




APPENDIX A

Report to:	Pensions Committee	Date:	5 September 2016
Report title:	Pension Administration Update		
Report from:	Gerald Almeroth, Strategic Director - Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Sunita Gordon		
Author(s)/Contact Number(s):	Andy Banham, Head of Pensions, 020 8770 5291		
Corporate Plan Priorities:	A Smart Council		
Open/Exempt:	Open		
Signed:		Date:	22 August 2016

1. Summary

This report provides an update on the main work streams impacting pension administration for the period June to August 2016.

2. Recommendations

The Pension Committee is recommended to:

2.1 Consider and note the Pensions administration update report.

3. Background

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

3.2 Sutton and Kingston formed a shared service with effect from 1 April 2016 for the administration of each respective Council's LGPS.

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.
- Agreement with Human Resources (HR) colleagues that the calculation and processing of redundancy pay will be managed within HR from 1 April 2016.
- The Pension Team continue to provide early retirement entitlement & strain cost for LGPS members age 55 or more and process retirement benefit entitlements for actual redundancy terminations.

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

- The team continue to consolidate their use of the new system. As we do not yet have a fully functioning system as referred to in the bullet points below, we are still not fully business as usual. The position is improving with the majority of process now working correctly, the backlog of individual cases which need inputting into the system is also reducing. Urgent work continues to be prioritised and no new pension payments have been missed or delayed.
- Recent releases of software have been installed in test first then live environment after acceptance training / testing, this is being used to provide the universal data capture for Valuation processes.
- Revised software is being developed to take account of recent changes to factors / method of calculation for transfer values and in the meantime these calculations are being held back
- Work continues on refining of agreed Sutton and Kingston standard letters, documentation and processes with additional assistance being received from another Civica UPM client authority.
- Work has continued on the Employer self-serve module following successful pilot testing, with drop in sessions for employers taking place during April - June 2016 before general release. This will be followed by the introduction of Employee Self Serve later in the year.
- Although there will be no Pension Increase (Review) Order in 2016 as (CPI) inflation was negative at -0.1% in September 2015, there will be an adjustment required to CARE pensions earned since 1 April 2014, the process has been set up and will be run once valuation work is complete.

4.3 Shared Sutton and Kingston Pensions Administration service.

- Following three unsuccessful attempts to recruit to the new Head of Shared Pensions Service, the position was re-profiled into a two year secondment opportunity for a Pension Project / Web Enablement Manager. This position has now been appointed to with a start date of the 12th September.



- The consultation on the proposed restructure of the team is now underway and after consideration of comments received the final agreed structure is expected to be in place by no later than 1 November 2016.
- Priority work ensuring immediate entitlements are processed and dealing with the inherited backlog of processes will be managed around meeting the valuation data submission deadlines.

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

Staff Payrolls:

- UPM joiners interface - the backlog of joiners to March 2016 were loaded ready for completion of year end 2015/16 ahead of Valuation 2016 processing. Subsequent monthly reports will be loaded once valuation is finalised with the actuary.

Pension Payroll:

Summary of monthly pensioner payrolls since last report:

Pay period	Payees	Gross paid*	Net paid	Pay slips issued**
July 2016	3,607	£1,838k	£1,605k	76
June 2016	3,593	£1,837k	£1,625k	104

**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 2015/16 and Valuation 2016

- Returns have been loaded against the member records of each employer and CARE pension calculation / revaluation taking account of 2014/15 carry forward and negative inflation adjustment, completed.
- Civica Valuation universal data capture processes (delivered mid June following training / acceptance - subsequently additional "fixes") have been run and appropriate data cleansed ahead of the member data being extracted for the actuaries (targets RBK 30 June & LBS 31 July). RB Kingston data was submitted to their actuary 25 July 2016, now signed off and it is anticipated LB Sutton initial member data will be provided to the actuary w/c 22 August 2016.
- **Annual Benefit Statements 2016 due for issue by 31 August 2016 have been delayed with the above taking priority. These will now be progressed around further valuation query resolution and it is anticipated they will be issued to members before the end of October.**



The Pensions Regulator will be informed of the delay, the reason and the expected date of issue.

4.6 TUPE Transfers (potential Contractor / other Admission Agreements)

- Continuing demand for actuarial assessment for staff being TUPE transferred into hosted services or other commissioning arrangements. This is detailed below.
- Primary School Catering – approx 120 LGPS members, contract awarded to **Cater Link** - commenced 1 September 2015. The final at transfer staff / LGPS member data was compiled for assessment by the actuary and the report received - finalising contractual issues.
- Local Authority Trading Company (LATC) for Housing transfer potentially approx 40 staff, data compiled for initial assessment as Admitted Body and report provided. Transfer 1 July 2016 with final assessment to be obtained.
- Local Authority Trading Company (LATC) for Education transfer potentially 100+ staff, data compiled for initial assessment as Admitted Body and report provided. Target transfer 1 November 2016 with decision on open / closed arrangement.
- New Academy School assessments have been undertaken for the following:
The Avenue Primary converted on 1 September 2015, final pension data compiled for assessment and report produced.

Cheam Common Junior converted 1 January 2016, final data required from school for final assessment data received from school and will be progressed when possible to provide starting position.

Other Academy School changes – **Victor Seymour** have joined the Greenshaw MAT and will require assessments as at actual conversion.

The schools are given the option of paying the academy schools' stepped rates agreed following the 2013 valuation (24.5% in 2015/16 & 25.5% in 2016/17) or can apply their own employer contribution rate when known.

4.7 Bulk Transfers

- Hymans will complete the following LGPS TUPE (Partnership) Bulk Transfers:
 - 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.
- Barnett Waddingham are dealing with subsequent transfers:



- a) 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
- b) Shared service with Kingston for Highways & Transportation from 1 November 2015, members deferred benefits being finalised and data to be compiled for actuary's assessment of bulk transfer to RBK LGPS fund

4.8 Accounting Report FRS17 2015/16

- Barnett Waddingham (BW) data requirements for FRS17 / IAS19 reporting, UPM data extracts and Financial data - whole fund and each employer - required for for Carshalton College as at 31 July and then Orchard Hill College first FRS reporting and the academy schools, 31 August.

4.9 Statistics as at 30 April 2016:

- 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 official complaints received.



Membership	31 March 2013	31 March 2014*	31 March 2015**	31 March 2016#	31 July 2016#
Active (main LGPS)* (50/50 LGPS)	3,937	4,062	4,029 15	4,907 16	5,281 23
Preserved	3,593	3,860	4,138	4,207	4,172
Pensioner	3,097	3,187	3,340	3,518	3,552
Total	10,627	11,109	11,522	12,648	13,028
<i>Opted out of LGPS (Full year projection)</i>	91	126	195	152	42

* 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, payroll interfacing backlog and 2014/15 processing will change once complete.

Active member records now include additional records for holders of multiple posts.

Retirements	31 March 2013	31 March 2014	31 March 2015	31 March 2016	31 July 2016
Age (Active)	54	64	77	74	23
Age (from Preserved)	52	70	70	66	20
Early Ill Health	5	6	5	5	0
Early Redundancy / Efficiency	34	27	25	38	14
Total new pensions to date	145	167	177	183	57



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 Letter	Title
None	

Background Documents
<ul style="list-style-type: none"> • Pension Administration Update June 2016

Audit Trail		
Version	Final	Date: 17 Aug 2016
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Lyndsey Gamble
Legal	No	N/A

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