

## **PENSION FUND COMMITTEE – 9 MARCH 2018**

### **ADMINISTRATION REPORT**

#### **Report by the Chief Finance Officer**

##### **Introduction**

1. This report is to update members on scheme administration data and issues.

##### **Staffing**

2. Two administrators have resigned from the team since December, which coupled with a review of the part time hours worked means that there are currently six administrator vacancies across the team. One vacancy is to be filled with a temporary contract and the others are currently out to advert.
3. Team leaders are working with the Recruitment Team to access agencies who supply staff with pension experience and once recruitment is completed there will be an internal shift to ensure that the employer team is better resourced.
4. At present one of the Benefit Team leaders has moved over to run the Employer Team. This temporary arrangement leaves the remaining Benefit Team Leader with a large number of direct reports – just under 14 FTE. Therefore in the separate budget report on this agenda there is a request to fund another Team Leader post should this become necessary. There is also a request for an additional administrative assistant post to support the teams.

##### **Workload**

5. As previously reported the workload statistics being used were not working correctly and officers have been in contact with our software suppliers to resolve the issue of why the brought forward figures were changing when reports were next run. It would appear that because the system tasks are date driven any pending work or late notifications from scheme employers will alter the information, to the earlier date, which means that there is no consistency between the carry forward figures from one month to the brought forward figures the following month.
6. It was suggested that officers could undertake a manual reconciliation of the figures but given the volumes of work and the time this would take it was not a practicable solution. In light of this and comments received from the recent employer consultation we have therefore reviewed how workloads are reported.
7. The revised reporting looks at performance against the service level agreements set out in the Administration Strategy. We believe this presentation enables the Committee to be better able to identify areas of concern.

Subject	Working Days	% Within Target	January 2018 %	
Annual Allowance	10	90	0.00	0/1
APC	10	90	69.23	9/13
Data Changes	10	90	68.23	58.85
Deaths	10	95	77.94	53/68
Deferred Benefits	40	90	37.87	128/338
Divorces	10	95	84.62	11/13
Estimates – Employer	10	90	100.00	4/4
Estimates – Member	10	90	73.63	67/91
General Queries – Employer	10	90	n/a	
General Queries - Member	10	90	100.00	25/25
Re-employments	40	90	68.85	168/224
Refund of Benefits	10	95	78.57	154/196
Retirements	10	95	77.57	83/107
Transfers In	10	90	59.49	47/79
Transfers Out	10	95	64.71	33/51

8. These results are indicative of number of vacancies; the lack of experience and the volume of incoming work which continues to increase. From what we can see these increases are reflective of some scheme employers now admitting all casual staff to the LGPS and changes to their processes where staff changes are being recorded as new jobs therefore creating leaver and starter tasks.

### **Project Work**

9. The table attached at appendix A details both current and planned project work for the team. Since last quarter two projects have been completed.
10. Projects at status Green are:
- GMP reconciliation – outsourced to ITM
  - Backlog of work – outsourced to ITM
  - Project plan put in place for the clearing down of outstanding end of year queries and the production of 2018 ABS
  - Implementation of Windows 10 – testing completed and roll out to champions taking place w/c 12.02.18
11. Projects at status Amber are:
- Implementation of GDPR – some recent delays have moved status to amber but this will be resolved shortly
  - Address checks for DBs – contract is in process of being issued

- Change to coding structure – all codes since April has been corrected and new structure issued for current workload. However, this is being implemented manually rather than via the system.
- NFI – details of over payments to be passed on to recovery team
- Implementation of ERM – now working on uploading of data to create basic database for team reference
- TPR Data Quality – reports received and project plan being written

12. Projects at status Red are:

- Implementation of administration to pay – software suppliers identified issues which prevented implementation. At time of writing report still awaiting confirmation that these issues have been resolved.
- Implementation of MSS has been affected by software update – working with suppliers to resolve these issues
- Implementation of I-connect – on hold whilst cyber security issues are resolved
- Changes in regulations which are currently on hold

### **The Pension Regulator**

13. In the above project list there are two items referring to The Pension Regulator. The first is the ongoing monitoring of the issuing of annual benefit statements following the breach report.
14. To support the project plan for the delivery of the annual benefit statements this committee agreed at their last meeting to make some changes to the Administration Strategy. These changes were:
- To bring date for submission of end of year return forward from 30 April to 19 April
  - To require scheme employers to reconcile contributions paid during the year with the contributions reported at end of year
  - To encourage scheme employers to attend one pension meeting per annum
  - To set out the simplified charging structure
15. A letter was sent out to all scheme employers to consult on these changes; this was also discussed at both the Pension Fund Forum and the quarterly employer meeting with employers being asked to reply by 26 January 2018.
16. In total 18 replies have been received. One reply accepted all changes with the remaining 17 all commenting on the proposed change to the date for the end of year return. Some employers were happy to try to meet the new date proposed but the majority felt that there was not a long enough lead in period and that any new date could not be achieved this year.
17. On this basis the end of year return has been issued asking employers to make their returns as soon as possible but no later than 30 April 2018.

18. Employers also sought clarity on the wording around the fines, since per case was not being read as per return – this has now been amended
19. Other comments received from scheme employers were asking for clarity in other areas of the administration strategy, therefore this document will be fully reviewed and changes will be brought to the next meeting of this committee.
20. The second project of interest to the Pension Regulator concerns data quality. As from April 2018 Funds are required to report on how their data meets the Pension Regulator’s requirements for record keeping. This reporting is in two parts.
21. The first relates to “Common Data” and is measured against:
  - National Insurance Numbers
  - Names
  - Sex and Dates of Birth
  - Dates members joined scheme and their normal retirement dates
  - Member addresses, and
  - Whether there is any inconsistent system data views when compared with the recorded member status.
22. The second sets of measures are “Conditional Data” which is scheme specific information, in the following categories:
  - (a) Member benefits
  - (b) CARE benefits
  - (c) Contracted Out data
  - (d) HMRC data, and
  - (e) Member Details
23. Overall the Fund, in relation to the LGPS (FIRE data shown below), is currently recording 89.5% of member records without a single common data failure and the number of member record without a single conditional data failure as 78.9%. This second number is low due to CARE data for the year not being fully loaded on to the system whereas the overall percentage of tests passed for conditional data is 95.7%. These figures have been reported to the Pension Regulator.

### **Complaints**

24. The table attached at Appendix B details the complaints received during 2017 totalling 28 which equate to 0.14% of the active scheme membership. For the first time, complaints regarding the awarding of ill-health retirements were overtaken by complaints about delays in issuing annual benefit statements.
25. At the time of writing this report three complaints had been received in 2018.

### **Write Offs**

26. In line with the Scheme of Delegation Policy (last reviewed in June 2017), the approval for writing off outstanding debts is given by:

Pension Fund Committee	For amounts above £10,000
Service Manager – Pensions (in conjunction with Director of Finance)	For amounts between £7,500 and £10,000
Service Manager – Pensions	For amounts up to £7,500
Pension Services Manager	For amounts up to £500

27. 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.
28. In the current period, the Pension Services Manager has approved the write off of £19.44 chargeable to the pension fund in respect of four cases where the member has died.
29. In the period June 2017 to March 2018 a total of £123.25 has been written off, in respect of 23 cases where the member has died.

#### **Fire Service Pension Schemes**

30. Pension Services also provide administration services to Oxfordshire Fire & Rescue in respect of the Fire Service Pension Schemes. The table below shows the work for January 2018:

Subject	Working Days	% Within Target	January 2018 %	
Annual Allowance	10	90	n/a	
APC	10	90	n/a	
Data Changes	10	90	100.00	3/3
Deaths	10	95	n/a	
Deferred Benefits	40	90	n/a	
Divorces	10	95	n/a	
Estimates – Employer	10	90	n/a	
Estimates – Member	10	90	66.00	2/3
General Queries – Employer	10	90	n/a	
General Queries – Member	10	90	100.00	6/6
Re-employments	40	90	n/a	
Refund of Benefits	10	95	n/a	

Retirements	10	95	n/a	
Transfers In	10	90	n/a	
Transfers Out	10	95	n/a	

### **The Pension Regulator – Scheme Data**

31. Overall the FIRE scheme data is currently recording 95.90% of member records without a single common data failure and the number of member record without a single conditional data failure as 74.60%. This second number is low due to CARE data for the year not being fully loaded on to the system whereas the overall percentage of tests passed for conditional data is 95.7%. These figures have been reported to The Pension Regulator.

### **RECOMMENDATIONS**

32. **The Committee is RECOMMENDED to:**

- (a) agree the request for additional staffing, if required;
- (b) note the comments received from scheme employers and confirm that annual returns must be submitted by 30 April at the latest and confirm if they wish any other changes to be made; and
- (c) note the report.

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Background papers: Nil

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