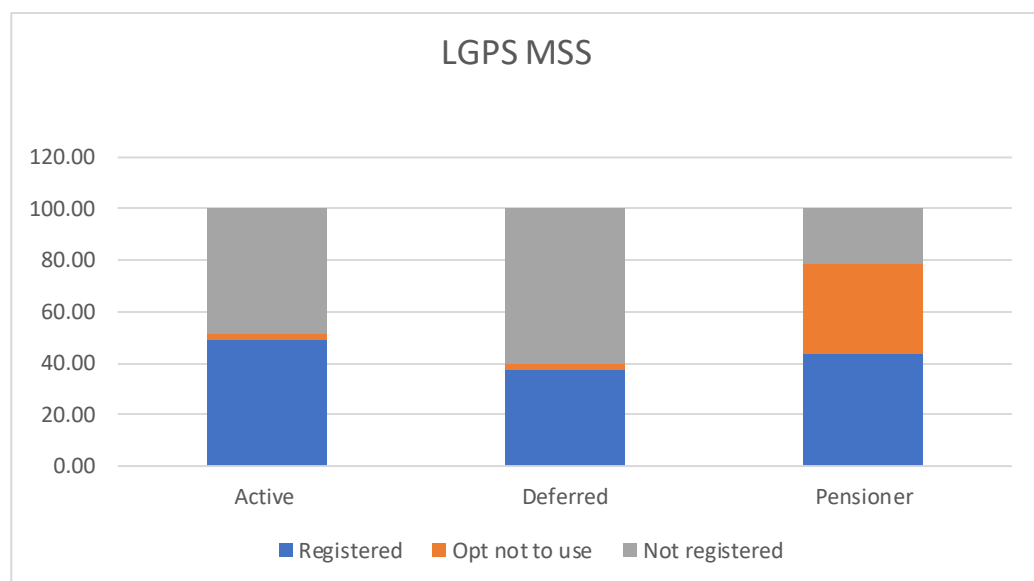
Communications

28. The fund's communication policy was last updated in 2019. A copy is at Annex 2. Member's opinion is now sought on proposed changes ahead of the employer consultation:
 - change the number of employer meetings from 4 to 2 each year to encourage better attendance and look at topics in more detail

- to consider whether the annual employer forum should be changed to triennial to coincide with valuation outcomes
- to reflect the greater use of MSS including enabling members to run personalised calculations.
- reflect the introduction of customer surveys
- Changes to member website have been completed and the next stage is to update employer web pages.

Member Self Service

29. Chart below has not changed since last quarter. The annual exercise of sending activation codes out to members who have not yet registered will take place in autumn.



Employers

30. Thame Partnership Academy Trust - despite various communications this employer has not answered questions relating to end of year, which will impact on the production of annual benefit statements. Team leaders have come up with a “work around” to enable annual benefit statements to be published. Charges for this work will be made in line with the administration strategy.
31. Ecocleen – again despite various communications, we are awaiting information to be provided by the employer. We have already issued fines in accordance with the Administration Strategy, and at the time of writing this report we were writing a final letter to the Chief Executive of the company before completing a formal referral to the Pension Regulator.

Customer Surveys – Feedback and Complaints

32. Customer surveys are sent out once a case has been completed. In June this yielded 2 responses, with an average of 3 stars and in July 15 responses with

an average of 4 stars. Overall comments were good except that responses in July generated 2 complaints.

33. Two of the three formal complaints reported last quarter are still in progress with no further updates to report.
34. Two further cases have been completed in this quarter. In one case the member had been given incorrect information which was corrected before benefits were paid and in the second regulations did not allow the member to commute benefits.
35. There are three new cases in progress which have been made to:
 - Challenge an ill health decision
 - Complain about information provided / response times
 - Revisit a transfer out some years ago.

Write Off

36. There have been four deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £27.96

Prudential

37. This note is to make members aware of the current situation with Prudential, the fund AVC provider, who over a year ago implemented a change of software which has caused numerous issues that have not yet been resolved.
38. At the end of 2020 members were reporting back to the fund to say that AVCs had been deducted from their pay but not credited to their AVC account. There have also been issues of getting AVC fund values for members due to retire, getting information about AVCs and the lengthy waits for any response from the Prudential.
39. The annual benefit statement giving members information about the AVC investment are normally issued in May each year. As yet not annual benefit statements have been issued and Prudential are reluctant to confirm when this will happen.
40. Prudential has reported these issues directly to both the Pension Regulator and the Financial Conduct Authority given the impact on many LGPS funds across the UK. The Local Government Association are also aware of these issues, monitoring what is happening and representing LGPS funds. Pension managers are updating each other through their officer group meetings.
41. Since the first issue was raised monthly meetings have been held with the Oxfordshire fund client manager. This has enabled us to identify and progress the most urgent cases. However, we have little influence over the level of service and resolution of outstanding issues which is painfully slow.

42. Prudential are making sure that where there are delays in investments to individual accounts the member does not suffer any financial detriment. I have also been advised that compensation payments are being made as appropriate in cases of complaint.

Audit Report/ Benchmarking

43. Two issues raised in recent audit reports need to be referred to this committee.
44. The first is that of debt chasing. Unfortunately, I do not have a record of why the pension fund decided, at the time of implementation, not to subscribe to the IBC debt chasing services, but to do this internally. Staff changes have meant that this has not been consistently followed up. The new office administrator, appointed in June, has now sent out letters requesting payment of all overdue invoices. As yet, there is little information on the success of this exercise.
45. For both administration and investments, the value of invoices issued is £157,030.71, of which £133,729.04 is overdue for payment.
46. In line with the audit recommendation to give oversight and monitoring of these monies, a report will be submitted to this committee each quarter.
47. The second audit recommendation is to seek committee's view on whether the fund should be benchmarking administration services against other LGPS funds.
48. Previously the fund participated in the annual CIPFA benchmarking exercise until 2016. The timing of the annual exercise and gathering of all information clashed with end of year reconciliations and production of annual benefit statements. Coupled with declining number of funds signing up it was felt that time could be better spent on processing end of year.
49. Information on the number of participants and costs has been requested and will be circulated as soon as this is available.
50. Recently, another company CEM has approached the fund with their benchmarking product. The information about the LGPS clients shows that it is the much larger funds (with over 100,000 members) who have joined which is not surprising given there is a significant cost of £8,000 per annum to participate.
51. Previous participation in the benchmarking club was interesting but did not impact on the way in which administration was organised or have any other major impacts on systems. Generally, it has been found that the informal arrangements via pension manager contacts and more formally with our actuaries has proven to be more beneficial.

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