

Staff and Pensions Committee

Pensions Administration Activity and Performance

13 September 2021

Recommendation(s)

1. Staff and Pensions Committee note and comment on this report.

1. Executive Summary

- 1.1 This report updates the Committee on the key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

2. Financial Implications

- 2.1 All financial implications are dealt with in the body of this report.

3. Environmental Implications

- 3.1 None

4. i-Connect

- 4.1 The I-Connect project has now been completed
- 4.2 A total of 179 employers and 16,909 members have been onboarded.
- 4.3 There are 5 employers we have been unable to onboard due to delays created by them transferring to a new payroll provider during the implementation period. They will now be onboarded as part of Business As Usual. From July 2021 all new employers entering the fund will have to submit data via i-Connect. Any employer continuing to submit data via monthly excel spreadsheet will incur an administration charge.
- 4.4 The project has been delivered within agreed timescales and budget and the pensions administration team have worked extremely well with employers, matching data, and answering submission queries to deliver the project despite the challenges of the past 15 months. Warwickshire County Council payroll team and ICT have also worked closely with the pensions team to

create i-Connect extracts for 29 employers for whom they provide payroll services. As payroll provider for our largest number of members, collaboration of the two teams has been key to the success of the project. We have also received excellent support from our software provider Aquila Heywood.

5. Key Performance indicators (KPIs)

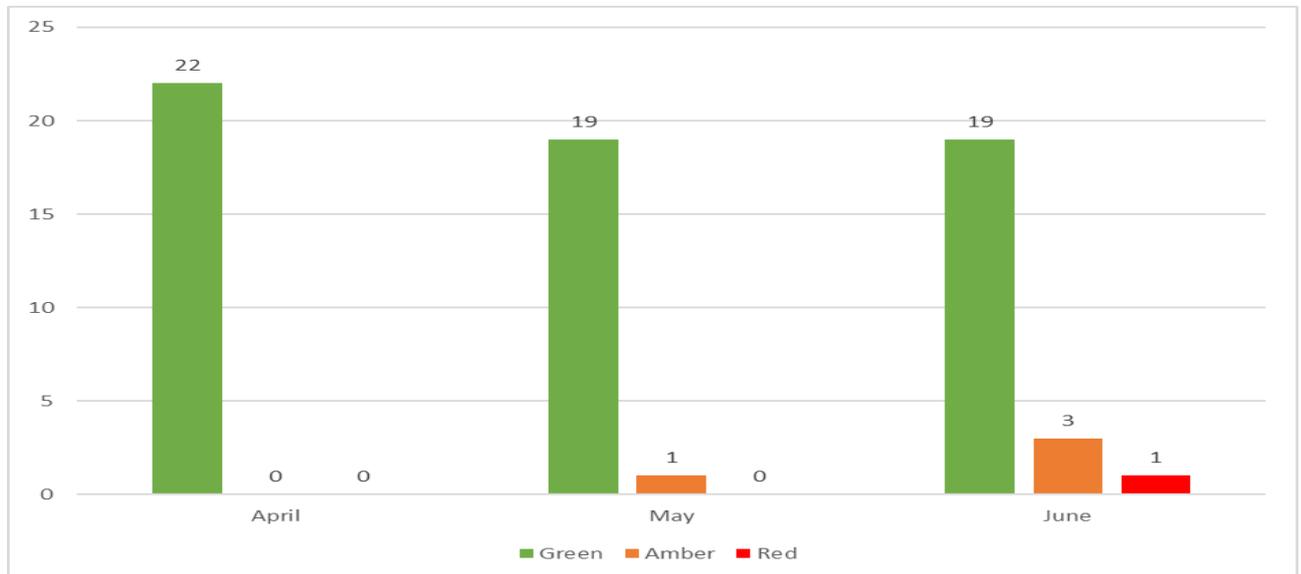
- 5.1 Appendix 1 shows the KPIs for the period 1st May 2020 to 31st July 2021.
- 5.2 KPIs where a payment is to be made are treated as highest priority.
- 5.3 From the chart it shows there are 10 out of 14 targets being consistently achieved.
- 5.4 For the KPI where we send a letter to a member giving details of what a transfer in from another pension arrangement would provide, we are noticing an increase in volume in the number of these requests. This is making it difficult to achieve the target of sending information within 10 days of receiving the transfer. The KPI of 10 days was set last year to move it in line with CIPFA benchmarking. Previous to this the benchmark was 20 days. This workload is currently managed by 2 Pensions Officers. It is the intention from April 2022, when the Fire administration service is transferred to another provider, this work will be covered by 3 Pensions Officers. The percentage has increased from last month.
- 5.5 The KPI for retirement estimates includes those for the Fire scheme as well as the Local Government Pension Scheme. Due to guidance received by the Home Office in June, this led to a delay in being able to process some requests, out of 22 estimates processed 3 were done outside of the KPI.
- 5.6 For death grants 7 payments were made with 1 not being made within the KPI timescale. The 1 late payment was made within 16 days opposed to 10 days.

6. Workloads

- 6.1 The PAS has been monitoring the tasks outstanding and completed by the service since the 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 3442 tasks as at the 31st July 2021.
- 6.2 Up to the end of July 2021 we have completed 20,802 tasks and created 21,300.

7. Breaches

- 7.1 In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.



- 7.2 A red breach relating to the discovery of a small number of overpayments made to dependant members has been recorded in June. These were identified through an audit exercise and a follow up review of pensions in payment for dependant members submitted since the introduction of a new payroll system in 2018. The payments have now been rectified and the overpayments are being recovered with 2 of the 6 already being paid back in full. This was reported to the Pensions Regulator on 8 June 2021. The Regulator has confirmed that due to the changes to procedures we have already implemented, to reduce the risk of this happening again, there will be no further action required by them.
- 7.3 In May we have seen an increase in the number of breaches relating to the I-Connect submission for 11 schools. The submission is managed by one payroll provider, and this issue has been raised directly with both the payroll provider and the academies affected. The Team Leader from the employer relations team has spoken with the payroll provider and additional resources are being put in place to ensure the submission are done in time.
- 7.4 Through regular reviews of the breaches being logged we have identified an issue with admissions for contracts being let by Academies for catering and cleaning. Issues include delays in signing of the admission agreement, late payment of contributions and monthly data submissions.
- 7.5 Through discussion with both our Border to Coast Pension administration Group and our regional pension managers group, the issue has been raised via Local Pension Board Chairs to the Scheme Advisory Board. The PAS have

arranged an employer engagement event with Academies in the fund to provide information and guidance regarding the letting of contracts and their responsibilities for payment of pension liabilities and employees affected by the transfer.

8. McCloud project

8.1 The McCloud project is progressing as planned.

8.2 A statement issued by Luke Hall, Minister for Housing and Communities and Local Government confirmed that a response to the consultation regarding the final arrangements for changes should now be expected towards the end of the calendar year.

Key elements of the changes that are expected to be made to the LGPS Regulations are as follows:

- Underpin protection will apply to LGPS members who meet the revised qualifying criteria, principally that they were active in the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.
- The period of protection will apply from 1st April 2014 to 31st March 2022 but will cease earlier where a member leaves active membership or reaches their final salary scheme normal retirement age (normally 65) before 31st March 2022.
- Where a member stays in active membership beyond 31st March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier.
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.
- A 'two stage process' will apply for assessing the underpin so that, where there is a gap between a member's last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.
- Scheme regulations giving effect to the above changes will be retrospective to 1st April 2014.

8.3 The only consideration for the project is that the date for implementation has been suggested as April 2023, which would extend our timescales for delivering this project (April 2021 to March 2023)

9. Exit Payment update

- 9.1 The Restriction of Public Sector Exit Payments Regulations 2020 (“the regulations”) which imposed a cap of £95,000 on the payments which specified public sector exits, were revoked on 12th February 2021.
- 9.2 On 9th April 2021, the Ministry of Housing, Communities & Local Government (MHCLG) sent a notification for feedback on a new requirement for exit payments data, with an extension to the deadline of revenue outturn and capital outturn returns.
- 9.3 On the 2nd of July MHCLG issued a consultation in respect of the payment of special severance payments, and this consultation closes on 13 August 2021. The Local Government Association have provided a response to the Consultation, this can be seen at the link in background papers.
- 9.5 West Midland Employers will also be responding to the consultation document. The focus of the WME response will be regarding pension strain costs, where there is some discretion by employer’s to either waive reduction to benefits or award additional pension benefits on retirement.

The expectation is that any changes will be implemented quickly and therefore, there is a need to remain aware of any exits that may get caught up in any changing requirements.

10. Annual Benefit Statements

- 10.1 The Annual Benefit statement project has been completed. All statements have been issued by 31st August 2021.
- 10.2 This year, with the introduction of i-Connect we have been able to produce 97% of statements without error. This is in comparison to 81% last year. 3% are cases where there is data missing from records and these have been queried with employers. Once data is received statements will be re-run for those records requiring one.
- 10.3 16,930 Deferred Annual Benefits statements were sent on the 3rd June 2021 and 16,492 Active statements were sent on 16th August 2021.
- 10.4 The third-party Tracing Project is currently underway which has significantly improved the number of statements we have issued to our members. 2167 scheme members have been traced to a new address.

11. Internal Dispute Resolution Procedure (IDRP)

- 11.1 The Fund has received one IDRP at stage one, which was not upheld.

12. Update to the Administration strategy

- 12.1 Some minor changes have been made to the Administration Strategy. The changes made now ensure that employers must submit monthly data via I-connect following the completion of the implementation of I-Connect. There has also been some further information added regarding breaches.

13. Timescales associated with the decision and next steps

None

Appendices

None

Background Papers

https://lqpslibrary.org/assets/minutes/20210702_DSG_draft%20response.pdf

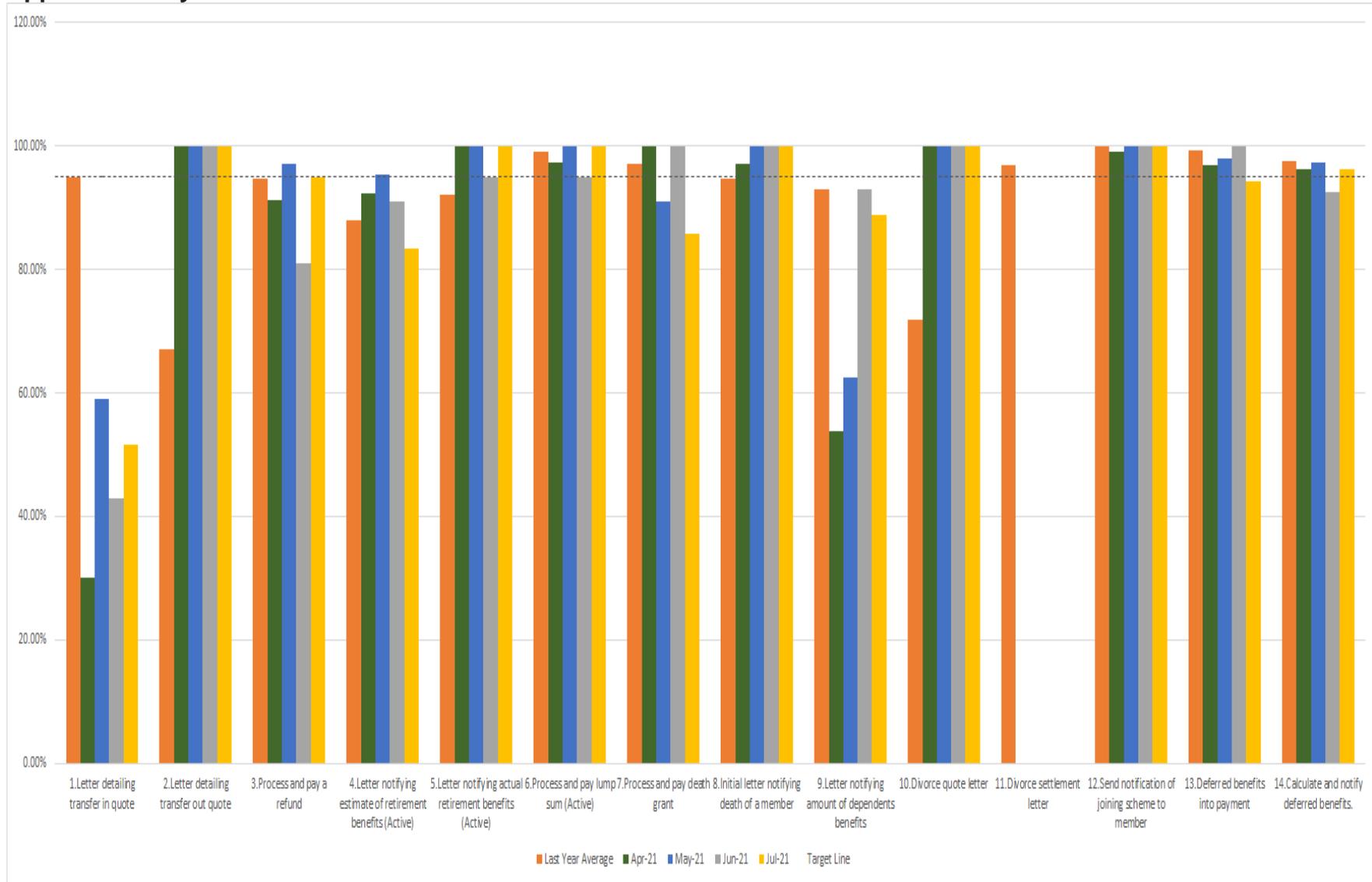
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The report was circulated to the following members prior to publication:

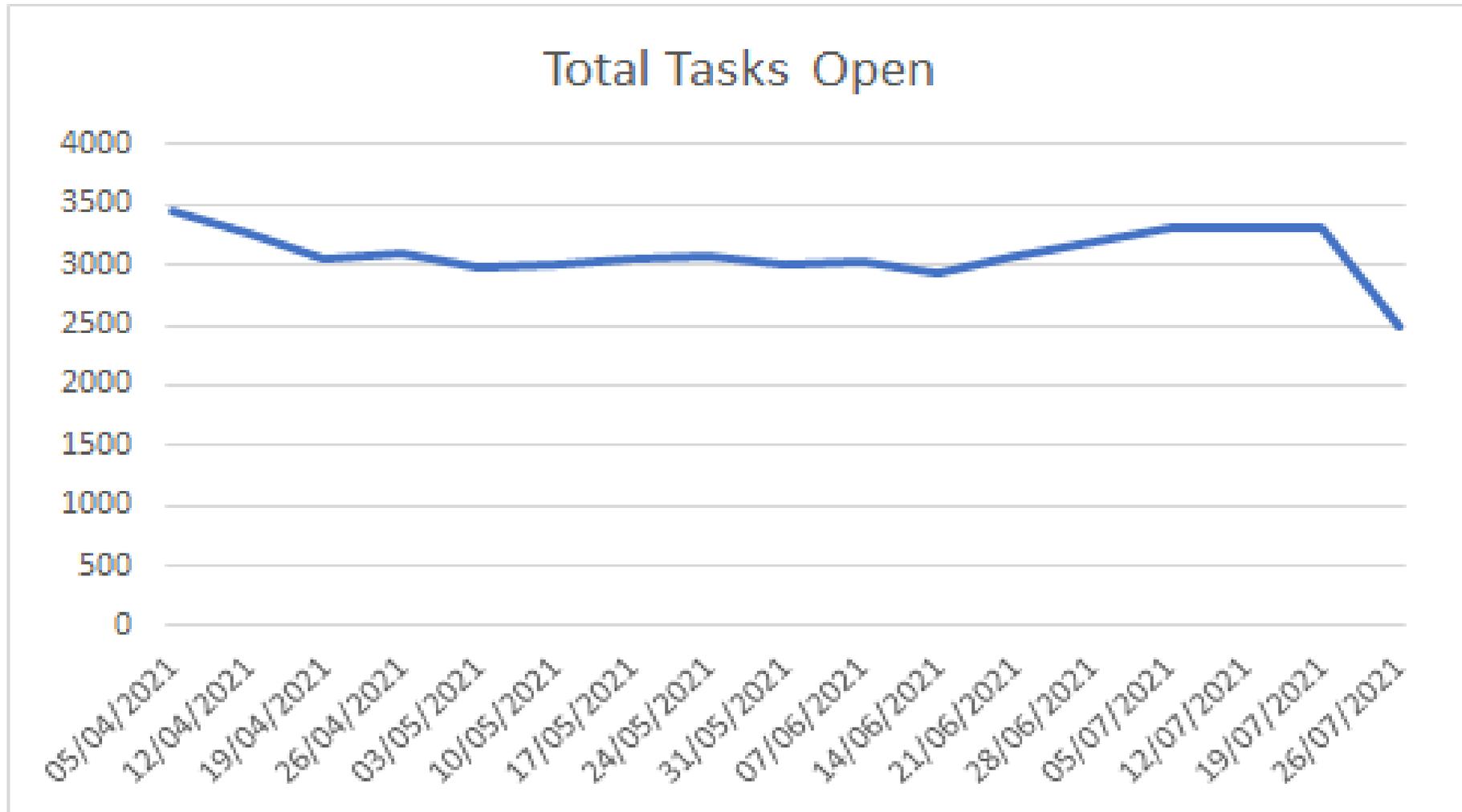
Local Member(s): Cllr Andy Jenns

Other members: n/a

Appendix 1 Key Performance Indicators



Appendix 2 total outstanding work



Appendix 3 Comparison of work created to work completed

