




<b>Report to:</b>	Pension Committee	<b>Date:</b>	22 June 2015
<b>Report title:</b>	Pension Administration Update		
<b>Report from:</b>	Gerald Almeroth, Strategic Director - Resources		
<b>Ward/Areas affected</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Cllr Sunita Gordon		
<b>Author(s)/Contact Number(s):</b>	Andy Banham, Head of Pensions (020 8770 5291)		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	11 June 2015

## 1. Summary

- 1.1. This report provides an update on the main work streams impacting pension administration for the period March to May 2015.

## 2. Recommendations

- 2.1 That Members note the report.

## 3. Background

- 3.1 The Pensions Section administers the Local Government Pension Scheme on behalf of the Council, Sutton Housing Partnership, Carshalton College, and 46 other employers including off-payroll & academy schools and contractors.

## 4. Issues

- 4.1 Redundancy & Early Retirement.
- There is continuing demand for costing of redundancies for employing Directorates savings proposals mainly under the Smarter Council programme.
  - Actual terminations will require processing of entitlements.
- 4.2 Pensions Administration System – Replacement with Civica Universal Pensions Management (UPM) – the system went live from December 2014:
- The team continues to check calculations and consolidate their use of the new system, therefore, still not business as usual with urgent work being prioritised.
  - The team has created an issues log for weekly calls, with scheduled release of updated calculations across all Civica new clients being progressed. There have been regular calculation 'fix' releases for testing, which are then moved into UPM live. The latest 15 May 2015 fix is currently in test. Other software releases installed included the FRS17 Reporting extracts (used for the March 2015 exercise), Annual Returns process and member Annual Statements.
  - Pension Increase (PI) 2015 – as previously reported the pensions are set up in UPM in a different way from the previous system AXIS, which impacted PI from 2015. The new PI process updated for LGPS 2014 to include revaluation of CARE (career average revalued earnings) pension element was tested in February / early March at all UPM sites. The actual PI process was completed successfully for current pensioners and a new extract from UPM was used to provide the revised version of the uplift into the Pension payroll. As a result PI



due has been combined into the relevant Pension or Compensation element in payroll from 6 April 2015.

- The delayed combined Kingston & Sutton (K&S) database (originally expected to be in place ahead of go live) has been locally tested and a number of issues raised dealt with. The final implementation is expected before the end of June 2015 resulting in a single instance of the system - K&S standard letters, documentation, processes and calculations - with separate Kingston & Sutton "Clients" data. Any changes from this point forward will only be required once.
- Following this implementation a Civica "Blitz Team" will be on site (with remote support) to provide additional training and make any necessary changes to the system set up to ensure it is working correctly and the team are optimising its functionality.
- The in-house Flexible Administration and Business Support service is progressing the scanning of approximately 11,000 members (active, preserved & pensioners) paper files onto the new system using an index sheet produced from a UPM report. The bulk exercise will be completed before the end of May. Paperwork created / received since this process began and some leaver files will then be scanned / indexed to member records. Regular business documentation will then be scanned / indexed to a workflow process on a daily basis going forward.
- Employer self serve module is expected to be delivered in July, this will require local configuration ahead of testing with pilot employers ahead of general release later in the year. This will be followed by the introduction of Employee Self Serve.
- Initial scoping meetings regarding the second stage of the project - to create a shared service with Kingston's Pensions Administration Team – have been held and the business case will be going to respective Corporate Management Teams to agree before the end of June.

4.3 HR/Payroll system (i-Trent) & service (Agilisys)

Staff Payrolls:

- The new joiners interface software was loaded in UPM and revisions being finalised ahead of backlog to be loaded ready for year end 2014/15 processing.
- Leavers / changes processes specification agreed for testing (development being finalised).

Pension payroll:

- The pensioner annual statement letters with details of payments made in 2014/15 and Pension Increase information were compiled by and agreed with Agilisys (the payroll contractor), these were dispatched ahead of April 2015 pension pay day and included a proportion of the annual increase effective 6 April 2015.

Summary of monthly pensioner payrolls since last report:

Pay period	Payees	Gross paid*	Net paid	Pay slips issued**
March 2015	3,507	£1,771,371	£1,526,028	3,507
April 2015	3,482	£1,790,124	£1,541,138	3,482
May 2015	3,488	£1,790,002	£1,543,170	79

*\*Gross paid includes compensation payments, which are not charged to the pension fund.*

*\*\*All pensioners receive a pay slip in March & April each year and otherwise only when net pay difference is greater than £5 when compared to the previous month.*



#### 4.4 Year End 2014/15 & New Year

- The LGPS2014 Career Average Revalued Earnings (CARE) scheme requires additional employer data to be provided including: Final Pay (for protected pre April 2014 benefits), Actual CARE Pay including assumed pay where member is on leave with reduced or nil pay, for both the full and reduced “50/50” sections of the new scheme (for 2014/15 CARE Pension) and contributions.
- The UPM system specification and data format was provided to all payrolls / employers and the returns should be received before the end of May. This data will be processed in UPM as soon as the backlog of starters have been set up, followed by the calculation of all members’ CARE pension earned in 2014/15.
- Revised Employee Contribution bands - increased by 1.2% - were applied from 1 April 2015 in the Borough payrolls and by all off payroll employers.
- Revised Employer contribution rates from the 2013 valuation of the fund were also applied for some employers, including the academy schools moving to the second of the agreed stepped increase rates of 24.5%.

#### 4.5 TUPE Transfers (potential Contractor / other Admission Agreements)

- Wallington High school for girls – Cleaning contract, awarded to **Nviro** from 1 April 2015, 7 members transferring & final assessment being obtained from actuary.
- Theatres - transfer of 2 LGPS members in June 2015 to **Sutton Theatre Trust** – final assessment to be produced after commencement date finalised.
- Employee Mutual for Schools IT – “spin out” to **Cygnnet** completed on 1 April 2015, final assessment for the 21 LGPS members received.
- Parking Services - contract with **Vinci Park** commenced 6 April 2015. Final assessment for 7 LGPS members transferring complete.
- **Orchard Hill College** – previously requested assessment as an individual employer in the pension fund from 1 August 2015, for approx 160 LGPS members. Report provided on similar basis to academy conversion. Have now confirmed the College will transfer from LB Sutton to become an independent Charity from 1 August 2015. As such, they have applied to become an Admitted Body in the LB Sutton Pension Fund. Will require a final assessment as at the transfer date.
- Primary School Catering - Contract awarded to **Cater Link** expected to commence 1 September 2015. Initial assessment for approx 110 LGPS members will need final assessment on actual transfer.
- New Academy School assessments have been undertaken for the following:  
Green Wrythe Primary moved into Greenshaw Multi Academy Trust (MAT) from 1 April 2015 and Beddington Park Primary converted 1 June 2015. The schools are given the option of paying their own employer contribution rate or can opt to use the agreed stepped contributions following the 2013 valuation.
- Other Academy School changes – Bandon Hill Primary (target conversion 1 November 2015) and merging of Nonsuch High / Wallington High for Girls under a MAT (1 September 2015) expected to remain separate employers in the LB Sutton LGPS.

#### 4.6 Bulk Transfers

- Hymans will complete the remaining LGPS TUPE (Partnership) Bulk Transfers with the new actuary, Barnet Waddingham picking up future work:
  - a) Carshalton College & Kingston College Federation in place from 1 April 2012, admitted body to the RB Kingston scheme. Close to settlement.
  - b) Former ASSHH staff TUPE transferred to Croydon Equipment Solutions a scheduled body in the LB Croydon LGPS fund, on 1 October 2012.
  - c) Shared services with RB Kingston for ICT– transferring staff became RBK employees on 1 May 2013, transfer to Kingston LGPS fund. Close to settlement.
  - d) Shared service with Merton, Kingston & Richmond for Legal services from 1 October 2013, data compiled for actuary’s assessment of bulk transfer to Merton LGPS fund. Close to settlement.

#### 4.7 Accounting Report FRS17 2014/15

- Barnet Waddingham's (BW) data requirements for FRS17 / IAS19 reporting agreed - Civica provided extract scripts for appropriate member data to be extracted from UPM.
- Financial data was also compiled /adjusted to take account of contributions received from academy schools and other employers with FRS17 reporting dates later in the year (July & August).
- All data was submitted to BW for employers with 31 March year end requiring reports. The results were received in mid May and they have been forwarded to the employers for inclusion in their accounts.

#### 4.8 Statistics as at 31 March 2015:

<b>Membership</b>	31 March 2012	31 March 2013	31 March 2014	<b>31 March 2015**</b>
Active *	3,992	3,937	4,062	4,043
Preserved	3,351	3,593	3,860	4,138
Pensioner	3,046	3,097	3,187	3,340
<b>Total</b>	<b>10,389</b>	<b>10,627</b>	<b>11,109</b>	<b>11,522</b>
<i>Opted out of LGPS in year</i>	89	91	126	<b>195</b>
<b>Retirements</b>	31 March 2012	31 March 2013	31 March 2014	<b>31 March 2015</b>
Age (Active)	73	54	64	77
Age (from Preserved)	69	52	70	70
Early Ill Health	3	5	6	5
Early Redundancy / Efficiency	101	34	27	25
<b>Total new pensions to date</b>	<b>246</b>	<b>145</b>	<b>167</b>	<b>177</b>

\* Since the introduction of Automatic Enrolment in April 2013 the number of staff being entered or re-entered into the LGPS has increased as reflected in the Active membership. This has also resulted in an increase in the number of members opting out of the LGPS although the net result is an increase of approx 4% in the active membership since March 2013.

\*\* Statistics affected by introduction of new system & by payroll interfacing backlog

## 5. Options Considered

5.1 Not applicable

## 6. Impacts and Implications

### Financial

6.1 The financial implications arising are covered within the report.



Legal

6.2 There are no legal implications arising in this report.

**7. Appendices and Background Documents**

<b>Appendix Letter</b>	<b>Title</b>
None	

**Background Documents**

Pension Administration Update March 2015  
 Pension Administration Update December 2014  
 Pension Administration Update September 2014  
 Pension Administration Update June 2014  
 Pension Administration Update March 2014

**Audit Trail**

Version	Final	Date: 11 June 2015
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**Consultation with other officers**

<b>Officer</b>	<b>Comments Sought</b>	<b>Comments checked by</b>
Finance	Yes	Sue Hogg
Legal	No	

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