

PENSION FUND COMMITTEE – 09 JUNE 2023

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is **RECOMMENDED** to

- a) **Note the progress against the Administration objectives for the year; and**
- b) **Decide what additional information they require to be included in this report.**

Executive Summary

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

Staffing

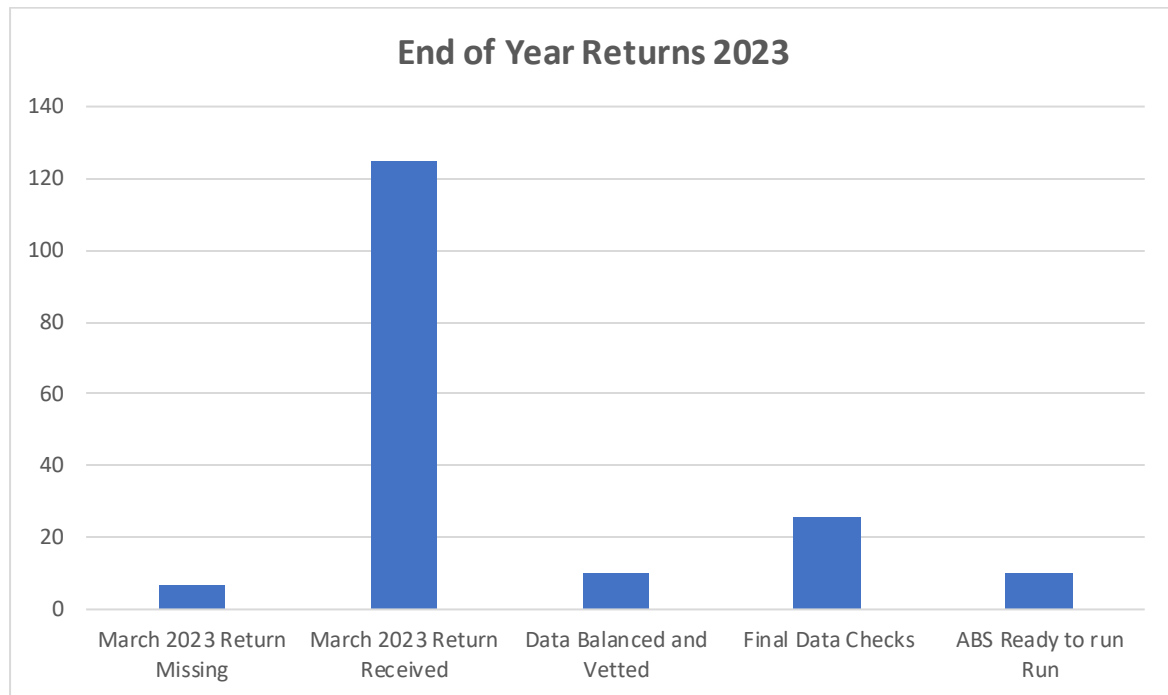
2. Two administrators have been appointed to the permanent posts in the employer team. Team leaders are also looking to appoint two temporary administrators for the McCloud project from this round of interviews.
3. It should also be noted that there are some continuing individual issues of under performance in the team which are being actively managed. However, this along with team member sickness absence and using up leave in the last quarter is impacting on the team performance, particularly benefit administration.
4. Officers are now looking at other options to secure additional resources for project / one off pieces of work.

Performance Statistics

5. This committee has asked for information to be presented using graphs rather than charts as this is still being developed in the reporting software this report does not contain either but sets out main points for review.

Incoming data and end of year

6. At the point of writing this report there is 1 end of year return outstanding a month after submission deadline. This (new) employer has been in discussion with the team to resolve a system issue.



7. Of the returns that have been received, there are 84 scheme employers where team needs to complete vetting of monthly returns before the end of year can be processed. The number of returns still to be processed equals 213.
8. There are 601 tasks to be cleared down, which is done as part of vetting process.
9. There has been little activity on new scheme employers / admission agreements.

Administration Statistics

10. Work relating to divorce, transfers in, interfunds in, transfers out and interfunds out is currently being stockpiled whilst waiting for new factors for the calculation. This amounts to 263 cases to date.
11. Of the work completed during April, amounting to 1,352 cases:
 - 7 subjects, including deaths and retirements are above SLA targets
 - 2 subjects, member estimates and member enquiries were just below SLA target, and
 - 5 subjects, trivial commutation; additional pension contributions; refunds; leavers and concurrent merges are out of SLA specification.
12. This leaves the team with 2,131 open cases. Of these 656 are on hold waiting for further information to be provided either by the scheme employer, or scheme member. Overall, these cases are 73% within SLA specification.

13. Suspended Pensions – as of 21 April 389 pension payments were in suspense. The majority of these (208 cases) are linked to the project closing old death cases. Other reasons for suspending these payments are returned payments, often where member has died but no notification of death has been received; change of address where a trace is then required.
14. Statutory returns have all been completed and made on time in respect of:
 - HMRC Accounting for Tax
 - HMRC Event Reporting
 - Pension Increase applied to all pensions in payment
 - P60's issued to all pensioners

Fire Service Administration

15. During last period 33 cases were completed, all within SLA specification.
16. This leaves the team with 32 open cases, which the team is reviewing to identify any outstanding information / what action needs to be taken to complete this work.

Complaints

17. In the year to May there have been six informal complaints received. The formal complaints dealt with this financial year are:

Reference	Complaint	Stage 1 Decision	Stage 2 Decision	tPO
23/001	Transfer / refund	Not Found	Found	
23/002	Transfer	Not Found	In progress	
23/003	3 months' notice to take pension	Not Found		
23/004	Linking of records	Not Found	Not Found	
23/005	Ill-health retirement	In progress		
23/006	Ill-health retirement	Not Found	Not Found	
23/007	Ill-health retirement	Not Found	Referred back to employer	

18. Actions from complaints:

1. In case of 23/001 the member left fund in 2002 and at that time was, incorrectly, told that they were entitled to either a refund or a transfer of benefits. This incorrect information has been compounded in later correspondence. This case was reviewed at stage 2 confirming to the member that the only option available from the point of leaving was a refund of contributions. The contributions and interest have been paid to the member along with a compensatory payment of £1,000 for the distress and inconvenience.

Data Quality

19. No issues to report – data is continuing to be reviewed as part of end of year process.

Contribution monitoring

20. The Pension Regulator's draft code of practice sets out contribution monitoring as an area of focus for administration. This guidance, along with recent events has resulted in a review of our monitoring and reporting arrangements in this area and a new process is currently being drafted. This will include process to link to breach reporting, which is a separate item on this agenda.
21. This new process will streamline current reporting arrangements to make it easier to identify and respond where contributions are overdue.
22. That the current process is not as robust as it should be is highlighted by a recent case which was escalated due to non-payment of contributions and then a further outstanding amount of unpaid contributions.
23. The most recent unpaid monthly contribution issue has been escalated to Head of Pensions who is in correspondence with company regarding this outstanding amount.
24. The issue around the long-standing outstanding amount is more complicated since it now seems that part of the company became insolvent and has continued to provide the service and remain in LGPS after a restructure. This was only recently notified to Pension Services as a change of name so legal advice will now need to be sought. The original admission agreement was a pass-through arrangement; therefore, the fund will be protected from any loss.

Projects

25. The work that has, so far been identified as project work is detailed below.
26. Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion was initially 31 May 2023. Given staffing issues this is being reviewed

27. AVC – a review of data held by Fund vs data held by Prudential is currently being undertaken.
28. A2P – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented by end of November 2022.
29. This leaves three subjects - retirements, deaths and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be completed by May 2023. Other dates have yet to be finalised.
30. I-connect – the first OCC live return has been received this month, which means all scheme employers are now using i-connect.
31. There have been some changes to i-connect the first of which is to enable scheme employer to explain any variations between contributions due and the amounts paid over – this will help with contribution monitoring and reduce number of queries needing to be raised.
32. Scheme employers will also now be able to upload documents via i-connect to support the information on their returns in cases of members opting in / out of the scheme; retirement information and where the employer is requesting an estimate of costs.

Debt Management

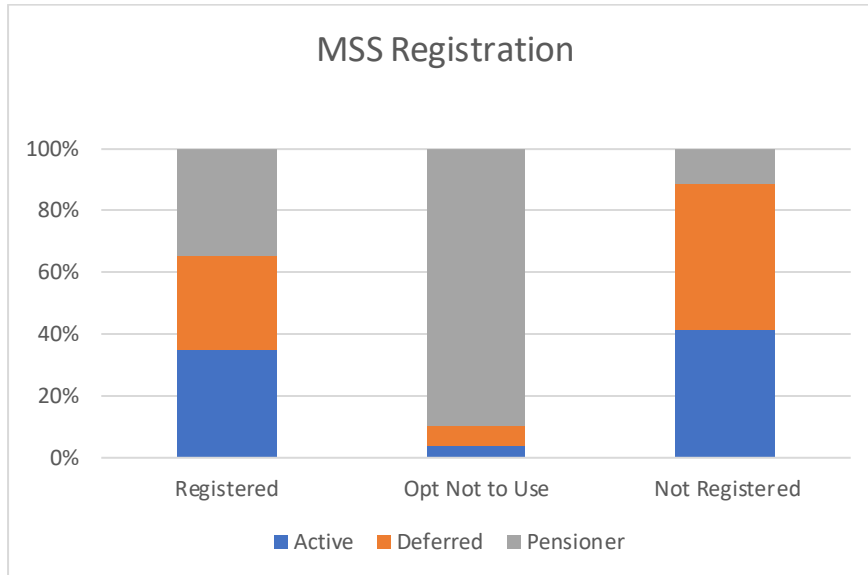
33. Final discussions on the process are taking place and a review of the outstanding invoices is being carried out.
34. As of 01 January, the total value of outstanding invoices amounted to £93,843.76, of which £92,381.90 is overdue. An update on this information will be provided at the meeting since work is in progress to review the information held.
35. £55.31 was written off in last quarter. This related to eight deaths.

Breaches

36. In the last quarter 4 breaches have been recorded. Three of these relate to the late payment of pension contributions – in two cases this was followed up and payments were made two days after due date.
37. The third contribution amount outstanding is discussed under contribution monitoring above.
38. There was also one data breach where two letters (to different members) were sent out in same envelope. This has been resolved and closed.

Member Self - Service

39. The table below shows the latest information on members signing up to use member self-service.



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