

Date:	19th October 2015
Classification:	General Release
Title:	Data Sharing update
Report of:	Carolyn Beech Director of Human Resources
Wards Involved:	All
Policy Context:	Effective Control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1. Executive Summary

- 1.1 As requested by the board at the last meeting this report provides greater insight into the performance standards within the Section 101 agreement that is in place with Surrey County Council for the provision of pension administration services.
- 1.2 Integral within that agreement is a set of performance standards a copy of which is attached to this report.

2. Recommendation

- 2.1 That the board notes the performance standards as detailed in the section 101 agreement.
- 2.2 That the board recognises that further work needs to be carried out to prioritise the monitoring of these standards from this list. To control costs this must be agreed in collaboration with the Bi- borough councils (who were on-boarded into a similar agreement with Surrey County Council on the 1st September 2015)

3. Background

- 3.1 WCC has had an outsourced pension administration service provider since April 1992. For the majority of that time and through several retendering exercises the

London Pensions Fund Authority (LPFA) remained the contractor providing the service to the authority.

- 3.2 On the 1st September 2014 WCC and Surrey County Council agreed and implemented a section 101 agreement to replace the LPFA contract.
- 3.3 It is the responsibility of the pension administration contractor to maintain accurate administration records, to correctly interpret pension regulations and apply them to members of the fund with WCC. The contractor relies on accurate data submission from scheme employers and members to maintain accurate records.
- 3.4 Under a Section 101 local authority agreement the costs are transparent to both parties, and a fee agreed upon.
- 3.5 The on-boarding of Hammersmith & Fulham and Kensington & Chelsea opens the potential for economy of scale savings primarily through the joint purchase of Heywood Altair software licences that represents a significant percentage of the agreement price.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

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BACKGROUND PAPERS:

5. Performance Criteria

- 5.1 The performance criteria are divided into response times and accuracy of response. The response times are set out below. Any response or payment is required to have a 100% level of accuracy. Any overpayments made that are not recoverable shall be absorbed into the overall costs of providing the Delegated Functions and charged in accordance with Schedule 4.
- 5.2 Estimates of benefits to be calculated and provided to relevant officer as follows:-
- 0 – 10 cases within a maximum of 3 working days
 - 11-50 cases within a maximum of 5 working days
 - 51 cases or over within a maximum of 10 working days
- 5.3 Note the Authorised Officer may agree a specific timescale with Surrey for specific estimates or bulk jobs. If Surrey does not meet any of the timescales above this must be detailed in the monthly contract monitoring report.
- 5.4 Estimates of transfer value amounts to be provided to the member concerned within 30 days of receipt of all necessary information.
- 5.5 Notification of service purchased by an incoming transfer to be calculated and provided to the member concerned within 30 days of receipt of all necessary information.
- 5.6 Calculation and notification of preserved benefits to be provided to the member concerned within 30 days of occurrence or receipt of all necessary information.
- 5.7 Changes to data which materially affect actual or potential benefit calculations to be processed and provided to the member concerned within 30 days of occurrence or receipt of all necessary information, whichever is later.
- 5.8 Admissions and Inter fund Adjustment (IFA) in to be notified to the members concerned within 30 days of receipt of all necessary information, whichever is later.
- 5.9 Transfers and IFA out to be notified to the receiving scheme within 30 days of receipt of all necessary information.

- 5.10 The terms of purchasing additional pension to be notified to the member concerned within 15 days of all necessary information.
- 5.11 Refund of contributions, where due under the Regulations to be calculated and paid within 14 days of receipt of all necessary information.
- 5.12 Upon notification of a death of a pensioner Surrey will arrange for pension payments to cease immediately or recalled if the BACS tape has run in that month but payment has not been made as it is not yet the last working day of the month.
- 5.13 Letters will be sent to next of kin or other relevant party within 5 working days of receipt of notification of a death. Death cases to be finalised including the setting up of any dependents pension within 14 days of receipt of all necessary information.
- 5.14 Where Pensions have been overpaid to a deceased pensioner but the overpayment is less than £100 and Surrey was notified of the death within one month, Surrey may automatically write that sum off without referral to the Authorised Officer.
- 5.15 Where a pension is overpaid in excess of £100 Surrey will seek repayment from the relevant party. If repayment is not made Surrey must refer to the Authorised Officer with explanation.
- 5.16 Retirements, Redundancy and Compensation payments to be completed, including processing for payment of lump sums and notification to the member concerned, within 5 working days of receipt of all necessary information. Pension payments must be set up to run on the next available monthly pay run. For the avoidance of doubt the member does not have to have received the money within 5 working days, the payment just has to be entered on the system for payment.
- 5.17 Preserved benefits into payment to be completed including processing for payment of any lump sum and notification to the member concerned within 5 working days of receipt of all necessary information. Pension payments must be set up to run on the next available monthly pay run. Members with benefits due to come into payment shall be written to 3 months before payment is due setting out their options. Where no response has been received a reminder will be sent out one month before payment is due. If no response has been received by due date Surrey will engage a tracing agency to try to contact individual. WCC fund will pay for traces where necessary.
- 5.18 General correspondence to be dealt with within 10 working days including an acknowledgement and contact name after 2 days, if it is likely to take more than 5 days to complete a reply.
- 5.19 All data documentation and electronic inputs available up to and including the pension payroll deadline date to be processed accurately for that month's payroll.

- 5.20 Every pensioner shall receive a monthly pension advice payslip in the Months of April and May there after only where the net pension alters by £5 or more from the previous month. Payslips will be heat sealed or sealed or as otherwise agreed and sent to the registered home address by second class post at least 3 days before payment date.
- 5.21 Surrey will maintain a record of the pension payslips sent in order to deal with any queries and provide copies if originals go missing.
- 5.22 Westminster will require Surrey to set out process for pensioners to access their payslips online subject to security requirements at least 3 working days before the payment date.
- 5.23 Provide all pensioners with P60 forms within one month of the end of each tax year.
- 5.24 Ensure payroll is reconciled and validated before release of BACS transmission and FTP file transfer into WIMS.
- 5.25 Implement annual or age 55 Pension Increase awards (including any adjustments of pension) in the month that the increase becomes payable, see below.
- 5.26 In April each year the amount of pension in payment is increased by a percentage determined by central government. This increase is applied to all of the pensions over and above any guaranteed minimum pension (GMP) held for the individual. Surrey will be required to calculate all pensions increases in accordance with the provisions of the Social Security Pensions Act 1975 i.e. any increase up to 3% is also applied to the GMP accrued after April 1988. The increase is applied in full for those members who have been on pension for a year or more and on a sliding scale for those who have not.
- 5.27 The basic rate of increase and the sliding scale factors will be obtained by Surrey to produce a dummy run of the increase, followed, if necessary, by any adjustment run, due to error and then the actual run. The timings of the run will be dependent upon the publication of the increase factors but it is anticipated that dummy runs will take place during March with the actual run in April. The specific timescales and programme will be agreed with the Authorised Officer each year.
- 5.28 An electronic copy of the dummy run and actual run shall be produced with the following information:
- Name, Pension Number, Old Total Pension, Old Total Pension Increase (PI), Old Total GMP, Old Post 1988 GMP, Old Total Compensation Allowance, % Increase Applied, New Total Pension, New Total PI, New Total GMP, New Total Compensation Allowance, Monthly Adjustment for Each component.

- 5.29 Surrey will be required to notify the pensioners of the increase and its effect on their pension by standard letter in the month of the payment increase. Westminster expects Surrey to offer online access to this information at least 3 working days prior to the April pay run. Alternatively Westminster would like Surrey to develop an e-mail notification system where members can provide e-mail addresses to reduce the dependence on paper.
- 5.30 Maintain and update the payroll system in order to complete the return of all necessary periodic and annual returns such as P60 and P35.
- 5.31 Provide the Authorised Officer with a copy of the P35 report at year end.
- 5.32 Complete and return status enquiry forms from any statutory bodies, banks and building societies etc. within 3 working days of receipt of request.
- 5.33 In cases of overpayment liaise with the Authorised Officer as appropriate to enable recovery of overpayment and to provide the pensioner with a clear explanation of the overpayment within 5 working days after discovery of overpayment (unless otherwise agreed with the Authorised Officer).
- 5.34 Issue and process documentation associated with new pensioners/leavers to meet Inland Revenue regulations. P45's shall be forwarded to the HMRC within 5 working days of the cessation of the pension on the payroll system.
- 5.35 Maintain accurate pension files on both the pensions data storage, calculation and payroll systems that the Authorised Officer may access. Surrey will also maintain in conjunction records of correspondence on the agreed document imaging system. Available records should be maintained for all active and deferred members. For ex members records should be actively maintained for two years and then archived for a further 18 years in case on enquiry.
- 5.36 Provide Pension payroll data in addition to any overpayments, errors or movement analysis in the monthly reporting as requested by the Authorised Officer within 10 working days.