

ADMINISTRATION STRATEGY UPDATE

Purpose of the Report

1. The purpose of this report is to provide Members' with a further update of the Wiltshire Pension Fund's Administration Strategy following the interim report presented at the May Committee.

Background

2. Under the Local Government Pension Scheme (Administration) Regulations 2008, which came into force on 1 April 2008, each Local Government Pension Scheme (LGPS) Fund in England and Wales was empowered to produce and implement a Pension Administration Strategy, with an accompanying Service Level Agreement, which would apply to all employers in its Fund.
3. Wiltshire Pension Fund (WPF) formally implemented such a policy on 1 January 2010 following consultation with employers and this committee.
4. WPF has been collecting and analysing benefit administration performance related data, measuring both employer and Fund performance, since June 2009.
5. The final version of administration strategy can be found on the WPF website.
6. Broadly speaking, the areas covered in the administration strategy are: the timely and accurate payment of monies due to the Fund from employers, the timely and accurate notification of data required and the prompt notification of forthcoming changes to employer's status or employer's provision of services which will affect the Fund

Considerations for the Committee

6. The following paragraphs provide a high level overview of Fund and employer performance against the service level agreement targets set out in the administration strategy

Wiltshire Pension Fund administration performance

8. WPF continues to self assess against the 'timeliness' targets for high volume work by analysing against performance reporting, while internal and external Audit reports, indirectly, provide assessment against other areas covered in the Administration Strategy; such as our level of accuracy and the adequacy of record keeping.
9. WPF was initially meeting all 'timeliness' targets of five days to process high volume work. WPF has since moved beyond its targets set, after changing priorities to focusing on completing work related to the 2010 Fund Valuation. Now the data requirements for the Valuation are now complete, it's anticipated performance improving against these targets in line with the administrative targets set.

Employer administration performance

11. Nearly all employers continue to regularly meet the finance targets related to sending payments into the Fund. Notifications of employer reorganisation and contracting out of services to the Pension Fund have also improved, although some smaller ones for the local authorities and schools are not always dealt with in an satisfactory way (i.e. involving Pension's at the correct time in the process) but this is being addressed by the Employer Relationship Manager through continued communication with the relevant parties.
12. The levels of performance against the key benefits administration targets of data submission are more variable amongst employers. The largest two employers in the Fund, Wiltshire Council and Swindon Borough Council, have both experienced complications in recent years regarding the submission of accurate and prompt data to the Fund. However, within the last year, both councils have moved from a submission of time-consuming manual methods to automatic reporting from their payroll systems. This should improve their performance against the timeliness and accuracy targets.
13. After initial teething problems in receiving the required pension data from Wiltshire Council leading to the main high volume targets not being met (e.g. new starters, leavers and change of details) the situation has improved significantly, and Wiltshire Council's overall administration performance now appears to be satisfactory. The Fund is working closely with Wiltshire Council payroll to resolve the remaining on-going issues and the outstanding data issues highlighted from the current Valuation process. Officers are confident that once the remaining issues are resolved and information requested received, their overall performance will be significantly better.
15. Swindon Borough Council administrative performance has improved since analysis began last year and the general administrative procedures appear to be working well, although there is a significant amount of outstanding data issues highlighted from the Valuation process. Inevitably there are still issues to be resolved and improvements to be made to the mass data reporting before their overall performance and quality of data will reach a high level leading to administration time being saved for both parties.
16. Several other employers in the Fund currently don't meet the targets, although in membership number terms this is not statistically significant. Officers continue to work with them to address these issues and progress is being made.

Improving performance

17. WPF believes it has a good understanding of the administrative performance of employers and the issues faced to improve the quality of the Fund's data, although rectifying these issues are made difficult due to human error, the historical nature of some of the outstanding issues and the workloads of those supplying the data.
18. The Employer Relationship Manager, in conjunction with the Pensions Manager and the Operations Manager, is exploring innovative and pragmatic approaches to reduce the time-consuming nature for the employer to submit data and reports and for the Pension Fund to enter data and follow procedures. Already some of approaches used are helping reduce the administrative workload of employers and subsequently helping them to improve their administrative performance.
19. The Employer Relationship Manager is working with the relevant parties of Wiltshire Council and Swindon Borough Council to further ensure that pension issues are dealt with early in the process of any significant employer reorganisation or any contracting out of services, as required in the Administration Strategy.

Environmental Impact of the Proposal

16. There is no known environmental impact of this proposal.

Financial Considerations & Risk Assessment

17. There are no direct financial implications involved with the success of this Strategy. However, in the long term the meeting of the Strategy's targets will lead to a more efficient benefits administration service with the ability to redirect resources for the benefit of scheme members.
18. The Strategy will ensure the risks associated with PEN002 '*Failure to collect and account for contributions from employers and employees on time*' and PEN010 '*Failure to keep pension records up-to-date and accurate*' outlined elsewhere on this agenda are mitigated.

Reasons for Proposals

19. It is important to monitor the Administration strategy as it plays a significant role in ensuring the efficient day to day operation of the Fund and subsequently the service provided to scheme members.

Proposals

20. The Committee is asked to note this progress report of the Wiltshire Pension Fund Administration Strategy.

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Unpublished documents relied upon in the production of this report: NONE