

PENSION FUND COMMITTEE - 3 DECEMBER 2021

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

- a) determine what, if any, further information they require to ensure they are in a position to monitor service standards are consistent with their responsibilities under the Regulations;**
- b) agree that current standards are at an acceptable level, or the further actions being taken are reasonable to address the shortfall in performance;**
- c) agree the further extension of reduced SLA targets until March 2022; and**
- d) agree the write off of £40.81**

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. There are still delays in the vetting of incoming returns. 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 to improve the flow of work to the benefit administration section who are responsible for processing the payments, answering queries, and updating member records.
3. Over the past six months the benefit team has been working to a reduced SLA standard, as agreed by this committee. The chart below is showing an improvement however, in order to achieve a sustained improvement, team leaders are requesting that the temporary SLA targets to continue until March 2022 especially given that recruitment of another 4 administrators will mean that 90% of team Administrators are/will be in training

	SLA Overall %	Statutory Overall %	Total Cases Completed
April	57.14	54.22	1,365
May	67.83	64.01	1,085
June	69.37	65.12	1,536
July	74.88	62.91	2,047
August	91.47	73.73	1,804
September	86.97	68.81	1,682
October	96.15	69.49	2,064

4. Fire Service – for the period August to October the number of files completed within SLA deadline are:

August	92.19%
September	93.33%
October	88.89%

5. There has been no progress in clearing the 13 backlog files.

Contribution monitoring

6. This process sits within the Investment team. Scheme employers are required to make payment over of contributions by 19th month following payroll.
7. As reported last quarter the only concern at present is with APCOA who are consistently late in making payment. The Investment Manager is in contact with this employer regarding the late payments.

Projects

8. In March 2021 this committee received a report on the final stages of the GMP reconciliation process. The information shown below reflects the final adjustments made to the payroll figures now that the outstanding queries have been resolved. The numbers shown in brackets were those reported in March.
- This project has identified that there are 86 (87) pension members who have been underpaid and this was corrected in the February 2021 payroll.
 - There was an increase in the annual payment of pension by £3,624.24 (£4,203.58). The arrears paid in the February 2021 payroll amount to £32,649.72 (£37,568.55).
 - As previously decided by this Committee, pension members who had been overpaid would have their pension payment corrected but there would not be any recovery of the over payment. Letters were sent out to 242 (245) pensioners whose pension was adjusted in April 2021. This resulted in an annual reduction of pension amounting to £35,056.61 (£35,411.35)

9. 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. As the two largest fund employers the work to data match / cleanse has been much more than initially anticipated.
10. For OBU the payroll department are unable to extract data in format needed to make return and are having to make manual changes before making the return which led to some additional queries. Whilst the payroll manager is still making manual adjustments the uploading of the monthly returns to i-connect is now being made as expected.
11. For OCC there is much more data cleansing needed to ensure that any duplicate information received is stripped out before information is loaded on to the pension systems, so monthly returns are being manually loaded once they have been data cleansed. It is anticipated that this dual action will continue until the end of the current financial year.
12. 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.

13. A project plan is currently being prepared to set out project work for the team during the coming year.
14. All other projects are on target.

Staffing

15. The proposed changes detailed in the September report have been made. Senior administrators were asked to set out their preferences as to which area of the team they would like to work. Interviews were held to appoint to the senior training role with the second candidate being appointed to their second choice in the benefit administration team. Further interviews took place to appoint administrators in the benefit administration team which resulted in one candidate being appointed to their second choice in the systems team. With hand overs these changes will be finalised on 01 January 2022.
16. The recruitment process to appoint 4 new administrators has now started. It is anticipated that new team members will join early in 2022.
17. As part of the project planning the next stage of reviewing team structure will be scheduled into the workload.

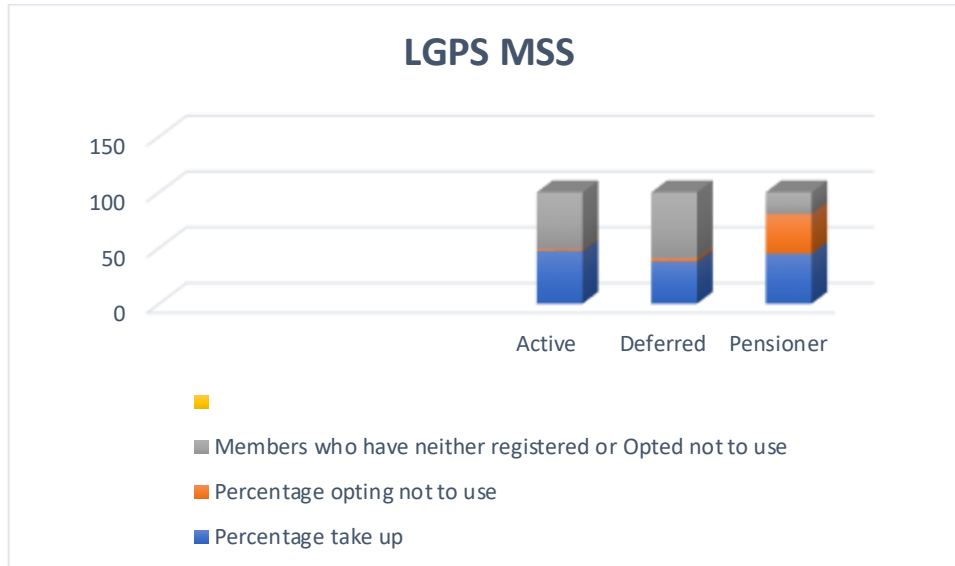
Communications

18. In the last quarter the activities for employer engagement have been:
 - Introduction to the LGPS – we have held one Introduction to the LGPS training in the last three months – this was very well attended with 18 attendees from a wide cross section of employers
 - Employer Meeting – the Employer meeting held in September 2021 was also well attended with representatives from 32 employers making the time to attend. The main feature of the meeting was a section on Discretionary Policies.
 - Talking Pensions – the monthly employer newsletter was sent out on 31st August, 30th September and 3rd November to approximately 220 employer contacts.
19. Active scheme members will have received the member newsletter published on 07 October. It was distributed to LGPS employers, posted on our website and on My Oxfordshire Pension, plus paper copies were posted to employees who have registered to retain paper communications.
20. The website review of employer pages, Firefighter pages and Investment pages and maintenance of member pages is ongoing. Visits to the website have shown a steady increase over the last three months, with member pages remaining the most popular.

	Aug-21	Sep-21	Oct-21
Home page unique views	465	520	573
Member pages views	1361	1613	1812
Employer pages views	155	309	356
Overall	2019	2442	2741

Member Self Service

21. Overall, there has been a slight reduction in the number of active members signed up to use MSS. Whereas the annual exercise of sending activation codes out to members who have not yet registered has resulted in a slight increase in the number of members signed up.



Employers

22. No reported issues

Customer Surveys – Feedback and Complaints

23. The customer surveys introduced earlier this year have not given the expected level of response. Overall, there has been a low number of returns and whilst this has identified some complaints there has not been sufficient information given to feed into any process changes. Therefore, officers have decided to discontinue using the customer survey form. Information about complaints will be made clearer on the website.
24. There are currently 9 informal complaints waiting for response.
25. There has been an increase in the number of formal complaints made in last quarter which are waiting response.

Write Off

26. There have been six deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £40.81.
27. We are also in the process of resolving a long-standing issue regarding the payment of a fire-fighters pension which is going to result in a significant unauthorised payment charge which will fall to be met by the Fire Service and

is not recoverable under the grant. We are taking expert advice on the level of payment due given the complexity of the issue and the length of time taken to resolve it, but the final payment is likely to exceed £100,000.

28. The issue goes back to 2010 when the Government increased the earliest retirement age from 50 to 55. Special arrangements were made for the fire-fighters (and others) which allowed them to retain a protected pension age of 50 as long as they met an agreed set of criteria. The fire-fighter at the centre of this issue retired in July 2010 shortly after the introduction of the new Regulations and was believed at the time to have retained his protected pension age.
29. Subsequently, there was a lot of further discussion between the fire authorities, the Fire Brigades Union and HMRC about the interpretation of the criteria and in particular the restrictions on taking on a new job. It was not until 2013 that final advice was received that confirmed that anyone who held 2 jobs at the time of retirement had to retire from both jobs to retain their protected pension age. Unfortunately, the fire-fighter at the centre of the Oxfordshire case had taken on a second employment as a retained fire-fighter shortly before he retired and therefore should have lost his protected pension age. As such, the payment of his pension became an unauthorised event under the Regulations and subject to an unauthorised payment charge of 40% of the total amount paid.
30. There were a number of similar cases across the Country and cases were taken to the Pensions Ombudsman to test who should meet the unauthorised payment charge. In all cases, the Ombudsman determined that that payment could not reasonably be charged to the fire-fighter who had made their retirement decisions based on the advice they had received at the time, and therefore the charge should fall to the fire authority.
31. The Oxfordshire case was initially identified for resolution in 2016 following the conclusion of the various legal challenges, and the matter referred to the then Chief Fire Officer. Unfortunately, the matter was not concluded at the time and no follow up action was agreed. The position was recently re-visited and the necessary actions are now being taken.
32. There have been two key changes since this case to prevent further occurrences. Firstly, following the clarification on the interpretation of the protected age criteria, new processes were put in place at retirement to ensure no fire-fighter held a second job which would invalidate their protected pension age, nor that they took on a new role within the fire service within the six-month period specified in the guidance. Secondly, the Scheme of Delegation has been reviewed and the position confirmed that it is this Committee's responsibility as Scheme Manager to report all unauthorised payments and not that on the Chief Fire Officer. Arrangements have therefore been put in place to record all such instances and ensure payments are made promptly to HMRC. Future performance reports will include statistics on any unauthorised payments made.

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