

PENSION FUND COMMITTEE – 4 SEPTEMBER 2015

PENSIONS ADMINISTRATION – SERVICE PERFORMANCE

Report by the Chief Financial Officer

Introduction

1. This is the annual report is to update members on the service performance of the administration team during the year to March 2015.

Team Structure & Staffing

2. The overall number of staff has remained reasonably static during the year, but there has been a significant amount of movement within that overall figure. As a result of resignations, some long term sickness absence and the start of a period of maternity leave there has been a lot of shuffling of roles / team members to plug the gaps and ensure that workloads were covered as best we could, given the loss of experience.
3. Some of the gaps have been covered by temporary staff; others by part time team members adjusting their hours and overtime working. The ability to manage the position has been impacted by the Council's continuing restrictions around advertising vacant posts and offering any permanent roles. The overall FTE as at 31 March 2015 was 21.2.

Service Performance

4. 2014/2015 has been characterised by the following issues:

Implementation of 2014 Scheme

5. Last year this report noted that employers now have greater responsibility for the provision of data under LGPS 2014. The report went on to detail the information and training provided. This year was the implementation of these changes – the main one being the introduction of a monthly administration return from each scheme employer.
6. The introduction of the monthly return has been challenging for both scheme employers and Pension Services. As scheme administrators we had not fully anticipated the amount of additional resource this change required – from monitoring receipt of returns; chasing outstanding returns; reviewing data received and dealing with increased numbers of queries; a failure of many employers to grasp the detail and complexity required from their systems has meant that much of the data received has had to be returned to the employer. The feedback is that the employers now needs system programming work to be able to provide data.

7. The pension software has also had to change with the implementation of the new scheme. This has meant that calculations needed to be checked or undertaken manually until the software was in place which has slowed the completion rates down in all areas.

Oxfordshire County Council outsourcing functions to the Hampshire IBC.

8. The impact of the IBC project has been difficult to manage. Whilst Pension Services were not directly involved in the transfer, many of the transferring services are linked to the work of the team. In particular, the transfer of the payroll service to the IBC means that the IBC is now responsible for the provision of the County Council's monthly data returns. There has been a significant level of work within Pension Services to test the new arrangements, with much of this work falling to be done in a very short period prior to the transfer. This has severely impacted on other work deadlines.
9. At the time of writing the report, we are still working with the IBC on the provision of the County Council's pension data, and this continues to divert resources away from other key elements of work, including the production of the annual benefit statements for active scheme members.

Performance Data

10. The key performance indicators, set in our service level agreements, are monitored and reported monthly, with any variations from specification being investigated. The performance in comparison with industry standard targets is shown below:

Industry Standard PI's	Target	Achieved
Letter detailing transfer in quote	10 days	74.0%
Letter detailing transfer out quote	10 days	86.0%
Process refund & issue payment voucher	5 days	80.0%
Note: OCCPF work to a 10 day target, on which 99.0% completion rate is achieved.		
Letter notifying estimate of retirement benefit	10 days	83.0%
Letter notifying actual retirement benefit	5 days	77.0%
Note: OCCPF work to a 10 day target, on which 98.0% completion rate is achieved.		
Process and pay lump sum retirement grant	5 days	77.0%
Note: OCCPF work to a 10 day target, on which 98.0% completion rate is achieved.		
Letter acknowledging death of member	5 days	92.0%
Letter notifying amount of dependent's benefit	5 days	71.0%
Note: OCCPF work to a 10 day target, on which 95.0% completion rate is achieved		
Calculate & notify deferred benefits	10 days	52.0%
Note: The OCCPF has a high number of part time members with multiple pension records. An exercise previously revealed that to meet these turnaround times created more work because many staff were then reemployed thereby increasing the level of re-do work.		

11. All Pension Services work is reliant on data provided by scheme employers. Now this is provided on a single monthly administration return (MARS). At the

end of the financial year each employer is required to make a return of all staff that are, or have been in the scheme during the year. This information is uploaded to our system and reconciliation is run to identify any starters / leavers not previously notified to us.

12. Up to the end of last year, end of year data provided would allow Pension Services to check both membership and contributions, ensuring that the payments to the Fund were correctly made. However, with the advent of the CARE scheme, whilst we can still check that the contributions received match those reported at end of year, we are unable to check whether those contributions have been correctly calculated against employment details.
13. Employers are still required to give the whole time equivalent rate of pay (as defined within the 2008 Regulations) on their annual return because of the retained final salary links. This has proved problematic and many submissions have had to be returned for correction. To date over 30 end of year returns remain outstanding and 27 returns have been sent back to the employer to query the data submitted.
14. As at 31 March 2015 there remained 10,781 outstanding items of work to resolve. This is an increase of 1,226 records from last year and reflects the new complexities as well as the diversion of resources to support the transfer of services to the IBC in Hampshire.
15. Resource is targeted towards scheme employers with a high proportion / specific area of queries. It simply may be that there is a need to get the employer to provide the data; or provide Pension Services help with queries by reviewing pay records and / or the provision of training to make sure their staffs understand their responsibilities in administering the LGPS pension.
16. Other queries are worked on throughout the year to ensure that the correct information has been sent to Pension Services. These are prioritised in line with what other work may need to be carried out for that member.
17. The tolerance levels for investigation are any decrease in pensionable remuneration, or an increase of 10% +.

Formal Complaints

18. If a scheme member wishes to complain about a decision regarding their pension they are encouraged to contact Pension Services to discuss the matter since many complaints arise as a result of misunderstanding or incorrect information.
19. However, if a complaint cannot be resolved informally the regulations set out a formal procedure, The Internal Dispute Resolution Procedure (IDRP). During the calendar year 2014 (the last full year recorded) a total of 12 complaints were received. These are summarised below:

Employer	Referred To	Summary	Decision
OCC	IDRP 2 – Scheme Manager	Member appealing decision not to award ill-health retirement. Second stage determination finds that the employer did not properly consider the ill-health retirement & therefore should review process / decision.	Upheld
OCC	Internal	Member had asked for AVCs to be transferred to Prudential - a request initially made in 2003. Found that previous scheme did not reply to request for TV value & this had been referred back to member...now option no longer available Employer will need to decide in this can transfer in to main scheme. Employer has confirmed this can go ahead.	Not Upheld
OCC	IDRP 1 – Scheme Manager	Pension overpaid due to incorrect GMP information. Member's pension has been reduced however member does not believe they should make repayment of overpaid pension.	Not Upheld
SODC	Internal	Complaint re the delays in making payment of pension benefits at retirement. Followed up with scheme employer & data provided - first pension payment made 30.06.14	Upheld
OCC	IDRP 2	Following stage 1 complaint ill-health tier 2 awarded. Member has now submitted a stage 2 complaint - thinks should be tier 1 ill-health from date of retirement. 26.08.14 - Member chased response since not arrived- sent holding reply. Now confirmed member not entitled to tier 1 ill-health	Not Upheld
OCC	Ombudsman	Member appealing decision not to award ill-health retirement. Ombudsman has directed employer to review ill-health & get new medical opinion. Now back with employer for review.	Upheld
Fire Service	Internal	Re-employment resulted in abatement of pension payment - which ceased even though re-employment was extended resulting in an over payment of c£9,000. Member queried this – confirmed monies due to be repaid – recovery set up.	Not upheld

OCC	TPAS	Following stage 2 determination letter the member referred to TPAS who wrote querying interpretation of OH advice and subsequent decision. Employer has replied – no response to date	Closed
Magistrates Court	Internal	OCCPF administer Crombie payments on behalf of MoJ - says that acting on OCCPF advice he took LGPS pension from age 60 since was told this would not affect Crombie payments. MoJ now saying he is overpaid £55k and seeking to recover this amount. 05.01.15 - Still waiting for reply from MoJ	Still waiting reply from MoJ
OCC	Internal	Member died February 2014 - Fund notified September. Widower complained because had been asked to provide English translation of marriage certificate & would cost £200. Have explained why Fund needs translated document & found provider who will translate for £60. Member has agreed to provide translated document.	Not upheld
OCC	Internal	Deferred beneficiary emailing to update address & ask whether benefits can be paid early - original email sent 27.09.14 - today member has written to his MP since unhappy with "lack of response". Email sent confirming deferred benefits held cannot be paid until age 60; however member could apply to former employer for release of benefits at age 55 - member has now written to former employer	Partly upheld
Berkshire & Oxfordshire Probation Service	Internal	Complaint about lack of response to letter dated 29.04.2014. Letter sent on 26.06.2014 does not seem to have been received. Reply sent in October & then complaint received via internal process on 24.11.14. Response sent.	Not upheld

20. Overall this has been a challenging and in part a frustrating year, with the work of the team directly impacted by a number of external pressures. These pressures whether related to the new scheme or the transfer of services has

directly affected performance results. This in turn can impact on the morale within the team who despite being committed to providing a good service to scheme members, are seeing a reduced level of performance through factors outside their control.

21. As discussed in the June Committee report, we are now looking to change the structure of the team to provide a new focus to the work with scheme employers. This, plus the settling down of the transitional issues experienced in 2014/15 will hopefully lead to an improved position to be reported in next year's annual report.

RECOMMENDATION

22. **The Committee is RECOMMENDED to note the report.**

Lorna Baxter
Chief Finance Officer

Contact Officer: Sally Fox Pension Services Manager, Tel: (01865) 797111

August 2015