

Pension Fund Panel

12 February 2019

Pensions Administration Update

Report by David Kellond, Pensions Administration Manager,
Shared Pensions Administration Service for Sutton and Kingston.

Purpose

To provide an update on the main work streams impacting pensions administration for the period to January 2019.

Recommendations

To consider and note the report.

Summary

- A. This report provides an update on the main work streams impacting pensions administration for the period of November 2018 to January 2019.

Recommendations

- B. The Panel is recommended to consider and note the report.

Background

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.
2. The following projects and annual tasks are highlighted to provide an update on the work the team are completing alongside the day-to-day administration of the schemes.

Issues

Team Restructure

3. On 21 December 2018, a consultation began on a proposed restructure following the agreement to increase the salaries budget for the team from 1 April 2019. The key aims of the proposed restructure were:
 - to create a more resilient team structure;
 - to ensure that there is sufficient resource to deliver a high-quality service; and
 - to encourage and enable members of the team greater access and opportunity for career development.

4. Prior to the restructure, the team had 13 posts (11.4 full-time equivalent (FTE)). In addition, a further two posts (1.8 FTE) were long-standing temporary positions. Following the restructure, the team would have 16 posts (14.4 FTE) with no ongoing requirement for temporary positions.
5. The consultation ended in January 2019 and having considered the feedback provided a final proposal for restructuring has now been issued with the same number of posts but an amendment to the type of posts added. The new structure will commence on 1 February 2019, at which time the recruitment process will begin for the vacant positions.

Monitoring of Complaints

6. All complaints regarding decisions made by the team are referred to the Pensions Administration Manager for consideration under the Internal Dispute Resolution Procedure (IDRP).
7. During this period, no IDRP cases were received. However, further information relating to a case previously considered at stage two of the IDRP has been requested by The Pensions Ombudsman.
8. In addition, one non-IDRP case alleging service delays was received and is being dealt with in accordance with the Council's complaints procedure.

Annual Allowance

9. Pension Savings Statements have been issued to all those members whose growth in the capital value of their accrued pension rights within the scheme has exceeded £40k (the standard annual allowance limit) for the year 2017/18.

National Fraud Initiative

10. Both funds participate in the National Fraud Initiative (NFI), which is designed to help in the prevention and detection of fraud. The exercise is performed and coordinated by the Cabinet Office.
11. In order to do so, information held is shared with other public bodies. This helps to ensure, for example, that no pensions are being paid to persons who are deceased or no longer entitled to receive such payments and that occupational income is being declared when housing benefits are applied for.
12. Where fraud has been committed and pensions have been wrongly paid, the team will seek recovery of the overpaid sum.
13. Reports have been provided to the NFI and results are expected in February 2019.

Outstanding Processes

14. As of December 2018, the total number of outstanding processes was as follows:

Total number of open processes	2564
Total processes overdue	2020
of which are more than 3 months overdue	1104

15. Whilst the total number of outstanding tasks has reduced from the previous report. The number of processes overdue has remained largely constant and those which are more than three months overdue has increased by 17%. Part of this increase is due to a pause on a number of cases due to the change in the SCAPE rate and the subsequent need for factors to be reissued by the Government Actuary's Department.
16. The restructure referred to above will create a framework in which the team can better cope with both the outstanding and ongoing workload.

Service Level Agreements

17. 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.
18. Annex 1 lists the SLAs with their associated definition and target.
19. The table below shows the percentage of SLAs completed within the agreed timescale to date (January - December 2018). 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.

Standard Name	% Hit YTD	% Hit December
APC set up	100	100
AVC Set Up	75	50
Death in Deferment - Calculation of Death Benefits & Est of Beneficiaries	71	100
Death in Deferment - Payment of Benefits	75	100
Death in Retirement - Calculation of Death Benefits & Est of Beneficiaries	93	100
Death in Retirement - Payment of Benefits	67	N/A

Death in Service - Payment of Benefits	100	100
Deferment	45	22
General Enquiries	54	80
Interfund In - Establish Benefits & Offer Options	87	100
Interfund In - Obtain Previous Service Details	81	100
Interfund In - Update System	66	42
Leaver	77	85
Refund Actual	86	58
Refund Quote	65	53
Retirement Actual	75	50
Retirement Estimate	40	29
Transfer In - Establish Benefits and Update System	79	50
Transfer In - Request Payment	60	0
Transfer In Quote - Provide Quote to Member	96	100
Transfer In Quote - Request Transfer Value	100	N/A
Transfer Out - Payment of Transfer Value	67	100
Transfer Out Quote	85	N/A

20. 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.
21. This activity has been paused, pending an upgrade to the software that is due to be completed by the end of January 2019.

Bulk Transfers

22. Barnett Waddingham (Sutton's actuary) and Hymans (Kingston's actuary) continue to correspond with the relevant third party actuaries for the appropriate administering authorities with regard to agreeing to appropriate transfer value. There are currently two bulk transfers from Kingston to Sutton and a further two from Sutton to Kingston. The actuaries are liaising in an effort to deal with the four cases using a common methodology.

GMP Reconciliation Project

23. Prior to April 1997 the minimum level of benefit the pension fund were required to provide was known as a Guaranteed Minimum Pension (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.
24. Intellica, a third party contracted via Civica for the GMP reconciliation project, were provided with earnings data from UPM to help with their ongoing investigations. Intellica have now submitted all the queries they deemed necessary to HMRC and expect responses to be received by the end of January 2019. At that point, they will issue a closure report.
25. The closure report, will detail all those members for whom the GMP data held requires amendment. This will have little impact on active and deferred members. However, where pensioner members are over state pension age and in receipt of a GMP amount that requires adjustment, their pensions may have been under or overpaid. Analysis of the closure report will allow for an assessment of the further work required to complete this project.

Impacts and Implications

Financial

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

Legal

27. There are no legal implications arising from the recommendations in this report.

Background papers – None other than those referred to in this report.