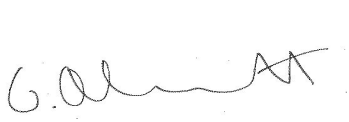




Report to:	Pensions Committee	Date:	12 December 2016
Report title:	Pension Administration Update		
Report from:	Gerald Almeroth, Strategic Director - Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Sunita Gordon		
Author(s)/Contact Number(s):	Andy Banham, Head of Pensions, 020 8770 5291		
Corporate Plan Priorities:	A Smart Council		
Open/Exempt:	Open		
Signed:		Date:	01 December 2016

1. Summary

- 1.1. This report provides an update on the main work streams impacting pension administration for the period September to November 2016.

2. Recommendations

The Pension Committee is recommended to:

- 2.1. Consider and note the Pensions administration update report.

3. Background

- 3.1. Sutton and Kingston formed a shared service with effect from 1 April 2016 for the administration of each respective Council's LGPS. The Section also administers the Local Government Pension Scheme (LGPS) on behalf of Sutton Housing Partnership, Carshalton College, and other employers including off-payroll & academy schools and contractors. This means that the Pensions Section is now administering the LGPS on behalf of in excess of 100 employers.

4. Work in Progress

Shared Sutton and Kingston Pensions Administration service

- 4.1. 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 and the successful candidate started on 12 September.
- 4.2. Following the restructure consultation, the final structure of the team is in place; internal recruitment resulted in a number of the existing temporary staff being appointed to positions in the new structure. Recruitment to the remaining two pension officer vacancies is under way with interviews planned for early December.
- 4.3. Priority work ensuring immediate entitlements are processed and dealing with the inherited Kingston backlog of processes has been managed around meeting the valuation data submission deadlines. The backlog has reduced by around 56% since go live and has decreased at a much faster rate since the team finished dealing with triennial valuation across both Councils and ensuring all Annual Benefits Statements (ABS) were posted by the revised deadline of 31st October (see 4.2.2). The team continue to deal with a very high demand for estimates and costings relating to outsourcing, shared services and staff spin outs across both Authorities.

Year End 2015/16 and Valuation 2016

- 4.4. Valuation data queries from actuaries investigated and resolved in some cases with additional data / extracts provided enabling the actuaries to complete the whole fund assessment as at 31 March 2016.
- 4.5. ABS 2016 were due for issue by 31 August 2016 but were delayed with the above work taking priority. The Pensions Regulator was informed of the delay, the reason and the expected date of issue advised as no later than 31 October 2016. These were progressed around further valuation query resolution and a total of approximately 16,000 (LBS & RBK) statements were issued to active and deferred members of the pension fund by the end of October. Detailed 'frequently asked questions' were supplied with all statements as well as a specific email address for queries. A member of staff is monitoring all emails received and either responding to them directly or distributing to other members on the team ensuring that demand is managed and does not increase to unmanageable levels leading to potential complaints. To date approximately 300 enquiries have been received and responded to from both active and deferred members.

Pensions Administration System – Civica Universal Pensions Management (UPM)

- 4.6. A business case has been signed off for the upgrade, which will be installed and operational from January. Assurances have been given from Civica that the upgrade will not affect



calculations, so apart from testing, there should be minimal disruption on the team.

- 4.7. A new Self Serve for members of the pension fund product had been procured. This cannot be rolled out until the pension system is upgraded. Once this is completed in January, this will then become the next priority, with an expected full roll out by Summer 2017.
- 4.8. Employer Self Serve has been rolled out to the majority of Sutton schools and take up has been excellent, especially with larger employing bodies, which will reduce work over time. Any work delivered to the self serve portal requiring authorisation is being prioritised to maintain their buy in and continued use of this new way of working. The next phase of self serve will be to allow employers to submit joiners on line.
- 4.9. Regular releases to correct calculations have been installed in a timely manner. A further release is due to be installed into test on 2 December and then live on 12 December, which should clear the remaining issues so all transfer types can then be progressed. Members will not be disadvantaged by this system delay.
- 4.10. 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. Further system administration and web training has been sourced for newly recruited officers and for the Development & Support Team (Revenues & Benefits) to create resilience.

Redundancy & Early Retirement

- 4.11. The Pension Service continues to provide early retirement entitlement & strain cost for LGPS members age 55 or more and process retirement benefit entitlements for actual redundancy terminations.
- 4.12. For those staff that are not due to retire and are not part of any efficiency savings, and to reduce unnecessary demand on the team, the intranet pages for both Sutton and Kingston have been updated. The pages remind staff to review their latest Annual Benefit statement that will show their expected pension at normal retirement age as well as a link to the LGPS member retirement calculator and the associated reductions that may apply by taking benefit early.

TUPE Transfers (potential Contractor / other Admission Agreements)

- 4.13. Local Authority Trading Company (LATC) for Housing transfer potentially approx 40 staff, data compiled for initial assessment as Admitted Body and report provided. Transfer to **Encompass** on 1 July 2016 with final assessment to be obtained.
- 4.14. Local Authority Trading Company (LATC) for Education transfer potentially 150+ staff, data compiled for initial assessment as Admitted Body and report provided. Transferred to **Sutton Education Service (SES)** on 1 November 2016 with an open (to new staff) arrangement - final at start assessment to be obtained.

- 4.15. Other Academy School changes – **Victor Seymour** have joined the Greenshaw MAT, **Cheam Fields Primary** and **Brookfield** schools have recently joined the Cheam Park Farm Junior (LEO) MAT and will require assessments as at actual conversion.

Bulk Transfers

- 4.16. Hymans will complete the following LGPS TUPE (Partnership) Bulk Transfers:
- a) Former ASSHH (now People's 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.
- 4.17. Barnett Waddingham are dealing with subsequent transfers:
- a) 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
 - b) Shared service with Kingston for Human Resources from 1 May 2016, members deferred benefits being finalised and data to be compiled for actuary's assessment of bulk transfer to RBK LGPS fund
 - c) End of shared service with LB Merton for Human Resources from 1 May 2016, members deferred benefits being finalised and data to be compiled for actuary's assessment of bulk transfer to LB Merton LGPS fund

Accounting Report FRS17 2015/16

- 4.18. Barnett Waddingham (BW) data requirements for FRS17/ IAS19 reporting, UPM data extracts and Financial data - whole fund and each employer - provided for Carshalton College and (for the first time) Orchard Hill College as at 31 July and for the 21 academy schools as at 31 August. Reports produced and distributed to the employers and some further queries/ revisions dealt with by the actuary.

Statistics as at 31 October 2016:

- 4.19. Please see Appendix A, which details the membership figures for Sutton in Table 1 and for Kingston in Table 2.
- 4.20. 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.



- 4.21. During this period there were two stage 1 complaints received. Both were linked to not receiving a response from a former Kingston member of staff before the pension shared service commenced and were resolved satisfactorily.

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
A	Data Tables

Background Documents
None

Audit Trail		
Version	Final	Date: 02 December 2016
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Lyndsey Gamble
Legal	No	
Equality Impact Assessment Required?	No	N/A

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