

PENSION FUND COMMITTEE – 10 OCTOBER 2022

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is **RECOMMENDED** to

- a) **determine any actions they would like taken to improve the team performance in meeting standards**
- b) **agree the change to wording of the fund's discretionary statement relating to trivial commutation and small pots.**

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.

Administration

Staffing

2. As approved, by this Committee last quarter, the appointment of 6 FTE to undertake project work and to deliver work set out in the business plan is underway as a procurement exercise via the National LGPS framework.
3. The administrator and administration assistant vacancies within the team have been re-advertised using different publications and online options. At the time of writing this report there have been 11 applicants for the administrator role and 4 applicants for the administration assistant role.
4. It should also be noted that there are some individual issues of under performance in the team which are being actively managed.
5. In the last quarter one team leader has left employment. This role has been covered by the recently appointed (job share) team leader.

Performance Statistics

6. Vetting for 2021/2022 is now complete except for 2 scheme employers still going through the admission process. For 2022/23, the figures are set out in the table below:

	April	May	June	July	Total
Not received	4	9	20	113	146
Received, not vetted	46	59	121	46	272
Queries Sent	11	8	3	0	22
Replies Received	0	0	0	0	0
Not Cleared	61	76	144	159	440
Cleared	102	87	19	4	212
Still in Admission Process	1	2	2	0	5
Total	164	165	165	163	

7. Overall, 20.9% of returns have not been vetted within SLA standards, which is as a result of staffing, end of year and valuation data pressures. Team leaders will, after the issue of the annual benefit statements, be putting a plan in place to bring this work back into specification.
8. The number of tasks to do in the employer team has reduced from 1726 to 867 this quarter. 96 of the outstanding tasks relate to 2021/2022 and need further investigation. The remaining tasks relate to the current financial year and will be resolved as the vetting is brought into specification.
9. There are 30 admission agreements to be finalised. 22 of these are at the end of process and just require the new employer to provide contact details and details of their discretionary policies. The team leader is looking at ways to remove any issues causing these admissions to be fully completed.
10. Since March 2022 this Committee expected that the standard SLA would be used for performance measurement, although it was acknowledged that additional resources may well be required to meet normal SLA. The current statistics below are showing the progress towards meeting SLA:

	SLA Overall %	Statutory Overall %	Total Cases Completed
2021 August	91.47	73.73	1804
September	86.97	68.81	1682
October	82.87	69.49	2064
November	84.79	79.75	1789
December	85.01	82.03	1316
2022 January	85.54	90.75	1363
February	87.01	78.83	1490
March	88.67	94.69	1892
April	82.67	93.50	1274
May	81.53	95.80	1795
June	85.86	96.24	1559
July	93.07	97.94	1508

11. Looking at the individual subjects all except for interfund and transfer out tasks, have remained the same, or improved. Transfer out statistics decreased slightly but are still over SLA target at 95.92%. The interfund are still under SLA target which is due to a new administrator starting work on these hence why these are over target. Team leaders are currently reviewing the allocation of work to remove any delays which can lead to work going out of specification particularly where a team member is learning a subject and may have to re-do work.
12. Team leaders have also been closely monitoring statistics and to identify where they fall out of specification and have found it's a mix between the re-doing of tasks and how cases are pended using the system reply due function. This is showing anomalies which are impacting on the reporting and so an alternative method of recording these cases is being trialled.

Complaints

13. For the year 2022/2023 the team has received 9 informal complaints to date. One case remains open. The reasons for these complaints can be summarised as:
 - Having to give 3 months' notice of intention to take pension (regulatory requirement)
 - Not being regularly updated of progress with case
 - Trivial commutation of pensions
 - Additional contributions
14. In addition, there are the formal complaints received by the fund. Depending on the nature of the complaint, and who made the original decision the stage 1 complaints will either be dealt with by the scheme employer, or the fund. However, all stage 2 complaints are dealt with by the Head of Pensions.

Stage 1	Ill-health retirement	Scheme employer
Stage 1	Additional pensions / communication	Fund
Stage 1	Annual allowance	Fund
Stage 2	Calculation of pension benefits	Fund

Fire Service

15. The performance statistics for the Fire Service are set out in the table below.

	SLA Overall %	Total Cases Completed
August	92.19	36
September	93.33	70
October	88.89	42
November	98.15	45
December	100.00	52
January	98.61	29
February	100.00	39
March	99.31	56

April	97.78	47
May	77.46	65
June	91.67	46
July	91.11	37

16. As at the end of July there are 22 open cases – of which five are outstanding awaiting information from members.

Data Quality

17. The latest figures in respect of the data quality scores that we have to return to the Pension Regulator are as follows.

Common Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
001 + 101	66336	60793	91.6%	92.6%

This compares to 2021 figures of 99% (91.6%) and TPR 95.6% (92.6%)

Scheme Specific Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
001 + 101	132364	78841	92.72%	96.46%

This compares to 2021 figures of 98.5% (92.72%) and TPR 97.8% (96.46%)

18. Note as reported last quarter, which was the first time of running these reports using Insights, there are continuing discussions with the provider to confirm that the output is consistent with previously provided information. This information will be thoroughly reviewed ahead of making the annual return to The Pension Regulator.

Contribution monitoring

19. This process sits within the Investment team who monitor incoming payments by scheme employers to ensure that the correct contributions are received by 19th month following payroll.
20. In the last quarter there has been an issue with two scheme employers being unable to reconcile their payments with the i-connect submission made, which has resulted in monies being held in suspense until this is resolved.

Annual Benefit Statements

21. The statutory deadline for issuing annual benefit statements to members is 31 August. A verbal update will be given at the Committee meeting.

Projects

22. The work that has so far been identified as project work is detailed below. The first three items on the list are dependent on team resources and will be scheduled once procurement / recruitment has been completed.
 - Historical death cases where there is outstanding information which is needed to enable files to be finalised. This work is being scheduled as a project.
 - AVC – review of data held by Fund vs data held by Prudential
 - A2P – review of processes to incorporate these changes
 - Review of pension software. Further discussion with Hymans has now set the timetable for this project (Annex 1). The initial work during autumn 2022 will feed into a report to this committee in December 2022 to determine whether the current contract should be extended, or whether a full procurement process should be held.
 - Review of fund cyber security is subject of a separate report on this agenda.
 - Last quarter it was reported that the I-connect project was in the final stages. Unfortunately, there are some outstanding issues with the submission from the County Council which need to be addressed. A meeting was held, in early August, with OCC and IBC to discuss how to move this forward. Given that OCC is the largest employer within the fund, with over 8000 members, it was agreed that a mid-year transition date is simply not feasible due to the number of changes and the level of manual intervention required. Therefore, it was agreed that for the 2022/23 IBC would continue to provide the information via the MARS spreadsheet whilst the outstanding issues with i-connect are resolved.

Debt Management

23. Since last quarter there has been little progress in finding a person to monitor and chase outstanding payments. Since it has not been possible to directly recruit, discussions have taken place with OCC debt management team to see if pension services could use a proportion of their staff time to carry out this role. This has been agreed in principle, but OCC debt management team have yet to recruit.
24. In line with the administration strategy a third fine has been issued to Macintyre Academy for failure to provide information and one fine has been issued to Vale Capita for non-compliance with the administration strategy.

25. Last quarter the total of outstanding invoices was reported as £52,940.85, which was incorrect as it excluded amounts due from scheme employers for early release of pension. As at 01 August the total value of outstanding invoices amounted to £115,498.81.
26. There have been ten deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £37.46

Data breaches

27. The fund's AVC provider sent the monthly schedule of changes and new contributions to another fund. Officers were made aware of this due to being copied in to email correspondence from the other fund to our (shared) AVC provider. A response was supplied to questions raised and this case has now been closed.
28. In addition, one other breach was reported where a completed opt out form was sent to the wrong scheme employer.

Member Services

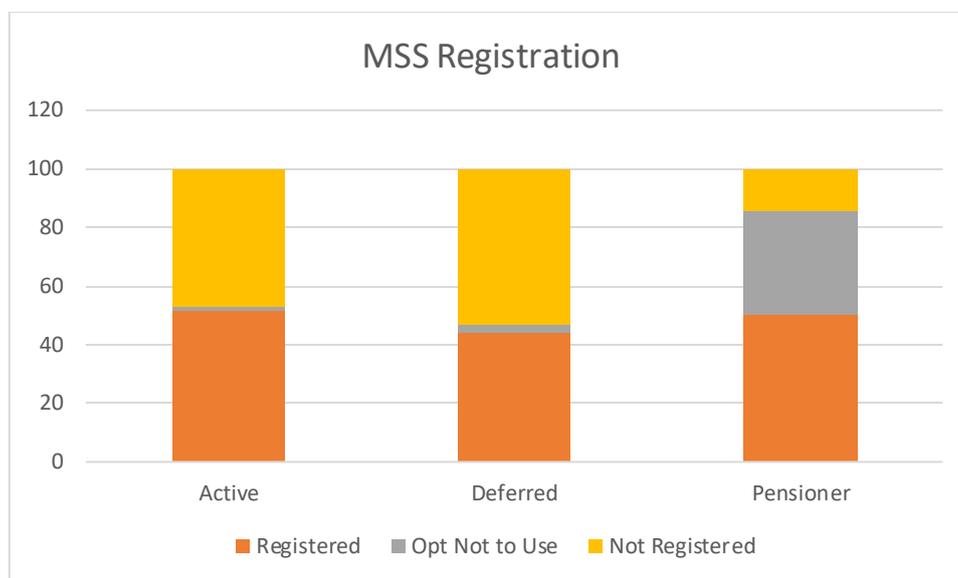
Website

29. After a large jump between May and April (from 3349 overall to 3624), there has been a drop in visits over the summer.

	May-22	Jun-22	Jul-22
Home page unique views	735	567	559
Member pages views	2471	2037	1998
Employer pages views	408	373	402
Overall	3624	3018	2959

30. Other work undertaken includes
- Reporting Pensions_– the summer edition of Reporting Pensions was published in July
 - Member talk – at Oxford Brookes University where approximately 30 members attended
 - Customer survey – the customer survey has been suspended while we investigate an approach which may elicit better response levels.
 - Bulk emails – 9,687 emails sent out to members via bulk email facility
 - Issuing Governance newsletter
 - Preparation of annual benefit statements and accompanying notes

- Website review
- Attendance at national and local communications working groups
- Member self-service activation codes to members who have not yet signed up, shown in yellow on chart below.



Employer Services

- Introduction to the LGPS – we have held one session this quarter with 7 attendees.
- Employer Meeting – ongoing discussion regarding agenda items.
- Talking Pensions – the monthly employer newsletter was sent out on 31 May, 30 June and 31 July to approximately 220 employer contacts.

Administering Authority Discretions

31. Under regulations there are certain areas where the fund is required to make a discretionary policy decision. There are three areas under regulation 34(1)(b), regulation 39(1)(b), regulation T14(3) and regulation 49(1) where this Committee has to:
- Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 scheme)
 - Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004

- Decide whether to pay a commutation payment under regulations 6 (payment after relevant accreditation, 11 (de minimis rule for pension schemes or 12 (payments by larger pension scheme of the registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 scheme).
32. When this was last reviewed by this Committee the decision was that commutation would be at member request in line with HMRC rules and limits. Officers are requesting that this should be clarified by amending to commutation will be at member request, post retirement, in line with HMRC rules and limits. This would avoid speculative requests which take up a considerable amount of administration time and bring the fund in line with the working practices of other administering authorities.

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