

## Report of the Section 151 Officer

### Pension Fund Committee – 2 July 2015

#### i-CONNECT ROLL OUT - FUNDING REQUEST

<b>Purpose:</b>	The report requests approval funding from the Pension Fund to include more employers in the automatic transfer of data to the Pension Fund using the i-Connect software
<b>Reason for Decision:</b>	To ensure compliance with the Local Government Pension Scheme Regulations 2013 (as amended) and the Pensions Regulator's Code of Practice 14
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Recommendation(s):</b>	It is recommended that: 1) The Pension Panel approve the funding to include more employers in the automatic transfer of data to the Pension Fund using i-Connect
<b>Report Author:</b>	Lynne Miller – Pensions Manager
<b>Finance Officer:</b>	Jeff Dong – Treasury & Technical Officer
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	N/A

#### 1.0 Introduction

- 1.1 The Committee approved the purchase of additional software (i-Connect) in 2012 to provide a method of automating the transfer of data from participating employers to the Pension Administration System, to ensure compliance and improve data quality.
- 1.2 An employer is also required to have additional software installed in order for i-Connect to be effective; therefore, approval was also given to meet the costs of funding of the software for the Fund's two largest employers, the City and County of Swansea and Neath Port Talbot CBC, due to the benefits it would provide to the Fund.
- 1.3 Neath Port Talbot CBC are now 'live' on i-Connect and the City and County of Swansea due to go live in June and the benefits of automatic transfer of data are already evident. It would therefore now be beneficial to extend the use of i-Connect to other employers who participate in the Fund.

## **2.0 Main Body of Report**

- 2.1 i-Connect improves the flow of data, ensuring that the employer meets its statutory obligations to provide information to the Pension Fund, by transferring data directly and securely, on a pay period basis. This ensures that the Fund is aware of every new Scheme member, leaver and changes to existing members' circumstances, as well as providing real-time information in respect of the Career Average Revaluation Earnings (CARE) element of the Scheme and improving the timescale of the end-of-year reconciliation process.
- 2.2 Although there have been a variety of software and resourcing issues since its installation in 2013, which impacted on testing, Neath Port Talbot CBC is now live on i-Connect, with the City and County of Swansea due to go to live in June.
- 2.3 The benefits of using i-Connect are already apparent. End-of-year reconciliation for Neath Port Talbot CBC was completed in a few days compared to the weeks that it had taken previously.
- 2.4 In addition there has been an impact on the administration processes. The benefits of i-Connect had already been anticipated by allowing two members of staff to be released on ER/VR thereby deleting two Grade 4 posts. The automation of creating records and amending existing records on the pension administration database has therefore alleviated work pressure on the remaining staff to allow them more time to deal with the more complex aspects of pension administration.
- 2.5 The City and County of Swansea and Neath Port Talbot CBC are the Fund's two largest employers. This means that 86% of the Fund's active membership data will be verified each pay period, using i-Connect, to ensure data quality and comply with legislation and the Pensions Regulator guidance.
- 2.6 It is not cost effective to use i-Connect for employers with a small number of active members; however, there are a further six employers where active membership exceeds 200. If approval was given to fund the cost of providing the software for these, it would mean that 99% of the membership data would be automated, leading to an increase in efficiency and compliance.
- 2.7 Although the implementation of i-Connect has not been without issues, lessons have been learned from the experience. In future, before considering entering into a contract for i-Connect, the Pension Section will provide a test file to ensure that an employer's payroll system can extract the correct data in the correct format.
- 2.8 This has been tested with one of our admitted bodies, NPT Homes, who are now ready to commence using the software if approval is given.

2.9 If approval is given, the remaining five employers would also be brought on to i-Connect on a rolling programme, providing there is confidence that each payroll system is capable of extracting the required the data in the required format.

### **3.0 General Issues**

3.1 There are no other variations proposed.

### **4.0 Equality and Engagement Implications**

None

### **5.0 Financial Implications**

5.1 The current Fund cost for i-Connect is £17,716 per annum. In addition the Fund also meets the annual costs of £7,540 for the City and County of Swansea and Neath Port Talbot CBC.

5.2 The cost of the i-Connect software is calculated on an annual basis for each employer and is banded according to their active membership.

The additional costs for the six employers would be as follows:

Gower College Swansea (453 active members) £555.00

NPTC Group (553 active members) £625.00

UW Trinity St David Swansea (234 active members) £381.00

Celtic Community Leisure (298 active members) £424.00

NPT Homes (435 active members) £514.00

Gwrp Gwalia (230 active members) £381.00

Total additional cost if all above employers are funded: £2,880.00;

### **6.0 Legal Implications**

6.1 Penalties could be incurred for non-compliance with legislation and breach of the Pensions Regulator guidance regarding data quality

**Background Papers:** None

**Appendices:** None