Division(s): N/A

PENSION FUND COMMITTEE – 7 DECEMBER 2018

Implementation Plan for I-Connect

**Report by the Director of Finance**

Introduction

1. Oxfordshire Pension Fund currently has over 18,500 active members and an average of 200 active scheme employers. During the period of a pension year this results in over 2,400 LGPS Monthly Administration returns, 2,400 Monthly Contribution returns and 200 end of year returns. That is over 5,000 returns that need to be processed.

2. The flow of data is paramount to the effective administration of the Pension Fund. As members are aware, over the past couple of years the Oxfordshire County Council Pension Fund has been on The Pension Regulators radar since we reported the breach for non- issue of Annual Benefit Statements. Given there are more demands on accurate and regular data updates and this increasing scrutiny on the data, a more robust solution is required rather than the current manual intervention in operation.

3. Using the LGPS Monthly Administration return as an example excluding any administration associated with chasing non-returns, and querying returns, the initial vetting administration alone equates to over 1200 hours per year administration (100 per month), before the information has hit the pension system. This is based using the average 30 minutes validation procedure, which is used to vet data and transfer information in to a format suitable for the benefit team administration. Additional to this process we are currently logging all starters/leavers and indexing all changes to the pension records manually.

4. Looking at the option open to the Pension Fund in terms of reducing manual intervention, it was identified that our current pension software provider Heywood's offers a product called I-Connect.

   What is I-connect?

5. I-connect is a data platform used by Employers and the Pension fund for data interactions. Data can be taken directly from payroll systems and synchronised directly on to the Pension Altair system.

6. The data up load is designed to automatically transfer information required for benefit administration on to the Altair pension system. In addition, it will identify all starters, leavers, salary and member changes without the need for manual intervention. All Task currently created by an Administrator will be generated automatically by the I-connect system.

Current process

7.   The below chart shows an overview of the current process, only once this process is completed is the information available to the teams to process.
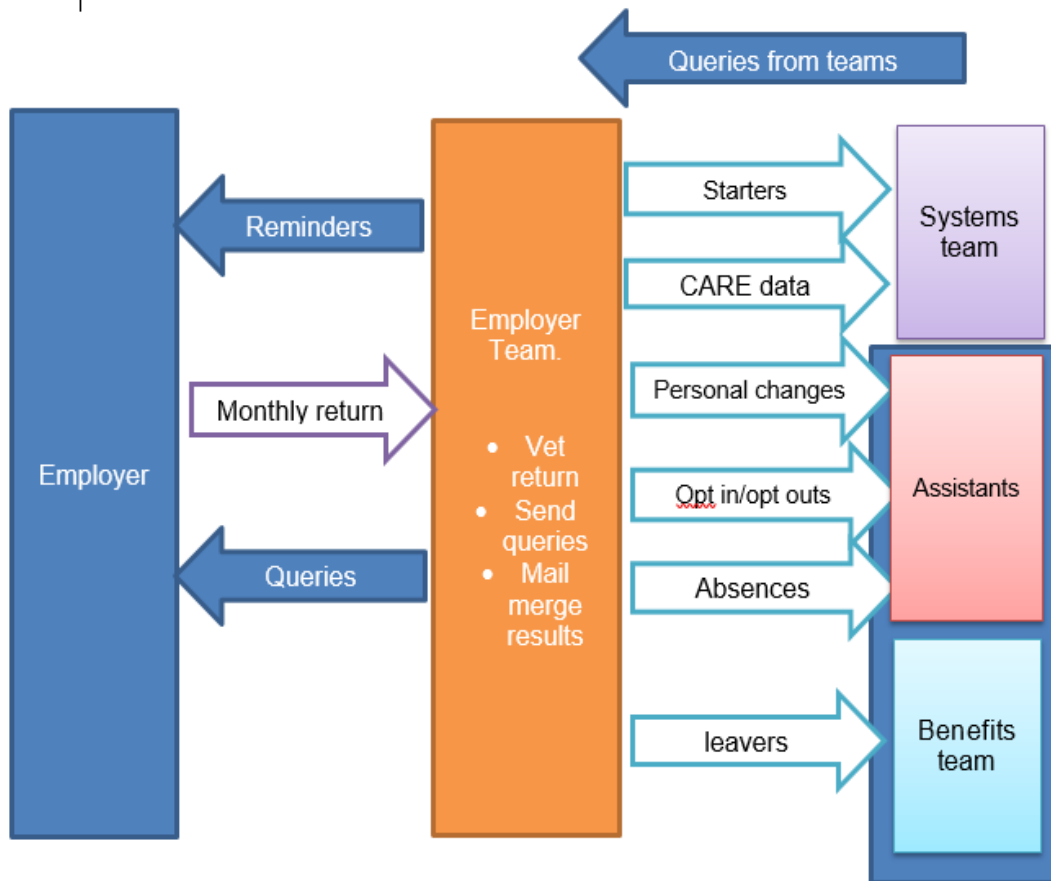
8.   The benefits and disadvantages of the current process are as follows:
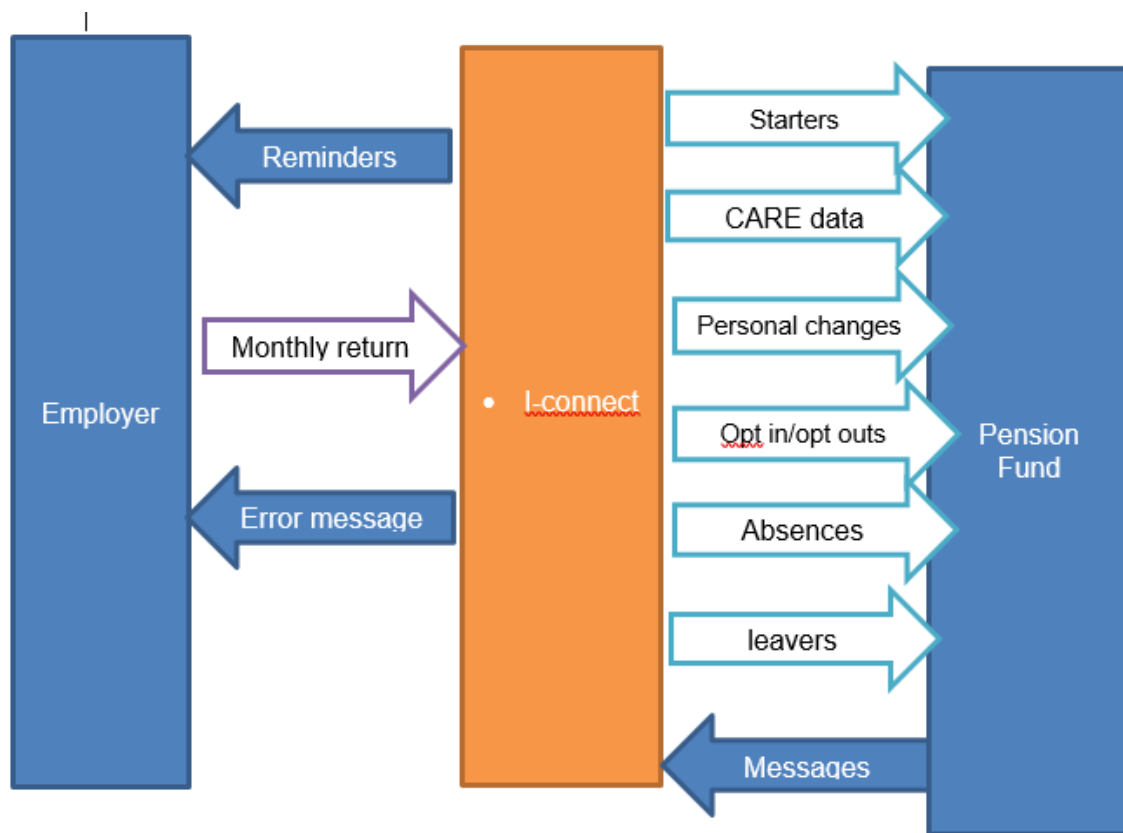
   Pros
   - Majority of checks and tolerances are done prior to uploaded.
   - Can electronically see data that is uploaded on to the system
   - Was an initial good solution to the 2014 CARE system

   Cons
   - Manual chases/Escalation
   - Manual intervention at all stages required
   - Use of excel spreadsheet and mail merges time consuming
   - Administration time to maintain spreadsheet.
   - Storage of information on shared drive/System
   - Monitoring of a large number of emails
   - Any delay in employer teams/system team effects benefit team admin.
   - Manual setting up of tasks

I-connect process

9.   The benefits and disadvantages of the proposed process are as follows:

Pros
- Automated Service
- Sends reminders to ensure deadlines are met
- Instantly reject incorrectly formatted returns
- Hold data on a dash board for employers
- Both Employer and Pension fund can run report
- Data transfer upload is not reliant on Pension resources
- No administration required until information on the system

Cons
- Open door for Employers to upload information onto our pension system
- Cannot see the file that has been uploaded onto the systems, the need to extract via reports to validate is required.
- Manual mistakes can be made and will go on to system.
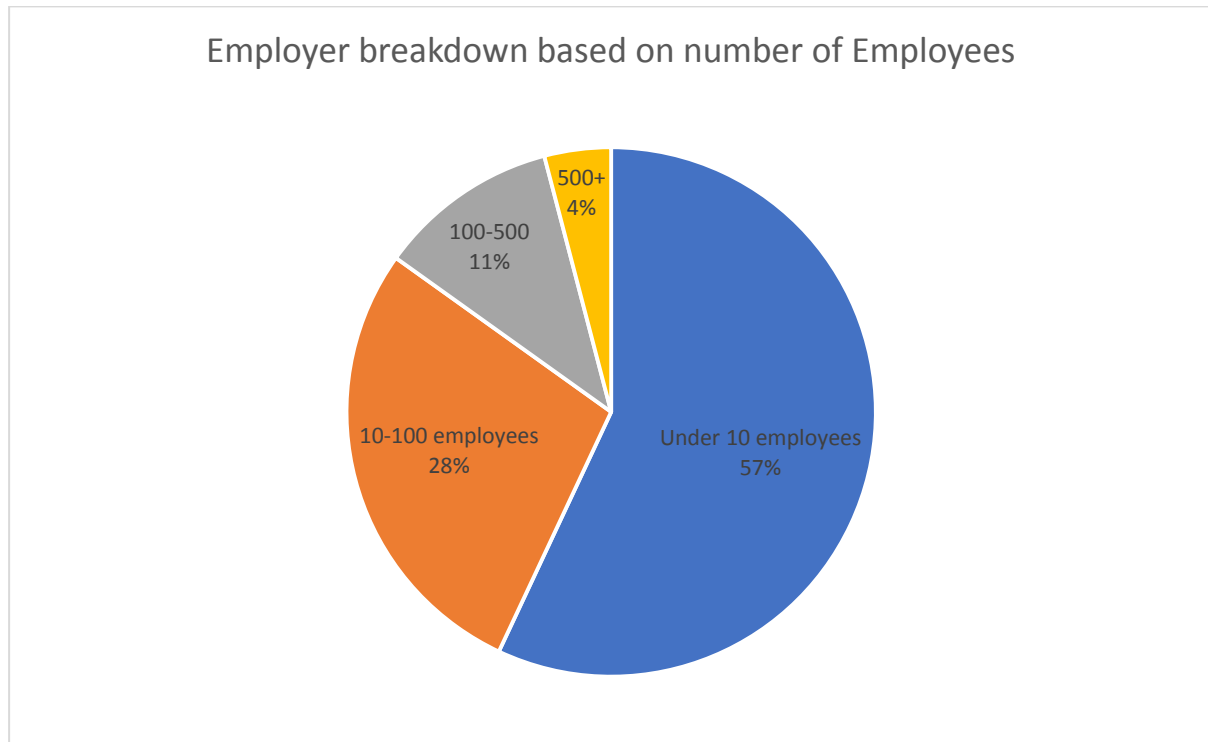- Tolerances set are for the whole payroll record, not individual members

Implementation

10. The I-Connect Implementation project has been initially set up to run over a two-year period. In the September 2018 we set out our first steps to employers in Talking Pensions, our pension's newsletter, including a request to express an interest to be included in our first trial Phase.

11. Employers that have registered an interest include

   - Oxford Diocesan trust (500+)
   - Oxford Brookes University (1000 plus employees)
   - Sanctuary Housing (5)
   - Henley Town Council (24)
   - Aspirations (89)

   Payroll Providers
   - Dataplan
   - EPM

12. We have identified 5 stages to I-Connect

   1) Contact with Oxfordshire Pension Fund
   2) Payroll Extract – to check formatting
   3) Send extract to the Oxfordshire Pension Fund- for testing
   4) Member match records and create links – 3-month data
   5) Go Live

13. Phase one of employer testing will commence 01 December 2018 and is due to end 31 March 2019. This is our most important phase and is scheduled to take the most amount of time. This testing phase will be used to identify technical/employer and pension fund issues. To ensure we cover all areas and employer base we will include a large, medium and small employer in our testing.

14. Oxfordshire Pension Fund will use the trial to:

   - Fine tune reporting requirements
   - Escalate any issues to system supplier
   - Update process with in teams to reflect changes
   - Update communications.
   - Provide any necessary training with the help of Heywood's.
   - Identify any changes to stages (timescales)

15. Employers will be required to:

   - Produce a payroll extract in line with the I-Connect Specification (very small employers may choose to manually input data direct to I-Connect)
   - Participate in a data matching exercise

- Liaise with Oxfordshire pension fund to clear any queries before can move to next stage.
- Feedback any issues concerns during the period.

16. The first phase will create a robust testing period for the next phase of onboarding employers and enable us to move through the 5 stages effectively.

17. Using an analysis of our current employers as shown below, we will determine the phase two participants and how to target the communications for maximum effective impact.

Employer breakdown based on number of Employees

- 500+ 4%
- 100-500 11%
- 10-100 employees 28%
- Under 10 employees 57%

18. Factors that need to be considered (review over the January 2019 period)

- Administration time taken for each employer
- Data queries for each employer
- Ease for employer
- Employer interest

19. Once implemented it is intended that:

- For all new employers from 01 April 2020, the only option for data transfer is I-Connect
- Additional Costs will be levied on current scheme Employers not using I-Connect

Staffing

20. There are currently two staff working wholly on I-Connect. In the initial phase no additional staff are required. Based on the first phase and the progress

made, staff will be reviewed in February 2019 in time for March Pension Fund Committee.

Cost

21. The cost of the I-Connect software is met through an annual service charge, which is increased in line with the contract provisions. The initial annual charge is set at £23,020. There is a further cost of £12,000 to cover the consultancy and project management resources provided by Aquila Heywood.

22. At the current time it is unclear what costs scheme employers may incur in developing the extract file from their payroll systems to feed into I-Connect. These costs will need to be reviewed as part of Phase 1 of the implementation.

Key Milestones in Project Plan

23. A full project plan for the implementation of I-Connect has been developed and is available to Members on request. The key milestones from the full project plan have been extracted and included in the draft Improvement Plan submitted to the Pension Regulator and covered elsewhere on the agenda. They are repeated below for completeness. It is proposed that monitoring the progress of the implementation project is included in the Quarterly updates on the Improvement Plan.

TASK	ASSIGNED TO	PROGRESS	START	END
Key Mile stones				
Statement of works Signed off	Sally Fox	100%	01/09/2018	13/09/2018
I-connect at Team Meeting	Jules Skelly	100%	10/10/2018	10/10/2018
Employer volunteers - Request through Talking Pensions	Jules Skelly	100%	01/10/2018	31/10/2018
In- House I connect testing	Jules/David		01/11/2018	30/11/2018
Review of Procedures/Processes	Jules/Vic		15/11/2018	31/12/2018
Employer testing Group	Employer team/Employer		01/12/2018	31/03/2019
Trial Employer testing	Employer team/Employer		01/01/2019	15/04/2019
Send information out to next Employer Phrase.	Employer team/Employer		25/02/2019	01/03/2019
Go Live - with Trial Employers	Employer team/Employer		01/04/2019	15/04/2019
Emboarding of Additonal employers	Employer team/Employer		01/04/2019	31/07/2019

RECOMMENDATION

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

   (a) **note the project plan; and**
   (b) **monitor progress against the plan as part of the quarterly updates on the overall Data Improvement Plan**

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Background papers: Nil
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