

DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE

22 October 2019

Report of the Director of Finance and ICT

Quarterly Pension Administration Performance Report
1 July 2019 to 30 September 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 second quarter of 2019/20 (Q2).

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3 Workload data

3.1 Membership numbers

The new pension administration system, Altair, has provided the opportunity to measure membership records more accurately and transparently. There is now the facility to report on 'Work in Progress' cases separately. Under the previous system, the number of active member records was inflated by cases that were no longer active but had yet to be processed. The number of deferred member records was also inflated in a similar manner. The figures in Table 1 are a much clearer reflection of the membership position than it was previously possible to provide.

Membership	30 Sept 2019
Actives	36,170
Deferred	27,940
Pensioners	30,323
Work in Progress	8,830
Totals	103,263

Table 1

The 'Work in Progress' figure includes backlog as well as current work and, as part of the backlog management work referred to in paragraph 5.3 below, will help to support progress towards getting all administration work up to date.

The facility to report in more detail on membership movements each quarter has also been developed. This will enable the accurate analysis of trends going forward.

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 Q2 of 2019/20.

The number of case types being measured will be reduced for a temporary period as the Team redevelops its reporting capability on the new system. As part of this redevelopment, the performance targets used will be reviewed as the efficiencies of the new pension administration system begin to be realised.

Case type	Total number of cases	Hit target	Missed target	% achieved Q2
Retirement Benefits paid	555	549	6	98.9%
Death cases	258	232	26	89.9%
Transfer Out paid	27	27	0	100%
Transfer Out quotes	121	94	27	77.7%
Estimate requests	272	255	17	93.8%
Refunds paid	301	300	1	99.7%

Table 2

Table 3 shows performance each quarter of 2019/20.

Case Type	Q1	Q2	Q3	Q4
Retirement Benefits paid	97.5%	98.9%		
Death cases	93.7%	89.9%		
Transfer Out paid	100%	100%		
Transfer Out quotes	94%	77.7%		
Estimate requests	95.5%	93.8%		
Refunds paid	100%	99.7%		

Table 3

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 for the three months to the end of August 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
June	264	249	7	1	7
July	262	250	9	2	1
August	268	251	5	12	0

Table 4

Due to the collation of responses a month after contributions are due, this report provides figures from the last month of Q1 and the first two months of Q2. 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

Fifteen new academies joined the Fund as scheme employers during Q2, as follows:

	New Academy	Academy Trust	New Scheme Employer From
Q2	Homefields Primary School	Peak Multi Academy Trust	01/07/2019
	Brooklands Primary School	Flying High Trust	01/07/2019
	Tupton Primary and Nursery Academy	The Redhill Academy Trust	01/07/2019
	Carlyle Infant and Nursery School	The Harmony Trust	01/08/2019
	Hackwood Primary Academy		01/09/2019
	Hodthorpe Primary School	The Learners' Trust	01/08/2019
	Kensington Junior Academy	Djanogly Learning Trust	01/08/2019
	Longford CofE Primary School	Embark Multi-Academy Trust	01/08/2019
	North East Derbyshire Support Centre	Esteem Multi-Academy Trust	01/08/2019
			01/08/2019

	St Clare's School		
	St Andrew's School	The Shaw Education Trust	01/09/2019
	Church Gresley Infant and Nursery School	John Taylor MAT	01/09/2019
	Ravensdale Junior School	Transform Trust	01/09/2019
	Chellaston Fields	The Spencer Academies Trust	01/09/2019
	The Mease At Hilton		01/09/2019

Table 5

One new admission body joined the Fund in Q2:

New Employer	Ceding Employer	Type of contract	TUPE date
Aspens	Kirk Hallam Academy	Catering	26/08/2019

Table 6

This takes the number of employers participating in the Fund to 311.

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

There was one AADP case presented to Pensions and Investment Committee for consideration during Q2, and two appeals against the administering authority that were resolved at Stage 1.

4 Communications

4.1 Employer Newsletter

An Employer Newsletter was issued to employing authorities on 23rd September 2019. It covered a number of relevant topics including the valuation, as well as the workplace drop-in sessions and employer events being planned for Q3. The Newsletter can be accessed on the Fund website at <https://www.derbyshirepensionfund.org.uk/site-elements/documents/pdf/employer-newsletter-163.pdf>.

4.2 An improved version of the Pension Calculator was released on the Fund's website in September 2019. The calculator assists Fund members with their retirement planning and, consequently, reduces the number of benefit estimates requested.

4.3 Employer meetings during Q2 included:

Date	Event	Location
25/07/2019	Catch up meeting	Derby City Council
22/08/2019	Underperforming employer meeting – XXX Town Council	County Hall
02/09/2019	Underperforming employer meeting – XXX Academy Trust	County Hall
03/09/2019	DCC - L1 performance review	County Hall

Table 7

4.4 Events for Fund members during Q2 included;

Date	Training	Location
11/07/2019	Understanding your Pension presentation	Chesterfield Borough Council
06/08/2019	Understanding your Pension presentation	Chesterfield Borough Council
05/09/2019	Understanding your Pension presentation	Derby Moor Academy
30/09/2019	Understanding your Annual Benefit Statement presentation	Chesterfield Borough Council

Table 8

5 Projects

5.1 Employer Discretions

Every LGPS Pension Fund employer is statutorily required to agree and publish its LGPS Discretions Policy. Changes to the LGPS Regulations in May 2018 required all employers to review and re-publish their Discretions Policies. The Team supported employers to achieve this by developing and sharing a comprehensive guidance document and a template form, backed up by a significant communications effort.

The result has been that, by the end of Q2, 284 (91.3%) of the Fund's 311 employing authorities were compliant. This compares very favourably with other LGPS Funds.

Of the remainder, 12 have an outdated policy and 15 have no policy at all. Non-compliance represents a statutory breach, therefore work will continue to incentivise employers to comply, and Committee will be updated on progress.

5.2 Annual Benefit Statements (ABSs)

ABSs were produced this year from the new pension administration system, Altair. While this improved the bulk processing times, enabling all accurate ABSs to be generated by the statutory deadline of 31st August 2019, the project was let down by significant issues with printing, packing and posting.

In total, 86% of Active ABSs and 87% of the Deferred ABSs (excluding suppressions) were produced by the deadline. A further 668 Actives and 566 Deferreds were sent in September bringing the percentages up to 88% and 89% respectively. There are a further 1405 Actives and 236 Deferreds that should be ready to go to members in the next few weeks.

There are a number of reasons why ABS are suppressed, thereby preventing the Team from producing 100% by the deadline. The majority of the issues with Active ABSs relate to pay queries that are yet to be resolved with employing authorities, and the main issue with Deferred ABSs is maintaining up to date addresses. There are also a further 6,251 records on the system that are under review, and it is likely that as those issues are resolved, some of these records will result in the production of a late ABS.

5.3 **Backlog Management Project**

Although backlogs in a number of areas such as starters, transfers and GMP reconciliation cases have been eliminated, backlogs have persisted in the areas of aggregations and deferred benefits. The backlogs are attributable to the difficulties experienced with the previous pension administration system and were enhanced during the migration to and the implementation of the new system.

Paragraphs 3.1 and 3.2 above, refer to the developments with regard to reporting, and it is expected that this will support the Backlog Management Project with accurate management information in order to ensure that resources are appropriately targeted. Members will be kept informed of progress on reducing the backlogs.

5.4 **Data Cleansing**

Data cleansing is a continuous operation involving a number of initiatives coordinated by the Fund's Data Improvement Plan. An external annual assessment of data quality is undertaken and the scores are reported to the Pensions Regulator. The assessment is broken down between common data and conditional or scheme specific data, and the results for Derbyshire Pension Fund for the last two years are:

	Common Data	Conditional Data
2018	95%	85%
2019	97.6%	92.3%

The improved data scores reflect the significant amount of data cleansing that was undertaken as part of the migration to the new pension administration system.

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 Q2:

- East Midlands Pensions Officers Group (EMPOG), Lincoln, 26th July 2019
- LGA Joint Communications Working Group, Flintshire County Council, 10th September 2019
- Collaboration meeting with Leicestershire Pension Fund and Nottinghamshire Pension Fund, Long Eaton, 2nd August 2019
- CLASS AGM (Altair User Group), Manchester, 3rd July 2019

7 Other Considerations

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

8 Officer's Recommendation

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

Peter Handford
Director of Finance and ICT