

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	20th October, 2010
3.	Title:	Information Flow to South Yorkshire Pensions Authority (SYPA)
4.	Directorate:	Chief Executive

5. Summary

A recent report received by the Council from the Audit Commission and KPMG has highlighted that the Council through RBT HR & Payroll has generally a very well regarded performance at providing timely and usable pensions data to the Pensions Authority.

There are however, some issues to note regarding the historical backlog that are impacting on Service Level Agreement (SLA) timescales. These are being worked through as time and resources allow which will improve the current performance statistics still further.

Further issues result from managers failing to supply information in an accurate and timely manner, that result in some Service Level Agreement deadlines being missed.

The Audit Commission, KPMG and SYPA confirm that the Rotherham MBC performance is recognised as the 'top performer' of the Metropolitan Borough members of the South Yorkshire Pensions Authority.

6. Recommendations

The Cabinet is asked to:-

- **Approve the report.**
- **To note the performance of RBT HR& Payroll in achieving a high level of performance and the activity to eliminate the remaining backlog cases.**
- **To support and endorse the steps being taken to encourage managers to supply timely and accurate data to the HR Service Centre to help meet the SLA deadlines.**
- **That a follow-up report be submitted to the Audit Committee on progress each year end once figures had been made available.**

7. Proposals and Details

a) Background

The recent report by the Audit Commission and KPMG on data flow between the Council and South Yorkshire Pensions Authority (SYPA) is attached at [Appendix 1](#) for information. This report highlights Rotherham MBC's performance and also sets out the various timescales for submission of data.

The report has highlighted the good performance against the standards in the regulatory Service Level Agreements (SLA's) and also in comparison with neighbouring Metropolitan Borough Councils.

The report however rightly highlights some areas of difficulty or reduced performance. In the main these are as a result of dealing with a significant historical backlog to processing pension information for our younger leavers who had not got immediate access to their pension benefits at the date they retired. Following more stringent requirements from the SYPA Actuary and changed arrangements for accounting for pensions liabilities together with the need for SYPA to produce annual pension statements for deferred pensioners, this has meant the backlog has become a much higher priority. Additionally these 'deferred' cases are counted against the current performance levels which skew the actual ongoing and current performance. It was suggested a more sensible approach could be to separate out the historical cases and deal with these as a discreet category thereby highlighting the actions required to eliminate the backlogs, but also this would more accurately reflect the current performance.

Colleagues in RBT HR& Payroll are working towards clearing the backlog by the end of the current financial year.

The Audit Commission and KPMG also highlighted the operational difficulties we experienced this year as a result of one of the 'external' HR & Payroll providers serving our schools (Schools First) not being able to balance their pension contributions annual return. Unfortunately this is combined by SYPA into the Rotherham return and led to us being quoted as 'missing' the completed return deadline. Despite them being a 'competitor' to the Council provider (RBT HR & Payroll) additional work is now being done by RBT to help Schools First comply and balance on a more regular basis in future. This should prevent a repeat of the situation this year where we were cited as non-complete by the deadline.

Other SLA shortfalls occasionally occur as a result of operational managers not sending in details of changes, new starters, or leavers on time. Additionally, managers often notify the HR Service Centre of changes being effective from a retrospective date meaning they are already outside the SLA timescales despite being handled quickly by RBT HR& Payroll once they were notified.

Reports on performance are tabled monthly via the RBT / Council Client management arrangements and so this enables close scrutiny of any issues as they arise. The Audit Commission and KPMG believed this was

satisfactory and a useful mechanism to address backlog activity, but felt there was a need to highlight the issues to Elected Members charged with governance responsibilities within the Council. While Elected Members acting as Trustees and representatives from this Council have regular updates on this performance, this report is tabled to provide this awareness to wider audience as recommended.

8. Finance

The establishment and maintenance of robust processes for the provision of information between the Council and SYPA is essential to ensure that:

- employees will be given correct information on which to make decisions on their pension choices, and their benefits will be calculated correctly;
- payments to retirees will be on time and Council staff will have a good 'pension experience' in their last contact with their employer;
- the Council does not incur a fine or incur additional charges for the late delivery of information, however as yet there has been no indication that these would be applied ;
- there will be no material impact on the valuation of the fund and correct charges will be levied on contributing authorities;
- queries to the Pension Fund will be at an acceptable level; and
- production of Annual Benefit Statements and year-end processing will not be delayed unduly.

9. Risks and Uncertainties

- a) RMBC's failure to fully comply with the SLA, when taken as a whole with other South Yorkshire MBCs, has potential risks:-
- SYPA cannot accurately calculate the annual benefit statements for members.
 - New retirees may not receive the correct pension or it may be late.
 - Incorrect employer contributions may be set due to inaccurate actuarial valuations.
- b) The SLA provides for the following penalties:-
- Persistent failure to comply with the requirements for the paying over of contributions will result in the Administering Authority taking the action required of Scheme Administrators by the Pensions Act 1995. That requirement is to inform the Pensions Regulator.
- c) SYPA reserve the right to notify the entire membership in the event of serious or persistent failure.

10. Policy and Performance Agenda Implications

- a) Community Strategy & Corporate Plan – ‘Proud, Achieving and Fairness’

The work of the Council in this area is to clearly demonstrate we are treating all our employees fairly and sensitively.

- b) Workforce Development Strategy 2009/12 – ‘Ensuring RMBC has a sustainable pay and reward structure’.
- c) A failure to retain employees and working through serious economic downturn could lead to skills shortages, high turnover and high recruitment costs while de-motivating those employees who remain.

11. Background Papers and Consultation

Regular reports are given to Elected Members in their role as Trustees of the SYPA. Briefing papers are supplied to Members in advance of any meetings to set out any issues from Rotherham MBC’s perspective.

Performance is highlighted at the Annual Employers Forum hosted by SYPA each year and discussions held as to ways to improve.

Rotherham MBC has introduced through a collaboration with SYPA ICT colleagues an electronic interface to help share data swiftly and from one input source to help minimise the potential for errors and delays.

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Appendix:

Appendix 1: Audit Commission and KPMG Report: Pensions Data Flows