

PENSION FUND COMMITTEE – 7 June 2024

ADMINISTRATION REPORT

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

The Committee is **RECOMMENDED** to note the upcoming issues the pension administration team face and agree to the approach of the report to manage these.

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. The two key posts of Head of Pensions and Pension Services Administration Manager have both been filled since the last meeting. Vicki Green was promoted internally and is already in post as Pension Services Administration Manager. Mark Smith will take up his role as Head of Pensions with effect from 1 August 2024.
3. Vicki's promotion leaves a Team Leader vacancy in the benefit administration team. We are looking to fill this gap short-term by delegating down responsibility of line management to Senior Administrators, whilst we look at workforce planning. Overall, the team is carrying vacancies of 4 Administrators and 1 Pension Support Officer, which are currently being recruited.
4. A Technical Training Officer post has been created to grow and develop our existing team to fill the gaps. At the point of writing this report we have just appointed an internal candidate due to start in June 2024.
5. The 2 Senior Administrator vacancies reported in the March report are still vacant. Recruitment at Senior Administrator level has been a challenge with no external applicants and gaps in knowledge and skill to enable existing internal staff to progress. The internal appointment to the Technical Training Officer increases the number of Senior vacancies to three, but it is hoped that in the medium term this new role will help develop appropriate succession planning across all roles. In

the meantime, we are working with the Council's Talent Acquisition and Resourcing Team to recruit to the 3 Senior roles.

6. As part of the longer-term approach, the team managers are carrying out workforce planning to review the current team structure, positions, and their responsibilities. This is at early stages although the key principles were set out in the report to the March meeting of this Committee and endorsed by the Pension Board at their meeting in May.

Technology Development

7. In addition to the efforts to address staffing shortfalls, we are also looking to further increase the use of Altair (our pension database) streamlining processes and automating tasks, reducing manual intervention, and therefore the pressures on current staff.
8. We are also exploring better reporting and data presentation to manage and monitor workload and performance through Insights, a new reporting platform on Altair. This will also create reports for the Annual Report and Accounts and improve reporting to this Committee.
9. The third element of the technology approach is looking at creating our own bespoke website with a secure employer section, search engine, online forms, and chat bot to improve communication, increase support for pension fund customers, and reduce the need for personal responses for standard queries.

Performance Standards and Risk Management

10. The third element to addressing the current capacity issues is a review of service standards and risk management. Traditionally, all work in the Benefits Section has been undertaken by the Administrators and then double checked by the Senior Administrators. The new Pension Services Administration Manager is currently reviewing that practice to determine whether the resources tied up in the checking process are justified in terms of the risks of error, and whether these resources if employed on other tasks would reduce the overall levels of performance risk within the service in light of the current capacity restraints.
11. This review will include input from Hymans Robertson based on their experience supporting LGPS Funds across the country as well as discussions directly with colleagues in other Funds. It is currently expected that a reduced framework for checking will be introduced, with higher checking levels maintained for those tasks which lead directly to a payment, and those tasks undertaken by more recently employed staff (or where sample checking has identified performance issues), but with reduced checks for other tasks.

Performance Statistics

End of year

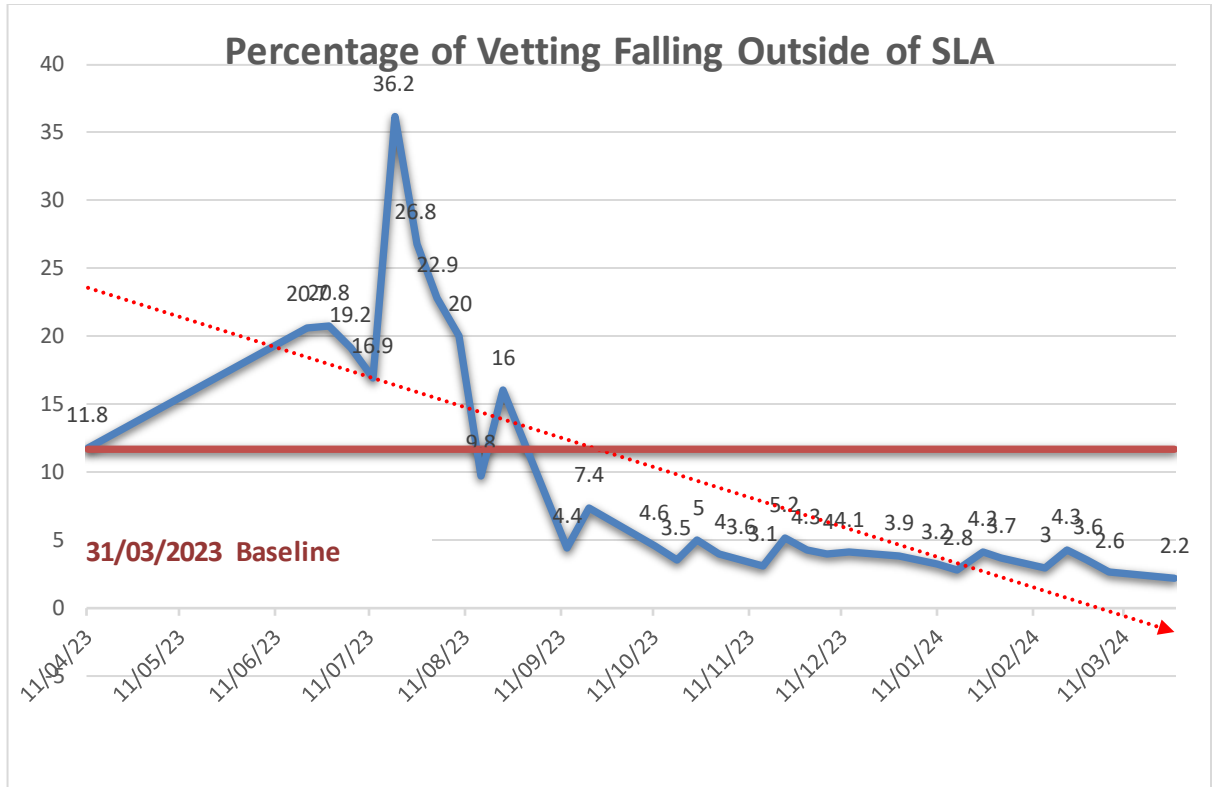
12. At the point of writing this report there are no end of year return outstanding; however one employer mentioned in paragraph 19 later in this report has submitted an incomplete return.
13. The deadline for submitting end of year returns was 19th April. The table below compares a snapshot of the progress between April 2023 and April 2024.

Action	April 2023	April 2024
End of year data received	111	154
End of year data outstanding	62	6
Number of employers data vetted and ready for final checks	15	87
Number of employers ready for annual benefit statement	0	47

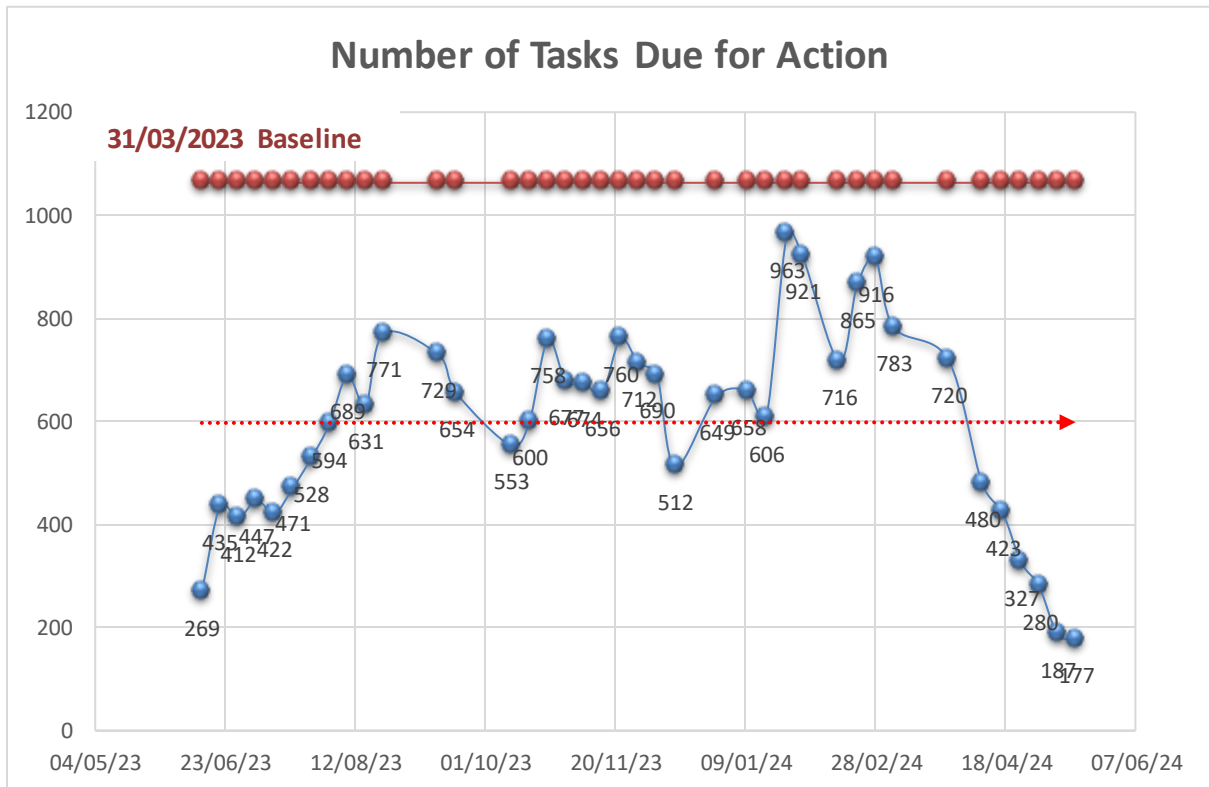
14. These figures show the significant progress made during 2023/24 both in managing the workload within the Employer Team and in the performance of our scheme employers in meeting their responsibilities in respect of the timely and accurate return of data. Currently there are no concerns to be reported and we are on track to meet the Annual Benefit Statement deadline of 31 August 2024.

Monthly data returns

15. The benchmark for incoming returns that were not vetted within SLA at March 2023 was 11.7%. As of March 2024, this was reduced to 2.2%.



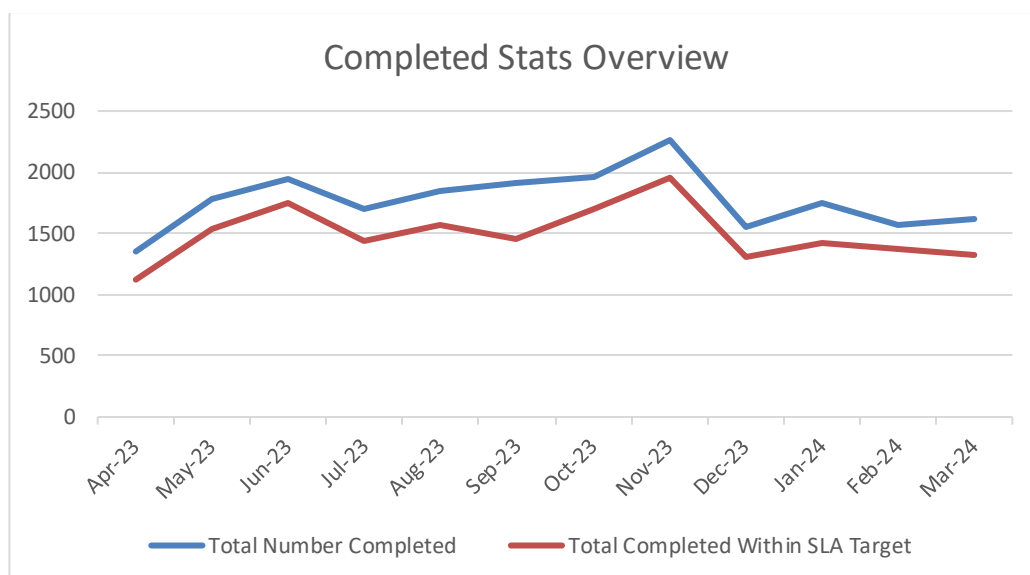
16. The chart shows tasks due for action and overall, the number has reduced from 1,063 in March 2023 to 720 in March 2024.



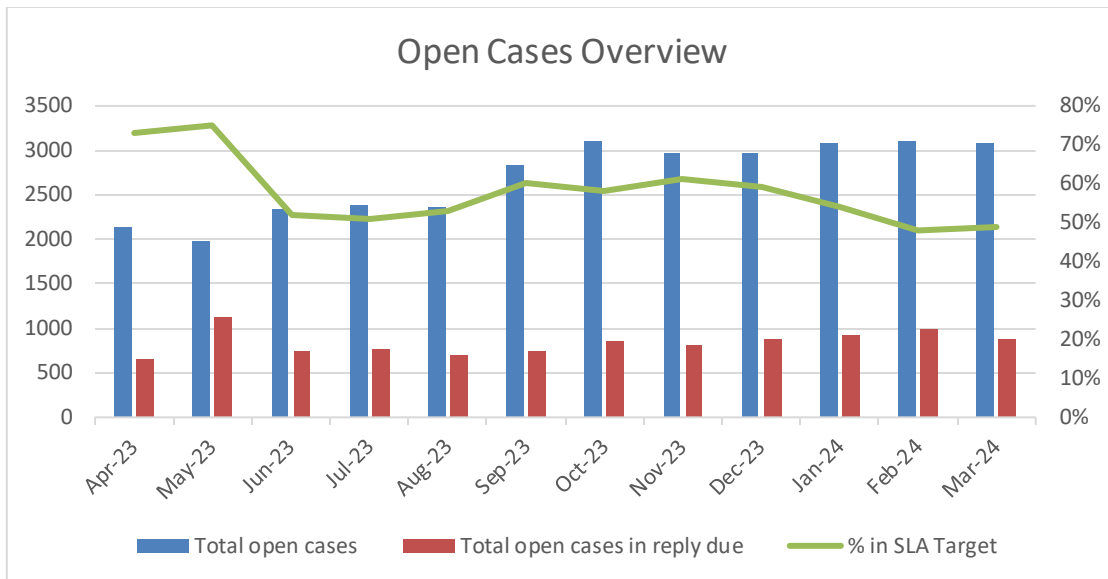
17. 62.5% of these cases are within SLA target. A visual report will be presented next quarter to show the trend on the SLA figures.
18. In this quarter, at 31 March 2024 there is:
 - 1 TUPE transfer due to contract reletting, the application form is received and is to be finalised.
 - 0 academy conversions.
 - 15 closure valuations recorded for 2023/2024.
19. Bernwode Schools Trust moved to Acer Multi-Academy Trust on 1 January 2024. The January, February and March monthly returns did not contain any transferring members from Bernwode Schools, and therefore, although submitted, the returns are incomplete.
20. As such, investments cannot reconcile the contribution payments for January, February, or March as we do not have the data to match. All efforts have been made to resolve the issue, including fines of £1,750 issued to the employer. This has now been reported as a breach of data.

Benefit Administration

21. The chart below shows the completion rate of work in 2023-24, with the red line showing what work has been completed within SLA target. In April 2023 82.99% of work was completed in SLA; in March 2024 this was 82.31%. There has been no significant change over the year.



22. The number of open cases shown below shows a decrease from 73% in SLA in April 2023 to 49% in SLA in March 2024. The blue columns show an increase in outstanding cases from 2,131 in April 2023 to 3,080 in March 2024, a difference of 949 cases.



SLA Monitoring

23. With the introduction of the revised Service Level Agreement in January 2024 it was agreed that future reports to this Committee would include details of the fines issued under the SLA.
24. In the quarter to March 2024, we only issued one fine of £75. This reflects the improved position in scheme employer performance as noted above. (N.B. The fines issued to the Acer MAT were all issued after the start of the new financial year and will be included in next quarter's report).

Suspended Pensions

25. As of March 2024, a total of 374 pensions are suspended, a reduction of 33 since previous quarter. Of these 173 relating to deceased as reason for suspension, which leaves 201 cases where the fund is either waiting for confirmation of death notification, or tracing pensioners who have not informed the fund of a change of address.

Statutory Returns

26. All returns have been made in deadline, there are no issues to report.

Fire Service Administration

27. As at 11 March 2024 there were 70 open cases, 13 are future dated (2024 to 2035), 39 are awaiting a reply from the member or an external body, 3 are leavers notified by IBC who are under retirement age, 1 relates to a retirement, 5 are general enquiries, 2 are Death cases, and the remaining 9 relate to requests for estimates or reviews after retirement.
28. Training is ongoing for team members to improve knowledge of the pension schemes and prepare for the work coming up for Remedy and the Second

Options Exercise for On-Call Firefighters.

29. The formal SLA document has now been finalised. We are now working on updating workflow and reporting on these. Statistics will be available for next quarter.

Complaints - Sean

30. In the quarter to March 2024, there were 5 informal complaints received, and one formal complaint was dealt with at Stage 2 of the Adjudication of Disagreement Procedure. The Stage 2 adjudicator dismissed the complaint which was in respect of a scheme employer's decision not to grant flexible retirement, finding that the decision was within both the terms of the relevant regulations, and the scheme employer's policies.

Data Quality

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

Contribution monitoring

32. In the quarter to March 2024, 8 payments were made past the deadline of 19th month following payroll. These have all been followed up with the scheme employer resulted in payments being made to the fund.

Projects

33. The review of the historic death cases where there is outstanding information needed to complete the files is still to be finalised. Calculations to identify any over or under payments and benefits due are now almost complete and the outcome of this review will be reported to this Committee in September 2024.
34. Administration to Pay (A2P) – death grant payments have now gone live, and whilst there is a technical issue which Heywood are working to resolve we have a manual workaround in the short-term and this project is therefore deemed complete.
35. McCloud is behind schedule with 32% of employers still to confirm their data and 35% of data received still to be uploaded onto active member records. In addition, we have just over 4,000 cases to review calculations with the McCloud remedy.
36. The reviewing of calculation is complex, and the McCloud team lacks the skill and knowledge to progress the cases. A plan is to move work around the team by skill and knowledge, but resource remains an issue. This is known to be a national problem, and we are awaiting further guidance from Government/Scheme Advisory Board on priorities and dealing with missing data. The System providers are also endeavouring to develop their systems to deal with the significant complexities of implementing the remedy.

37. Pension Dashboards - the Pension Regulator has now confirmed a staging date of 31 October 2025. A project plan will be written and included in the September administration report.
38. Age Discrimination Remedy – Fire Service
- [The Firefighters' Pensions \(Remediable Service\) Regulations 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk) were issued on 20 July 2023 with an effective date of 1 October 2023. Immediate Detriment quotes have now ceased and cases already processed will be reviewed once final guidance has been received from LGA.
 - Formal retirement quotes for retirements after 1 October 2023 are now being issued. Advance notice of retirements has been requested – this is necessary to enable advance work to be done – especially where the member has exceeded either the Lifetime Allowance or Annual Allowance as this requires separate calculations to be undertaken and reported to HMRC.
 - Disclosure letters were sent in December 2023 to all scheme members.
 - An update was sent to all operational staff at the end of January 2024.
 - Data is being collated by IBC and batches of data are being sent to Pension Services. To date we have received 19.3% of the total data. IBC are working on sending through all data by 30 April 2024 and regular reviews are being made. Any concerns will be escalated to the Remedy Project group / Local Pension Board chair.
 - A review of the project timeline was undertaken with Claire Johnson from LGA on 28 February, and it was noted that all work is covered. LGA are providing regular updates, and the project timeline indicates where advice is still required on tax issues to enable a review of retirements undertaken under the Immediate Detriment framework to be made. Confirmation of the Remediable Service Statements (RSS) for active and deferred members is also awaited.
 - System software is being delivered and detailed testing will be required for the RSS and annual benefit statements once we have received all relevant info and the system changes have been made and delivered.
39. On-Call Second options exercise – Fire Service.
- A working group has been established to look the work required, and plan the work required over the 18-month implementation period.
 - Letters were sent to all 551 eligible on-call firefighters in December 2023.
 - 74 forms have been received back to request further information and these forms are being acknowledged with further information on timescales for issuing the quotations. 2 members have indicated they do not wish to receive further information.
 - A full address trace was undertaken in March 2024 for the remaining members – 13 have been confirmed as deceased; 153 are living as stated and will be sent a chase letter in March 2024. A new address has been received for 256 members and a letter was sent to this address in March 2024 to request completion of the expression of interest form. 50 members cannot be traced, and the address tracing agency have suggested that a full address trace should be undertaken for these members. The cost of this will need to be approved, and costs have been

passed to the LPB chair.

- Data is being collated for the members who have returned their expressions of interest in preparation for the process of calculating benefit entitlement and cost. These calculations began during April 2024.
- System software is being developed by our software provider.
- A Timeline has been developed to log progress made.

Debt Management

40. The current value of outstanding invoices amounts to £32,950, which are going through the process for recovery. There are no specific issues to report.
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Member Self – Service

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

MSS Numbers				
	Opted In	Opted Out	No Choice	Total
Actives	11,887	293	9,825	22,005
Undecided				
Leavers	801	20	895	1,716
Deferreds	14,972	701	12,653	28,326
Pensioners	10,081	5622	1,141	16,844
Spouses	743	777	795	2,315
Frozen				
Refunds	958	9	9,016	9,983
	39,442	7,422	34,325	81,189
MSS Percentages				
	Opted In	Opted Out	No Choice	
Actives	54.0	1.3	44.6	
Undecided				
Leavers	46.7	1.2	52.2	
Deferreds	52.9	2.5	44.7	
Pensioners	59.8	33.4	6.8	
Spouses	32.1	33.6	34.3	
Frozen				
Refunds	9.6	0.1	90.3	
Total	48.6	9.1	42.3	

42. As requested by the Pension Board, the tables show numbers of members and percentages in each category who have registered to use Members Self-Service, have opted out and requested all communications by post, and those who have neither opted in or out.
43. Overall, just under half of our members have now registered with Member Self-Service, although disappointingly, another 42% have not made any decision and therefore neither receive communications on-line through the portal, on via post.
44. The figures show that perhaps unsurprisingly our Pensioners are the most engaged with over 93% of them having made a clear decision on how they wish to receive communications from us. Conversely, those least engaged are those who have left without an entitlement to benefit

but are due a refund of their contributions. Many of these are former casual staff at Brookes University who we have no contact information for, and so cannot process the refund.

45. We continue to work to seek to engage with the 40%+ of active, deferred and undecided leavers (those who have yet to confirm whether they wish to defer their pension in the Fund or transfer it to a new pension provider). It is hoped that the introduction of the Pension Dashboard will prompt those deferred and undecided leavers to review where they have pension benefits and contact us to establish communication channels. For active members, we are working closely with scheme employers to encourage registration or opt out.

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May 2024