



Report to:	Pension Committee	Date:	04 September 2017
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):	Sarah Spence, Sutton & Kingston Shared Pension Service, 0208 770 6033		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Smart Council 		
Open/Exempt:	Open		
Signed:		Date:	23 August 2017

1. Summary

- 1.1. This report provides an update on the main work streams impacting pension administration for the period May 2017 to July 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 reported to the last board, 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, and;
- harmonisation of functions within the team and the team's interactions with other support services that have subsequently shared between LB Sutton and RB Kingston.

4.2. In addition, there is an annual action plan to allow monitoring of all projects, annual tasks and ongoing tasks that the pension administration team is responsible for. The following projects and annual tasks are highlighted to give the board a flavour of work the team are completing alongside the day to day administration of the fund.

Roll out of Pensions On Line

- 4.3. Following successful sign off of the product in the Universal Pensions Management (pension administration system) test environment, it was installed into the live system environment at the beginning of June. User acceptance testing has been completed and as a result an enhancement to the product has been commissioned so that users can request "forgotten user details" to reduce unnecessary demand on the pension administration team. A number of issues have arisen in the live environment that had previously been signed off in test and are being dealt with by Civica as a priority.
- 4.4. Following successful sign off in live, it will be made available to all Sutton and Kingston active members from 14 August, a slight delay from the previous deadline set of 31 July 2017. There will be a subsequent roll out to all active members of scheme employers and finally to all deferred members.
- 4.5. Pensions On Line will enable members to update their personal details, change their nomination details, view their service history, view annual benefit statements and attach key documents such as marriage certificates.

End of Year annual returns

- 4.6. Continued support has been given to all scheme employers and their third party payroll providers so that the Council either:
- receive their annual returns with accurate data within extended deadlines given
 - receive missing data e.g. starter and or leaver information so that the annual return itself can be loaded.
- 4.7. At the time of writing the report, there is only one Sutton employer that is due to return missing starter information, although it is expected imminently, which means all of Sutton annual returns have been received and are due to complete loading them onto the system (including dealing with errors after loading) by 28 July. There is missing information from 11 Kingston scheme employers, which in total represents 1,664 active members as one scheme employer has 1,212 members. It should be noted that missing information from the employer with over 1,000 active members predominantly relates to the casual staff which make up 10% of the total active membership of that employer.



4.8 A concentrated effort is being made to ensure that missing information is received from the employers, especially the large employer, to enable active statements to be produced by 31 August. If the required information is not received within revised deadlines, Kingston Council and the Pension Regulator will be informed that the active benefit statements for the particular employer will not be able to be issued by 31 August. If a scheme is not able to issue statements, it can be considered a breach of the law and the Pension Regulator may decide that it is "materially significant" signalling further problems with the scheme. They will investigate breaches and may seek further information or seek further information. It is anticipated that there will be no materially significant breaches by 31 August for Sutton or Kingston Council.

4.8 The proposed administration strategy that will allow charges to be levied for late/inaccurate annual returns, work is being planned to strengthen relationships with third party payroll providers. The team intend to work with them to improve data quality in their submissions and understand the requirements of the pension administration team to reduce unnecessary administrative burdens and improve the overall efficiency of the service.

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 July 2017 compared to the end of June 2017. The introduction of performance statistics to this report is as a result of a recommendation from the Governance Review. Work that is older than 4 months from the time of running the report (31 July 2017), has been categorised as backlog as it will all be older than 120 days. The majority of cases included in the backlog are interfund transfers and refunds (P2) and deferments (P3).

5.2. The backlog of cases has remained fairly static which represents cases continuing to be closed but cases not dealt with within the current workload will be counted within the backlog once they are over 4 months old. Dates have been set where staff solely concentrate on cases such as deferments to reduce the numbers outstanding. Staff have also been concentrating on interfund and transfer cases to reduce in P2 figures in the backlog as well as cases that are under 4 months old. Numbers have increased in P3 current workloads as we are starting to process leavers after receiving annual returns and have not been informed by scheme employers during the year that the member has left.

5.3. Statistics are shared with the team during the daily stand up which allows resources to be directed effectively and enables staff to have an overview of the caseloads in both funds.

5.4. 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, one case was escalated to the Stage 2 IDRP and was satisfactorily resolved at this stage. Lessons from this case have been learned and implemented in the text within our documents.

6. TUPE Transfers (potential Contractor / other Admission Agreements)



- 6.1. Local Authority Trading Company (LATC) for Housing transfer potentially 40 staff, data compiled for initial assessment as Admitted Body and report provided. Transfer to Encompass on 1 July 2016 with a start date to be compiled / final assessment to be obtained.
- 6.2. 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.
- 6.3. Parking staff in Kingston Council are TUPE transferring to NSL on 24 July 2017. An initial assessment has been sent to the actuaries and a final assessment is due to be obtained. An admission agreement is also being finalised.
- 6.4. Other Academy School changes:
 - Victor Seymour (1 July 2016)
 - Tweeddale Primary (1 September 2016) joined the Greenshaw Multi Academy Trust
 - 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.
 - Stanley Park High (1 December 2016)
 - Limes College potentially (1 September 2017)
 - Rushey Mead potentially to join Cirrus Trust (1 September 2017) & leave iTrent payroll
- 6.5. Three colleges Carshalton College (LB Sutton fund), Kingston College & KSEP (RB Kingston fund) and South Thames College (Local Pensions Fund Authority, LPFA) have proposed to merge on 31 July and following an assessment completed by the actuaries, the colleges have agreed that LPFA will be the pension administrator and pensioner payroll for all active, deferred and pensioners for all 4 employers. A direction order was made to DCLG in April 2017 and a consultation has been opened as a response that will close on 28 July 2017. Following the consultation period, the direction order will be issued. Planning will take place with LPFA for member data and pensioner payroll data to migrate to LPFA.
- 6.6. Hillcroft College (RB Kingston fund) will merge with Richmond College (Wandsworth shared pension service) on 31 August and it has been agreed that the Wandsworth Pension Shared service will be the pension administrator and pensioner payroll for all active, deferred and pensioners of Hillcroft College.
- 6.7. Windsor and Maidenhead Council are due to become third party owners of Achieving for Children (AfC), the community interest company that delivers children services for both Kingston and Richmond Council. Staff from Windsor & Maidenhead will TUPE transfer to AfC on 1 August 2017 and discussions are being finalised as to the allocation of these staff to the Kingston and Richmond fund.
- 6.8. 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) transferred on 1 April 2017 and the same will apply and will be compiling member data

7. Bulk Transfers

7.1. Barnett Waddingham are dealing with subsequent transfers:

- shared service with Kingston for Customer contact from 1 August 2017, member data yet to be compiled for actuarial assessment of bulk transfer to LB Sutton fund.
- shared service with Kingston for Finance from 1 April 2017, members deferred benefits being finalised and data to be compiled for actuary's assessment of bulk transfer to LB Sutton fund;
- 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, and;
- SLWP (see above) Parks from 1 February 2017 and Waste from 1 April 2017 to be progressed.

8. Accounting Report FRS102 2016/17

8.1. Data for Carshalton College and Orchard Hill College data has been sent to the actuaries to complete FRS102 assessments as at 31 July 2017. Similar data will be compiled for the 25 academy schools as at 31 August 2017.

9. Options Considered

9.1. Not applicable.

10. Impacts and Implications

Financial

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

Legal

10.2. There are no legal implications arising in this report.

11. Appendices and Background Documents

Appendix letter	Title
A	Table to show Sutton membership workload - 31 July 2017



Background documents
None

Audit Trail		
Version	Final	Date: 22 August 2017
Consultation with other officers		
Finance	Yes	Lyndsey Gamble
Legal	No	N/A
Equality Impact Assessment required?	No	N/A