

DERBYSHIRE COUNTY COUNCIL**PENSIONS AND INVESTMENTS COMMITTEE****31 July 2019****Report of the Director of Finance and ICT****Quarterly Pension Administration Performance Report
1 April 2019 to 30 June 2019****1 Purpose of the Report**

To notify the Pensions and Investments Committee (the Committee) of the administration activity undertaken by the Pension Administration Team (the Team) of Derbyshire Pension Fund (the Fund), and the performance levels achieved, in the first quarter of 2019/20 (Q1).

It is to be noted that, due to the implementation of the new pension administration system (Altair) on 4th March 2019, the reporting of workload data is currently being redeveloped. Also, due to the fact that cases have been migrated to the new system, backlog reporting on long-term work tasks such as transfers and aggregations cannot commence immediately.

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3 Workload data

3.1 Membership numbers

| Membership | 31 March 2019 | 30 June 2019 | Change |
|-------------------|---------------|---------------|---------------|
| Actives | 41157 | 39774 | -3.36% |
| Deferred | 31136 | 31491 | +1.14% |
| Pensioners | 30024 | 30369 | +1.15% |
| Totals | 102317 | 101634 | -0.67% |

Table 1

The facility to report in more detail on membership movements each quarter is being developed. This will enable the accurate analysis of trends.

3.2 Achievement against standards

The statutory timescales against which performance is currently measured were set by The Occupational Pension Schemes Regulations 1996. Table 2 captures performance against these targets in Q1 of 2019/20.

| Case type | Total number of cases | Hit target | Missed target | % achieved Q1 |
|--------------------------|-----------------------|------------|---------------|---------------|
| Retirement Benefits paid | 368 | 359 | 9 | 97.5% |
| Death cases | 158 | 148 | 10 | 93.7% |
| Transfer Out paid | 18 | 18 | 0 | 100% |
| Transfer In quotes | 23 | 17 | 6 | 74% |
| Transfer Out quotes | 103 | 97 | 6 | 94% |
| Estimate requests | 221 | 211 | 10 | 95.5% |
| Refunds paid | 344 | 344 | 0 | 100% |

Table 2

The performance targets will be reviewed once the new pension administration system is fully established.

3.3 Monthly contribution returns

There is a statutory requirement for employers to remit contributions by the 19th of the month following deduction from payroll. Employer performance in this area during Q1 was as follows:

| Month | Total no. of returns expected | Received on time | Less than a week late | Between a week and a month late | Over a month late |
|-------|-------------------------------|------------------|-----------------------|---------------------------------|-------------------|
| April | 272 | 256 | 10 | 4 | 2 |
| May | 272 | 252 | 10 | 4 | 6 |

Table 3

Due to the collation of responses a month after contributions are due, this report can only include a full set of figures from the first two months of Q1. A late contribution return represents a statutory breach and each case is recorded. Where remedial efforts, including charging, are not successful in improving employer performance, this evidence will be used in support of the submission of a report to The Pension Regulator.

3.4 New academies and admission bodies

Thirteen new academies joined the Fund as scheme employers during Q1, as follows;

| New Academy | Academy Trust | New Scheme Employer From |
|------------------------------------|-----------------------------|--------------------------|
| Chellaston Junior School | Peak Multi Academy Trust | 01/04/2019 |
| Chellaston Infant School | | |
| Portway Junior School | Odyssey Collaborative Trust | |
| Cherry Tree Hill Primary School | | |
| Beaufort Community Primary School | | |
| Holme Hall Primary School | The Learners' Trust | |
| Brookfield Primary School | | |
| Richardson Endowed Primary School | Embark Multi-Academy Trust | 01/06/2019 |
| Woodthorpe CofE Primary School | DDAT | |
| Ashgate Croft School | The Learners' Trust | |
| Old Hall Junior School | | |
| Walton Holymoorside Primary School | | |
| Westfield Infant School | | |

Table 4

Four new admission bodies also joined the Fund in Q1, as follows;

| New Employer | Ceding Employer | Type of contract | TUPE date |
|---------------------------|---|-------------------------|------------------|
| Caterlink Ltd | De Ferrer's Trust , Granville (Part 2) | Catering | 01/04/2019 |
| Parkwood (Lex Leisure) | High Peak Borough Council (2 nd stage TUPE from Places for People) | Leisure Services | 01/04/2019 |
| Mellor's | Two Counties Trust (Wilsthorne, Frederick Gents & Heritage) | Catering | 13/04/2019 |
| Express Cleaners | Aldern House (Peak Park) | Cleaning | 06/05/2019 |

Table 5

3.5 Application for Adjudication of Disputes Procedure (AADP) update – progress on disputes involving the administering authority

There were no AADP cases presented to Pensions and Investment Committee for consideration during Q1.

4 Communications

4.1 Employer Newsletters

Two Newsletters were issued to employing authorities in Q1. Employer Newsletter 161 was issued in April 2019 and included information on the new scheme year 2019/2020, as well as reminders about revising employer discretions policies and submitting the year end return. Employer Newsletter 162 was issued in May 2019 and brought employers' attention to the exit payment cap consultation, the availability of assistance from the Fund with respect to the efficient provision of employer data, and a vacancy on the Pension Board.

4.2 Further written communications with employers during Q1 included;

- Employer risk profiling exercise 22/05/2019
- Briefing regarding the McCloud case 25/05/2019
- Further briefing on accounting requirements 07/06/2019
- Employer risk profiling reminders 19/06/2019
- Update regarding McCloud case 28/06/2019

4.3 Employer site visits during Q1 included;

- two training sessions with new staff at Derbyshire County Council's Shared Services Centre (10th and 13th May 2019)
- a presentation with Fire Service colleagues to Fund members potentially being impacted by restructuring (7th June 2019)
- an update meeting with colleagues at the University of Derby (28th June 2019)

5 Projects

5.1 Replacement Pension Administration System

Activity in Q1 has been dominated by the switch to the Altair system which went live on 4th March 2019.

Data conversion and mapping difficulties were experienced by the supplier during the project, and Heywood's team continues to work with the Fund's Project Team on data cleansing and a diminishing number of 'teething troubles'.

Two Team Briefings have been held internally since 'go-live' to enable the Project Team to understand the issues being experienced by the key users and to target training and system improvements effectively. The figures in Table 6 show how much more quickly processes have been being brought on line in the months after 'go-live' than was achievable with the previous system.

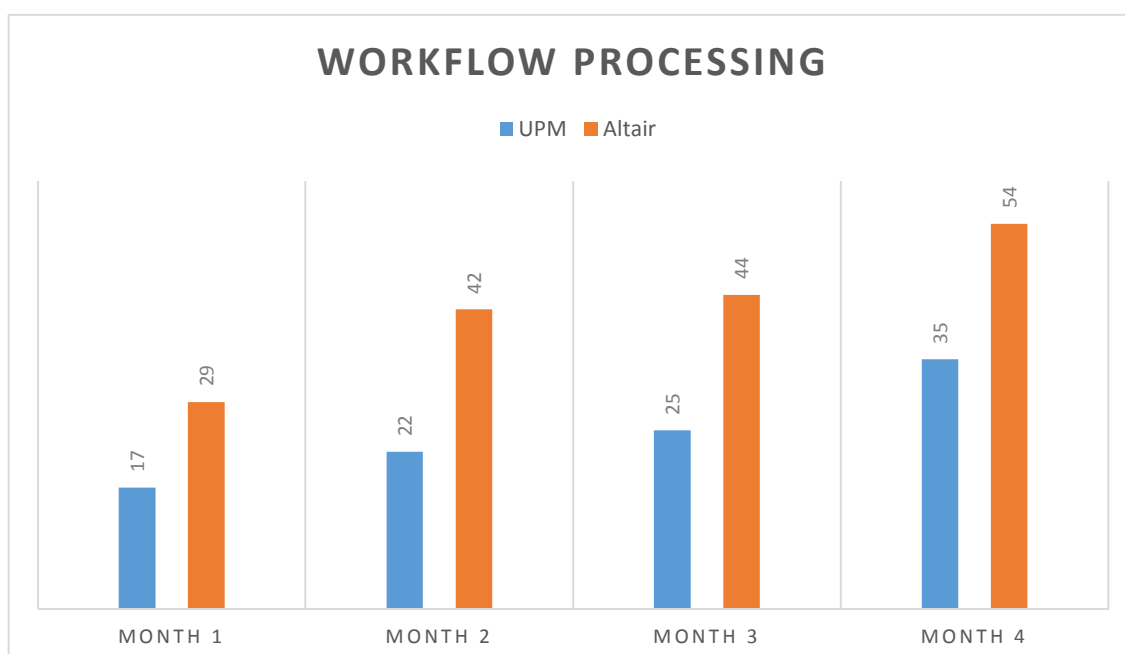


Table 6

5.2 Automated Employer Data Submission and Validation Module

Planning has commenced towards the implementation and roll out of an automated monthly data submission module for use by Fund

employers. The Fund is dependent upon the receipt of prompt and accurate data from its employers to enable accurate record keeping, funding decisions and benefit calculations.

Currently, this is achieved by a number of bespoke paper, email and spreadsheet methods, and the intention is to replace this with a strategic solution that standardises, automates and validates the data received from employers each month. A further benefit of the proposed solution is that it will enable contribution reconciliation to take place monthly, thereby relieving the pressure experienced at year-end. Members will be kept updated regarding developments.

6 Collaboration

Members of the Team have continued to learn, share and network with colleagues from other Funds and the wider industry at the following events during Q1;

- East Midlands Pensions Officers Group (EMPOG), Nottingham, 11th April 2019
- LGA Joint Communications Working Group, Wolverhampton, 11th April 2019
- Collaboration meeting with Leicestershire Pension Fund, Country Hall, 3rd May 2019
- Altair reporting options meeting with Staffordshire Pension Fund and South Yorkshire Pensions Authority, County Hall, 7th May 2019
- LGPS Strategic Admin Group, Stafford, 24th May 2019

7 Financial Considerations None

8 Other Considerations

In preparing this report the relevance of the following further factors has been considered: legal, human rights, human resources, equality and diversity, health, environmental, transport, property, value and prevention of crime and disorder.

9 Background Papers None

10 Officer's Recommendation

That the Committee notes the workloads and performance levels outlined in this report.

Peter Handford
Director of Finance and ICT