



Report to:	Pension Committee	Date:	19 November 2018
Report title:	Pension Administration Update		
Report from:	Gerald Almeroth, Strategic Director, Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Jill Whitehead		
Author(s)/Contact Number(s):	David Kellond, Pensions Administration Manager, 020 8770 6033		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • Making Informed Choices 		
Open/Exempt:	Open		
Signed:		Date:	8 November 2018

1. Summary

- 1.1 This report provides an update on the main work streams impacting pension administration as at 30 September 2018.

2. Recommendations

The Pension Committee is recommended to:

- 2.1 Consider and note the 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 also administers the LGPS on behalf of in excess of 100 employers, including Sutton Housing Partnership, Kingston University and academy schools.

- 3.2 The strategy for the shared service will focus on:

- maximising use of the administration system (including self serve modules);
- increasing knowledge and resources of system administration;
- upskilling officers;
- monitoring outstanding work; and



- the harmonisation of functions within the team and its interactions with other support services, such as finance.

3.3 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.

4. Issues

Annual Returns and Annual Benefit Statements 2018

- 4.1 Work has continued on updating member records for 11 London Borough of Sutton schools for whom the previously uploaded annual returns for 2016/17 were incorrect by having only included 11 months of data. This involves the removal of the erroneous 2016/17 data, the loading of the new data, processing of CARE pension update and then the production of an annual benefit statement. This process then must be repeated for the 2017/18 data. As previously reported to the Committee at the it's last meeting this has resulted in the 2017/18 Annual Benefit Statements for those schools being delayed.
- 4.2 Following the introduction of the Pensions Administration Strategy in February of this year, there is the option to levy a charge against those employers who have not been compliant with the published deadlines. As a consequence, a penalty charge has been issued to 11 London Borough of Sutton schools and 1 Royal Borough of Kingston upon Thames school, for the late submission of their 2017/18 annual return. The charges issued have been calculated in accordance with the Pensions Administration Strategy and range from £255 to £487 per school.
- 4.3 Work has begun to ensure that similar issues do not occur for the year 2018/19, with those affected being invited to enter into dialogue with the Pensions Administration Team to improve the transition of data in the future.

Monitoring of Complaints

- 4.4 Any cases are referred to the Pensions Administration Manager 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 received at stage 1 IDRP.

Annual Allowance

- 4.5 Work is currently being finalised to produce Pension Savings Statements to all those members whose growth in the capital value of their accrued pension rights within the Fund, has exceeded £40k (the standard annual allowance limit) for the year 2017/18.

Pensions Online

- 4.6 Following feedback received from scheme members in relation to Pensions Online, a number of small changes have been made in order to make clearer the login procedures. Further work is being undertaken to increase the level of detail provided and better explain the information provided.

Outstanding Processes

- 4.7 At September 2018, the total number of outstanding processes was as follows:

Total number of open processes	2,737
Total processes overdue	2,284
of which are more than 3 months overdue	982

- 4.8 There was a significant increase in the number of processes commenced in August 2018 as a result of work identified via the annual returns, which have now begun to contribute to the number falling overdue. The total number of processes started for August 2018 was 2,840, an almost 30% increase on the mean monthly average for 2018/19 to date (2,200).
- 4.9 A restructure of the Pensions Administration Team is currently being considered to better cope with both the outstanding and ongoing workload. In the very short-term a number of initiatives are being considered to ensure that the longstanding overdue processes are dealt with.

Service Level Agreements

- 4.10 The service level agreements as stated in the pension administration strategy were set up within the pensions administration software at the beginning of January 2018.
- 4.11 Appendix A lists the SLAs with their associated definition and target.



4.12 The table below shows the percentage of SLAs completed within timescale to date. The total number of general queries that are reported below only represent a small proportion of general queries that the service deal with. A larger proportion (on average 40-60 queries per day) are received via the generic email address and responded to by a pension officer (on rota) by email reply and do not enter UPM. Consideration is being given to how best monitor timescales of replying to emails from the generic inbox.

<u>SERVICE STANDARD NAME</u>	YTD HIT %	SEPTEMBER HIT %
APC Set Up	100	100
AVC Set Up	80	0
Death in Deferment - Calculation of Death Benefits & Est of Beneficiaries	50	100
Death in Deferment - Payment of Benefits	66.67	N/A
Death in Retirement - Calculation of Death Benefits & Est of Beneficiaries	88.46	100
Death in Retirement - Payment of Benefits	57.14	N/A
Deferment	53.14	43.48
General Enquiries	50.67	50
Interfund In - Establish Benefits & Offer Options	74.47	100
Interfund In - Obtain Previous Service Details	82.42	100
Leaver	78.44	73.47
Refund Actual	91.37	75
Refund Quote	77.33	17.78
Retirement Actual	89.58	86.67
Retirement Estimate	59.34	16.67
Transfer In - Establish Benefits and Update System	83.87	83.33
Transfer In - Request Payment	75.86	80
Transfer In Quote - Provide Quote to Member	95.08	100
Transfer In Quote - Request Transfer Value	100	100
Transfer Out - Payment of Transfer Value	60	0
Transfer Out Quote	84.06	85.71

4.13 As previously reported, the team is still working with its software provider to refine the processes within the system to ensure that they truly reflect the compliance by the team. For example, some processes rely on third parties to provide information before the next step can be taken. In those cases, the process will be shown as overdue if it goes past the SLA date even though the

delay may not be as a result of the team's actions. Once all processes have been reviewed and updated, the statistics to date will be re-run.

- 4.14 The percentage of deferments, transfers and interfunds completed continues to be lower than expected, this is largely due to resources being diverted to working on the annual returns.

Accounting Valuation Reports

- 4.15 Accounting valuation reports for universities, colleges and academy schools have been calculated by the relevant Fund actuary and have in the main been issued to the relevant scheme employers. However, at the time of writing a small number have been delayed due to data issues, but will be issued very shortly.

Office for National Statistics

- 4.16 The Occupational Pension Schemes survey was issued by the Office for National Statistics for completion in respect of the London Borough of Sutton and the Royal Borough of Kingston upon Thames respectively. This was duly completed and has been returned.

Bulk Transfers

- 4.17 Barnett Waddingham (Sutton actuary) and Hymans (Kingston actuary) are currently corresponding with the relevant actuaries for the appropriate administering authorities with regard to agreeing an appropriate transfer value. One such payment is scheduled to be made on 24 October 2018.

The Pensions Regulator Annual Scheme Return

- 4.18 Data is being compiled to enable the completion of the annual scheme return issued by The Pensions Regulator in respect of each Fund.

Guaranteed Minimum Pension Reconciliation Project

- 4.19 Prior to April 1997 the minimum level of benefit the pension fund were required to provide was known as a Guaranteed Minimum Pension (or GMP), which still forms part of many members' benefits. When contracting-out ended in April 2016, HM Revenue and Customs (HMRC) no longer tracked contracted-out rights and issued closure schedules to schemes so they can compare these against GMP amounts held on scheme records. This is known as a GMP reconciliation. Intellica, a third party contracted via Civica for the Guaranteed Minimum Pension Reconciliation project, have recently been provided with earnings data from UPM to help with their ongoing investigations. They have made a number of recommendations for further sample testing. Consideration is currently being given to how to extract the most value from the remaining resources available and whether further resources may be required. Options being considered include assessing which member groups will yield the most value (i.e. active, pensioner or deferred members).



5. Impacts and Implications

Financial

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

Legal

5.2 There are no legal implications arising in this report.

6. Appendices and Background Documents

Appendix letter	Title
A	Service Level Agreements

Background documents
None

Audit Trail		
Version	Final	Date: 8 November 2018

Consultation with other officers		
Finance	No	N/A
Legal	No	N/A
Equality Impact Assessment required?	No	N/A