

## **PENSION FUND COMMITTEE – 02 DECEMBER 2022**

### **ADMINISTRATION REPORT**

#### **Report by the Director of Finance**

#### **RECOMMENDATION**

The Committee is **RECOMMENDED** to

- a) determine any actions they would like taken to improve the team performance in meeting standards
- b) note the compensatory payment made in line with Scheme of Delegation and determine any future actions if appropriate to minimise the risk of similar issues going forward
- c) note the release of deferred benefits on grounds of ill-health in line with Scheme of Delegation

#### **Executive Summary**

1. This report updates the Committee on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

#### **Administration**

##### Staffing

2. As approved by this Committee last quarter, the appointment of 6 FTE to undertake project work and to deliver work set out in the business plan is underway as a procurement exercise via the National LGPS framework.
3. One, newly appointed administration assistant started working in November. The second candidate has withdrawn and so recruitment has re-started for this post. Two newly appointed administrators have joined the team in November.
4. It should also be noted that there are some individual issues of under performance in the team which are being actively managed.

## Performance Statistics

5. The table below sets out current progress of vetting incoming data from scheme employers. The incoming returns for any given month are due in by the 19<sup>th</sup> of the following month and then due to be cleared by the 19<sup>th</sup> of the month after this. As of 7 November, the returns to August should be complete (received and vetted) by 19 October and the returns for September should be received by 19 October. This means that currently 27.91% of incoming returns have not been vetted within SLA.

	Not Rec'd	Rec'd not vetted	Queries sent	Replies rec'd	Not Cleared	Cleared	Still in Admission	Total
April	1	9	9	1	20	139	3	162
May	3	17	4	0	24	135	5	164
June	3	35	5	2	45	113	5	163
July	4	45	8	1	58	99	5	162
August	5	66	7	3	81	79	6	166
Sept	18	88	7	3	116	46	5	167

6. There has been an increase to 1.264 open tasks of which 56.80% are currently outside of SLA. This increase to workload from last quarter is due to the number of changes generated between school terms.
7. There are 34 admission agreements to be finalised. Of these 25 are either waiting for the return of the contact information or the employer's discretionary policy. Seven are waiting to be signed and two are waiting for admission agreement to be sealed. Of these only one admission agreement between Activate Learning Trust and KGB Cleaning, which was delayed, has resulted in no contributions being received.
8. Since March 2022 this committee expected that the standard SLA, for benefit administration, would be used for performance measurement, although it was acknowledged that additional resources may well be required to meet normal SLA. The current statistics below are showing the progress towards meeting SLA.

	SLA Overall %	Statutory Overall %	Total Cases Completed
September	86.97	68.81	1682
October	82.87	69.49	2064
November	84.79	79.75	1789
December	85.01	82.03	1316
January	85.54	90.75	1363
February	87.01	78.83	1490
March	88.67	94.69	1892
April	82.67	93.50	1274
May	81.53	95.80	1795
June	85.86	96.24	1559
July	93.07	97.94	1508

August	89.66	98.72	1374
September	90.78	95.28	1313
October	85.60	96.19	1531

The fluctuation in completion rates, during the last quarter, is due to several factors: the team is still carrying vacancies; on going training; annual leave and sickness.

### Complaints

9. For the year 2022/2023 the team has received 15 informal complaints to date. Several of the complaints are on the same subject, detailed below, whereas the remainder are more specific individual queries.
  - Having to give 3 months' notice of intention to take pension (regulatory requirement)
  - Delay in payment as final pay information is not received until after member has left.
  - Not being regularly updated of progress with case
  - Trivial commutation of pensions
  - Additional contributions
10. To address these issues the following actions have been taken:
  - Telling members about requirement to give 3 months' notice of intention to take benefits – making sure this is regularly and clearly communicated.
  - Introduction of a form to enable scheme employers to confirm final pay information ahead of the i-connect submission for people who are retiring.
  - Working with team members to improve customer service by updating members more regularly
  - Change to process for trivial commutation.
11. In addition, there are the formal complaints received by the fund. Depending on the nature of the complaint, and who made the original decision, the stage 1 complaints will either be dealt with by the scheme employer or the fund. However, all stage 2 complaints are dealt with by the Head of Pensions.
12. To date eight formal complaints have been received during the current year. Three complaints related to release of benefits on grounds of ill-health, which the scheme employer reviewed at stage 1. Of these two have been referred to stage 2 and in both cases the Adjudicator has referred the case back to the scheme employer to review their processes.

The remaining applications covered:

- Retrospective decision to link pension records
- Interpretation of regulation 10 and years used for pension calculation
- Request to retrospectively apply for scheme pays

- Requirement for 3 months' notice to bring benefits into payment
- Poor level of service, provision of incorrect information and delays in replying leading to loss of tax relief.

13. In the last case listed here the member had, over a period of several years, submitted myriad queries to the team, which has resulted in lengthy correspondence. Some responses were incorrect and during 2020/2021 tax year these queries were either not answered or not answered in a reasonable time frame which resulted in the member losing the opportunity to make additional pension contributions and so also losing the tax relief associated with this. In reviewing the complaint at stage 1 of the Adjudication of Disputes Procedure the Pension Services Manager, in line with the Scheme of Delegation, awarded a compensatory payment of £1,400 for loss of tax relief and the distress caused by this matter.

#### Fire Service

14. The performance figures in respect of the Fire-Fighters Pension Schemes are set out in the table below. The variation in September is mainly due to files not being checked within 10 working days. As at the end of October there are 29 open cases.

	SLA Overall %	Total Cases Completed
October	88.89	42
November	98.15	45
December	100.00	52
January	98.61	29
February	100.00	39
March	99.31	56
April	97.78	47
May	77.46	65
June	91.67	46
July	91.11	37
August	100.00	21
September	84.68	35
October	94.02	52

#### Data Quality

15. The tables below detail the latest outcome of the data quality testing.

#### Common Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
LGPS	93997	86316	91.80%	94.80%
Fire	1624	1566	96.40%	96.90%

These figures show a small reduction of 0.80% for LGPS and 0.10% for Fire against the figures reported last year.

#### Scheme Specific Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
LGPS	135681	80330	97.40%	98.61%
Fire	2503	2080	96.56%	96.56%

These figures show a small increase of 0.81% for LGPS and 0.76% for Fire against the figures reported last year.

Returns were submitted to The Pension Regulator ahead of the 18 November deadline.

#### Contribution monitoring

16. This process sits within the Investment team who monitor incoming payments by scheme employers to ensure that the correct contributions are received by 19<sup>th</sup> month following payroll. No issues have been reported this quarter.

#### Projects

17. The work that has, so far been identified as project work is detailed below.
  - Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion – 31 May 2023
  - AVC – review of data held by Fund vs data held by Prudential. Updated information has been requested from Prudential to enable this review to start.
  - A2P – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented by end of November 2022.
  - This leaves three subjects - retirements, deaths and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be implemented by May 2023. Other dates have yet to be finalised.
  - I-connect project for OCC onboarding – the main concern is the amount of manual intervention, by the IBC, to produce the monthly uploads, which is causing errors on the file submission. However, we are parallel running, and providing queries sent to IBC are resolved there is no issue with going live

in April. Therefore, it was agreed that for the 2022/2023 IBC would continue to provide the information via the MARS spreadsheet whilst the outstanding issues with i-connect are resolved.

- Review of pension software is subject of a separate report on this agenda.
- Review of fund cyber security is subject of a separate report on this agenda.

#### Debt Management

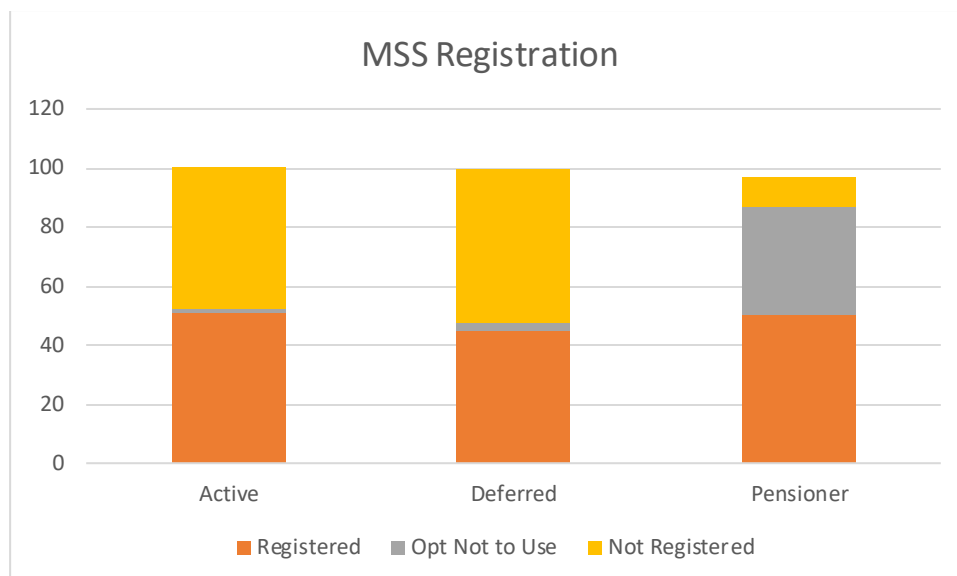
18. Discussions with the OCC debt management team have moved on and it is anticipated that resource will be available from April 2023 for the team to pick up the debt recovery process.
19. As of 01 October, the total value of outstanding invoices amounted to £117,082.08, of which £95,168.63 is overdue. Over half of the outstanding invoices relate to employer costs for early retirement / redundancy. The next highest figure is relating to overpayments of pension mainly identified through the national fraud initiative with the remain value split between fines to scheme employers for late or incorrect submission of date and reimbursement of actuarial fees.
20. In the last quarter one overpayment of £10,000 has been repaid. However, this remains the highest area of concern as to whether monies will be recovered by the Fund.
21. In the last quarter £23.93 has been written off. There four deaths where monies could not be recovered and one case where the amount to be repaid was incorrectly stated by £4.60.

#### Data breaches

22. There was one data breach during the last quarter where national insurance numbers for four scheme members was sent to the wrong scheme employer. The scheme employer confirmed that this information had been deleted.

#### Member Self - Service

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



#### Release of Ill-Health Pension

24. In line with the Scheme of Delegation the Director of Finance has reviewed a case of ill-health for a deferred member whose ex-employer is no longer an active scheme employer.
25. The member became a deferred beneficiary in 2016. Following the review and independent medical assessment, it was confirmed that benefits should be brought into payment from January 2020.

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