



Report to:	Pension Committee	Date:	30 November 2015
Report title:	Pension Administration Update		
Report from:	Gerald Almeroth, Strategic Director – Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Cllr Sunita Gordon		
Author(s)/Contact Number(s):	Andy Banham, Head of Pensions 020 8770 5291		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	19 November 2015

1. Summary

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

2. Recommendations

That the Pension Committee:

- 2.1 Consider and note the Pensions administration update report.
- 2.2 Specifically, Members to note the approach being proposed for progressing the shared Pension Administration service with RB Kingston in paragraph 4.3.

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.
- The Council decided to run an invitation to staff to express an interest in Voluntary Redundancy which will run from 6 – 30 November 2015. An Excel Redundancy Pay calculator was developed with HR/Finance colleagues and staff are directed to initially use this to



estimate their entitlement before lodging an expression of interest by the deadline. Any request for estimates of pension entitlement and employer costing for interested staff age 55 or over are to be requested by HR only.

- There is continuing demand for costing of redundancies for employing Directorates savings proposals mainly under the Smarter Council programme. In addition, there is increasing demand for actuarial assessment for staff being TUPE transferred into hosted services or other commissioning arrangements. This is detailed below.
- Actual terminations will require processing of entitlements.

4.2 Pensions Administration System – Replacement with Civica Universal Pensions Management (UPM):

- The team continue to consolidate their use of the new system, therefore, although still not business as usual, as we do not yet have a fully functioning system as referred to in the bullet points below. The position is improving with the majority of process now working correctly and the backlog of individual cases, which need inputting into the system, is reducing. Urgent work continues to be prioritised and no new pension payments have been missed or delayed. The Year-end 2014/15 bulk processing is now progressing - see 4.5 – although due to the additional pay and member data required for the new LGPS 2014 which must be posted by individual employers (approx 50) and the subsequent calculation of new CARE pension entitlement, this will take considerably longer than in previous years.
- The scheduled release of updated calculations across all Civica new clients is being progressed. The latest September 2015 calculation fix release was recently moved into UPM Live environment. The second UPM User Group (12 Administering Authorities) held in Wolverhampton was attended on this occasion by the RBK Pensions Manager representing both K&S.
- Refining of agreed K&S standard letters, documentation and processes continues following the combining of Kingston & Sutton (K&S) databases. Any changes are now only required once.
- The Civica “Blitz Team” were on site (with additional remote support) in September to make any necessary changes to the system set up to ensure it is working correctly and provide additional training to ensure the team(s) are optimising its functionality. Some changes will require development and will be included in a future software release. Known issues are logged with the Civica Support Team for scheduled resolution based on impact score. Regular weekly calls continue to review / progress logged issues.
- Valuation Processes (as amended) have been used to provide Govt Actuary Dept (GAD) with data for the initial collection exercise for cost cap fund valuation as at 31 March 2014 (national requirement).
- The Employer self-serve module has been installed into the UPM test environment and after agreed K&S scoping configured ahead of planned testing with selected pilot fund employers; for LBS these are Carshalton College and Sutton Grammar School. General release is planned for early in 2016. This will be followed by the introduction of Employee Self Serve.

4.3 Shared K&S Pensions Administration service.

- Following the implementation of the K&S shared Civica UPM system, progress on the second stage of the project to create a shared service with Kingston’s Pensions Administration Team



continues as agreed, with Sutton as host borough. Please see attached **Appendix 1**, Sutton and Kingston Shared Service Background Note.

- The Team Managers' now attend the Shared Service Pension Project Board meetings.
- A Staff Engagement Event for all staff affected will be held on 25 November 2015 when the teams will be asked to:
 - review what's worked from phase one, reflect on what's been achieved and what we've learnt;
 - share information on what challenges and opportunities face the future service
 - begin to identify what a shared pension service structure should look like.
- The proposal is for a transitional shared service to be in place from 1 April 2016 with the final consolidated new service / structure commencing from 1 April 2017.

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

Staff Payrolls:

- The UPM joiners interface is now 'live' and has been used to load the backlog of joiners from April 2014 to March 2015 onto UPM ready for year end 2014/15 processing.
- Leavers and Changes (address etc) are being loaded manually from Reports provided from iTrent

Pension Payroll:

Summary of monthly pensioner payrolls since last report:

Pay period	Payees	Gross paid*	Net paid	Pay slips issued**
September 2015	3,527	£1,818,366	£1,568,003	83
October 2015	3,540	£1,838,425	£1,589,842	96

**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.*

4.5 Year End 2014/15 & New Year

- The new format returns containing all the new LGPS 2014 and LGPS 2008 pay and contribution details have been received from scheme employers and iTrent Client Team for the borough payrolls.
- These are expected to be processed into UPM member records in November using the Annual Returns process with necessary K&S amendments / settings, followed by the calculation of all members' CARE pension earned in 2014/15. Annual Benefit Statements 2014 will then need to be produced using UPM for the first time.
- The Pensions Regulator (tPR) has communicated with all LGPS Administering Authorities (via the LGA) to remind them of the legislative deadline for providing annual benefit statements



(ABS) to members, following the LGA survey, which revealed only 7 (of the 76 authorities that responded) had managed to issue the ABS by the new statutory deadline of 31 August 2015.

- Most respondents cited “teething problems” with the introduction of the LGPS2014 and additional data responsibilities placed on employers and several (including K&S) the impact of moving to a new administration system (in a very short timeframe). The Borough informed tPR as required stating we would endeavour to issue the ABS 2015 by 30 November 2015. A subsequent general communication from tPR also gave that date to authorities to issue ABS (or report back). This timescales remains extremely challenging although every effort is being made to meet the deadline, it is possible that we may not achieve production of all ABS. We will produce those we can and anticipate full completion no later than week commencing 14 December 2015.

4.6 TUPE Transfers (potential Contractor / other Admission Agreements)

- Orchard Hill College – the College transferred from LB Sutton to become an independent Charity from a revised date of 1 October 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 final transfer date once actual transferees’ data provided by College and pension data compiled for actuary.
- Primary School Catering - contract awarded to **Cater Link** - commenced 1 September 2015. Initial assessment for approx 110 active LGPS members, final assessment on actual transfer obtained.
- New Academy School assessments have been undertaken for the following:
The Avenue Primary converted on 1 September 2015, final pension data to be compiled for assessment. Other Academy School changes – Bandon Hill Primary and Cheam Common Junior (target conversion 1 November 2015) both will require assessments as at actual conversion.
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. Both will be paying the stepped rates (24.5% in 2015/16 & 25.5% in 2016/17).

4.7 Bulk Transfers

- Hymans will complete the remaining LGPS TUPE (Partnership) Bulk Transfers with the new actuary, Barnet Waddingham undertaking future work:
 - a) Former ASSHH (now Peoples Directorate) staff TUPE transferred to Croydon Equipment Solutions a scheduled body in the LB Croydon LGPS fund, on 1 October 2012. Close to settlement.
 - b) 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.
 - c) Shared service with Kingston for ICT Apps (GIS) from 1 September 2015, data to be compiled for actuary’s assessment of bulk transfer to RBK LGPS fund
 - d) Shared service with Kingston for Highways & Transportation from 1 November 2015, data to be compiled for actuary’s assessment of bulk transfer to RBK LGPS fund

4.8 Accounting Report FRS17 2014/15

- Barnet Waddingham’s (BW) data requirements for FRS17 / IAS19 reporting, UPM data extracts and Financial data - whole fund and each employer - was compiled for the Carshalton College (July Reporting) and the 18 academy schools (August Reporting).
- Reports produced in September and distributed to the College and academy schools for inclusion in their accounts.



4.9 Statistics as at 31 October 2015:

- Monitoring of Complaints - any cases are referred to the Head of Pensions for consideration under Stage 1 of the LGPS Internal Dispute Resolution Procedure (IDRP). Such issues are reviewed and wherever possible are brought to a satisfactory resolution without the need for reference to Stage 2 of the procedure. During this period there were no such official complaints received.
- There were however, two enquiries requiring more complex investigation and resulting in detailed correspondence confirming the position under the regulations.

Membership	31 March 2012	31 March 2013	31 March 2014	31 March 2015**	31 Oct 2015#
Active (main LGPS)*	3,992	3,937	4,062	4,043	4,466
(50/50 LGPS)				15	16
Preserved	3,351	3,593	3,860	4,138	4,168
Pensioner	3,046	3,097	3,187	3,340	3,412
Total	10,389	10,627	11,109	11,522	12,062
<i>Opted out of LGPS</i>	<i>89</i>	<i>91</i>	<i>126</i>	<i>195</i>	<i>77</i>
<i>(Full year projection)</i>					<i>(132)</i>
Retirements	31 March 2012	31 March 2013	31 March 2014	31 March 2015**	31 Oct 2015
Age (Active)	73	54	64	77	44
Age (from Preserved)	69	52	70	70	36
Early Ill Health	3	5	6	5	3
Early Redundancy / Efficiency	101	34	27	25	17
Total new pensions to date	246	145	167	177	100

* 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 and will change once complete.

Active member records now including backlog of joiners from April 2014 (see 4.4)



5. Options Considered

5.1 Not applicable

6. Impacts and Implications

Financial

6.1 There are no financial implications arising from the recommendations in this report.

Legal

6.2 There are no legal implications arising in this report

7. Appendices and Background Documents

Appendix Number	Title
1	Sutton and Kingston Pension Service Background Note

Background Documents
Pension Administration Update September 2015

Audit Trail		
Version	Final	Date: 13 November 2015
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Sue Hogg / Lyndsey Gamble
Legal	No	n/a