




<b>Report to:</b>	Pensions Committee	<b>Date:</b>	20 March 2017
<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>	Councillor Sunita Gordon		
<b>Author(s)/Contact Number(s):</b>	Andy Banham, Head of Pensions, 020 8770 5291 Sarah Spence, Sutton & Kingston Shared Pension Service, 0208 770 6033		
<b>Corporate Plan Priorities:</b>	A Smart Council		
<b>Open/Exempt:</b>	Part Exempt: Appendix B - Exempt by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972		
<b>Signed:</b>		<b>Date:</b>	08 March 2017

### 1. Summary

- 1.1. This report provides an update on the main work streams impacting pension administration for the period December 2016 to February 2017.

### 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 Local Government Pension Scheme (LGPS). The shared service administers the LGPS on behalf of Sutton Housing Partnership, Carshalton College, Kingston College, Kingston University, London Grid for Learning and other employers including off-payroll & academy schools and contractors. This means that the shared service is now administering the LGPS on behalf of in excess of 100 employers across both Sutton and Kingston.



#### 4. Update on shared administration service

- 4.1. As a result of the successful external recruitment in December 2016, all vacancies in the new structure have been appointed to with the final officer starting in March 2017. The strategy for the shared service will focus on;
- Maximising use of the administration system (including self serve modules)
  - Increase knowledge and resources of system administration
  - Upskilling Officers
  - Monitor work outstanding
  - Harmonisation of functions

##### Maximising administration system

- 4.2. Fortnightly conference calls are continuing to take place with Civica to address top 5 priority issues on the system issue log and to ensure the agreed service improvement plan is progressing. A series of calculation releases together with a recent calculation delivery has meant that the majority of transfer types have now been able to be progressed.
- 4.3. The system was successfully upgraded following a period of robust user acceptance testing at the end of January 2017. Now that the upgrade is complete, the next phase of the project, Member Self Serve has started. The standard product will be installed into the test system environment after 6 March and following configuration and user acceptance testing the on to the with an expected full roll out by Summer 2017.

##### Upskilling of Officers

- 4.4. Following on from skills matrix, training delivery is generally managed through peer to peer support, although new Officers have been booked onto LGPS courses. The Team will be up to full strength from 13 March 2017 when our new Pension Officer joins.

##### Monitor work outstanding

- 4.5. Daily stand ups with the team allow the monitoring of the number of cases that are 4 months and over and targeted work is directed to reduce the levels. The team continue to deal with unprecedented demand for retirement estimates and costings relating to outsourcing, shared services and staff spin outs across both Authorities. Those members that are not due to retire within 12 months are now being redirected to LGPS calculators on the intranet to calculate their own quote.

##### Harmonisation of functions

- 4.6. Harmonisation work is being undertaken through workshops and team meetings. Staff are also noting differences on a daily basis and further work is planned moving forward to continue to drive the service forward. The team are on the same IT platform, which has helped the harmonisation of work. The next phase of the harmonisation of work will cover collaborating with the forthcoming shared finance service as currently the team have to complete some of these functions differently for each borough's finance teams.



Increase knowledge and resources of system administration

- 4.7. System training from Civica has been delivered to key staff on the team along with staff from the Development and Support Team in the Sutton Benefits Team; this will increase resilience. Daily stand up work meetings highlight letters and systems processes that need updating to ensure same process for Sutton and Kingston as well as monitoring the work plan and allowing staff to highlight key issues for the day

**5. Provision of Sutton workload figures including member statistics**

- 5.1. The table in Appendix A details the current Sutton membership workload at the end of February 2017 compared to the end of January 2017. The introduction of performance statistics has been introduced as a result of the recommendation no.15 from the Governance Review Action Plan. Further work is taking place to improve the performance reporting further e.g. including a set of shared service standards to be able to monitor processes against.
- 5.2. Work that is older than 4 months from the time of running the report (28 February 2017), has been categorised as backlog as it will all be older than 120 days. The key on page 7 gives a high level summary of the type of cases included within P1, P2 and P3. The majority of cases included in the backlog are interfunds and refunds (P2) and deferments (P3). Consideration is being given to set days during the week where staff solely concentrate on cases such as deferments to reduce the numbers outstanding. Staff have also been working on reducing RB Kingston's backlog that was considerable at the time of sharing, this has been reduced by 56%.
- 5.3. Current work (under 4 months old) has reduced compared to last month, particularly within the P2 category which is due to the numbers of transfers and interfunds that have now been completed due to the series of calculations recently installed.
- 5.4. Statistics are shared with the team during the daily stand which allows resources to be directed effectively and enables staff to have an overview of the caseloads from both funds.
- 5.5. 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, no complaints received.

**6. Valuation 2016**

- 6.1. The Actuary and officers agreed the whole fund final assumptions and result as at 31 March 2016 in December 2016 these were presented to the Pension Committee on 12 December 2016. The full proposed rates are attached in Appendix B.
- 6.2. The Actuary presented the results at Employer Forum sessions (for Academy Schools and other employers) held in Civic Offices on 2 February 2017.



- 6.3. As part of the valuation process officers agreed to adopt the actuary's alternative in fund "self insurance" arrangement to cover the risk benefits; ill health retirement and death in service, effectively pooling what can be a significant (fund strain) risk / employer cost across all the non LB Sutton pool employers.
- 6.4. The employers will pay the actuaries certified employer rate into the fund (25.5% for example) and 1% of the contribution will be set aside within the fund to cover the potential impact of any ill health retirements in the three year valuation period to 31 March 2019. The position will be reviewed by the actuary in the triennial valuation 2019 - any shortfall in / excess funding will be apportioned across the non LB Sutton pool employers. For information, in the last three years from 31 March 2013 to 31 March 2016 there were 15 ill health retirements (the majority were in the LB Sutton pool).
- 7. TUPE Transfers (potential Contractor / other Admission Agreements)**
- 7.1. 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 at start data to be compiled / final assessment to be obtained.
- 7.2. 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 data to be compiled / assessment to be obtained.
- 7.3. Other Academy School changes:
- **Victor Seymour** (1 July 2016)
  - **Tweeddale Primary** (1 September 2016) joined the Greenshaw MAT
  - **Cheam Fields Primary** (1 September 2016) and
  - **Brookfield** (1 November 2016) schools have recently joined the Cheam Park Farm Junior (LEO) MAT and will require at start data to be compiled / assessments as at actual conversion.
- 7.4. Three colleges **Carshalton College** (LB Sutton fund), **Kingston College & KSEP** (RB Kingston fund) and South Thames College (LPFA fund) are planning to merge later in the year. The combined college(s) will potentially apply to be a single employer in one of the funds - assessments have been undertaken by the fund actuaries and the Colleges are considering their options. They have been advised of the administrative burden this process will cause the Shared Pension Service and whichever fund is selected, agreed funding for temporary resource (or seconded college staffing) is essential to ensure a smooth transfer of member records and the pensions in payment to former college(s) staff.
- 7.5. The first group of staff under the South London Waste Partnership (parks) transferred to the new contractor on 1 February 2017. Membership records and data has been provided to LB Croydon the administering authority for the SLWP contractors. The second group (Waste) will transfer on 1 April 2017 and the same will apply.



## 8. Bulk Transfers

8.1. Hymans will complete the following LGPS TUPE (Partnership) Bulk Transfers;

- 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.
- 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.

8.2. Barnett Waddingham are dealing with subsequent transfers:

- 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
- 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
- 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
- SLWP (see above) Parks from 1 February 2017 and Waste from 1 April 2017 to be progressed

## 9. Accounting Report FRS17 2016/17

9.1. Barnett Waddingham (BW) data for FRS17/ IAS19 reporting require UPM data extracts and Financial data for the whole fund. FRS17 reports (March exercise) provided for the LB Sutton, Sutton Housing Partnership and Citizens Advice Bureaux using December 2016 data rolled forward. Reporting will be completed in April once final fund financial data is provided.

9.2. Carshalton College and Orchard Hill College data will be required for assessment as at 31 July 2017 and data for the 25 academy schools as at 31 August 2017.

## 10. Options Considered

10.1. Not applicable

## 11. Impacts and Implications

### Financial

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



Legal

11.2. There are no legal implications arising in this report

**12. Appendices and Background Documents**

<b>Appendix Letter</b>	<b>Title</b>
<b>A</b>	Table to show Sutton membership workload - 28 February 2017
<b>B</b>	LGPS Sutton fund Employer Rates 2017/18 - 2019/20 <ul style="list-style-type: none"> <li>• EXEMPT by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.</li> </ul>

<b>Background Documents</b>
None

<b>Audit Trail</b>		
Version	Final	Date: 01 March 2017
<b>Consultation with other officers</b>		
<b>Officer</b>	<b>Comments Sought</b>	<b>Comments checked by</b>
Finance	Yes	Lyndsey Gamble
Legal	No	
Equality Impact Assessment Required?	No	N/A