

PENSION FUND COMMITTEE – 10 JUNE 2016

ADMINISTRATION REPORT

Report by the Chief Finance Officer

Introduction

1. This report is to update Members of current issues within the Pension Services team from both management and operational perspectives. It also sets out the latest position in respect of the employers within the Oxfordshire Fund. The report also includes new requests for admission to the Fund, an update on previously approved applications and the write off of any amounts due to the Fund.

Staffing

2. Recruitment is on-going with the current situation as:
 - Administration Assistant – recruited, awaiting references
 - Administrator – two posts currently being advertised
 - Communications Manager job share – to be advertised shortly
 - Employer Liaison Officer – to be advertised shortly
3. The current Communications Manager has reduced working time to three days per week. Therefore in order to maintain workload and succession plan a job share is being sought for the remaining two days.
4. The new Employer Liaison post has now been job evaluated and will be advertised at the same time.
5. Additionally the Team Leader posts have also been job evaluated and re-graded. Some provision had been made in the budget reported at the March meeting but these changes will increase staffing costs by approximately £25,000 although this will be offset by current vacancies.

Performance Data / Data Quality

6. As at date of writing report the monthly data reports for April (due on 19th May) have been received from all bar 43 scheme employers. As yet the OCC data is not in this format but a test file has just been received so progress is being made.
7. Members will be aware that outstanding monthly data for the period July 2015 – March 2016 has now been received. The team are currently catching up with 9 months of data for CARE pay, and have to review 1,900 leaver forms received to date to ensure data received was correct.

8. A knock on effect has been the increase in employers using different payroll providers which has resulted in delays in getting the data further adding to the backlog of work.
9. End of year returns have now been received from all except 9 scheme employers, where chases have been sent. This is a much better return rate than in previous years and the Data Team has amended the process so as to raise any queries more quickly. Obviously with only 11 weeks until the data submission to the fund actuary there is a huge amount of work to be done.
10. Delays in receiving the data during the last financial year along with the need to stockpile work because of outstanding regulation / system updates means that there is a much higher number of unprocessed leaver records which the actuaries will need to take in to account.

Payment of Contributions

11. Overall this is working well with the Investment Team proactively chasing any outstanding payments or paperwork.

Assessment of Employer Covenant

12. In line with this committee's previous decision officers are meeting with the fund actuaries to discuss how this should be progressed.

Write Offs

13. In June 2015, the Committee reviewed the scheme of financial delegation and agreed the following:
14. Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee. The authorisation of debt write offs up to and including £10,000 is delegated to the Service Manager – Pensions, Insurance and Money Management. For debts between £7,500 and £10,000 authorisation is in conjunction with the Chief Finance Officer. For Debts below £500, authorisation of debt write off is delegated to the Pension Services Manager. All debts below £10,000 need to be reported to Committee following write off. This report provides the details of those debts written off in the last quarter.
15. In the current period, the Pension Services Manager has approved the write off of £3.58 chargeable to the pension fund in respect of eleven cases where the member has died.
16. In the period September 2015 to June 2016 a total of £403.63 has been written off, in respect of 27 cases where the member has died.

Update on Previous Applications for Admission

17. Admission agreements need to be finalised in respect of:
- The outsourcing from William Fletcher School to Carillion on 01 April 2016.
 - Optalis Ltd, second generation contract following on from Leonard Cheshire Disability, which was effective from 15 February.
 - The admission agreement between Age UK and Oxfordshire County Council is outstanding.
 - The long outstanding admission agreement between Carillion and Oxfordshire County Council for the second transfer of staff has not yet been resolved despite reminders and meetings with Carillion.

New Applications

18. Oxfordshire County Council's outdoor learning centres (Kilvrough; Woodlands and Yenworthy) are being outsourced as part of the Council's move away from being a direct service provider.
19. The successful bidder – Groundworks South – will be taking on the contract to run these centres from 1 September 2016. There is approximately 30 staff who will TUPE transfer to Groundworks, although that number will be confirmed nearer to the transfer date. This admission request is being made on a pass through basis.
20. South Oxfordshire District Council (SODC) and Vale White Horse District Council (VWHDC) have, along with three other District Councils based in Hampshire and Somerset, let joint contracts for provision of services to Capita and Vinci.
21. At a recent meeting with the three pension funds and their actuaries options of how the admission agreement could be structured for this contract covering five districts and three administering authorities with the preference to make this as streamlined as possible. It was agreed that this would be progressed on the basis of having one admission agreement and since the lead districts are SODC and VWHDC that admission would be in the Oxfordshire Fund.
22. The details of the admission agreement; the bulk transfers to the Oxfordshire Pension Fund and the contractual arrangements between the districts are currently being discussed. However, in terms of the admission agreement this would be on a pass through basis with the risk being underwritten by the district councils.
23. There will be staged TUPE transfers to the new contractors with the first being in August 2016 when SODC and VWHDC transfer their staff.

Closure Valuations

24. The legal agreement in the current case has been finalised and in process of being signed and sealed.

Second Generation Outsourcings

25. Pension Services have been advised that two Oxfordshire County Council contracts have ceased and been re-let to new service providers.
26. The original contracts were let on a pass through basis; however the current contracts have been let without any pass through arrangements. At the time of writing it is not clear whether the new contractors fully understand what this actually means in terms of cost and risk to their companies.
27. In both cases the previous service providers have outstanding data queries which are being chased but until this information is received no actuarial assessments of the contribution and bond rates can be undertaken.

RECOMMENDATIONS

28. **The Committee is RECOMMENDED to:**
 - (a) to note changes in staffing and agree increase to the staffing budget for the current financial year;**
 - (b) note the performance of scheme employers in making required returns;**
 - (c) agree write off of £3.58;**
 - (d) note previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);**
 - (e) agree admission of the Groundworks and Capita in respect of contracts listed, and note potential admission of another provider;**
 - (f) note progress made in respect of closure valuation; and**
 - (g) note the position regarding second generation outsourcing.**

Lorna Baxter
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Background papers: Nil
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May 2016