

Report to: Pension Committee

Date of meeting: 15 June 2018

By: Chief Finance Officer

Title: Officers' Report - Pensions Governance and Administrations

Purpose: To provide a general update to the Pension Committee on matters related to the Committee activities.

RECOMMENDATION – The Committee is recommended to note the update.

1. Introduction

1.1 This report provides an update on matters relating to the Committee's activities.

2. National Development - updates

Local Government Pension Scheme pooling and Funds Collaboration

2.1. The ACCESS pool update has been provided through a separate report (Part 2) at this meeting.

3. General Data Protection Regulation (GDPR)

3.1 The General Data Protection Regulation (GDPR) has applied in the UK since 25 May 2018. GDPR is a major reform which will affect all organisations, including Local Government Pension Scheme (LGPS) administering authorities that hold and process personal data. The GDPR will replace current Data Protection Act 1998 (DPA) legislation and will bring about a considerable number of changes which organisations will be expected to implement and be able to comply with ahead of this date. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.

3.2 The legislative changes will impact the way East Sussex County Council ("The Council") engages and interacts with its customers and places expectations on it which must be met. The intention of GDPR is to raise the levels of personal data security and privacy protections across all data processors and controllers. Advice obtained from the Council's legal services is that under GDPR, the Council will be a data controller for LGPS data, while the Orbis Business Operation services will be a data processor on behalf of East Sussex Pension Fund (ESPF) for LGPS administration.

3.3 The Fund circulated the Memorandum of Understanding (MoU) to the Pension Committee and Board members on 22 May 2018 and issued the MOU to participating employers on 25 May 2018. The document is also available on the East Sussex County Council website using the following link:

3.4 A privacy notice for members and beneficiaries of the Fund can be found on the [ESPF website](#).

4. Pensions Administration

4.1 The following items were presented to and considered by the Pension Board. A brief summary is provided below with any actions.

Performance Indicators

4.2 Certain activities during the January – March period fell short of target resulting in "red" status. Whilst most were low impact to the customer, during February, payment of lump sums was delayed in 11 cases by an average of 10 days. March delivered green status in this area.

GMP reconciliation

4.3 A progress report was provided detailing the records which had been successfully reconciled and those remaining outstanding. The Board was advised it was not possible at this

time to provide an indication of level of liability to the Pensions Fund due to the number of cases currently un-reconciled. The Committee will recall the requirement to commission a specialist organisation to carry out the next stage of reconciling the remaining complex cases directly with HM Revenues & Custom (HMRC). The Committee will also be aware that following the proposed mini tender exercise carried out by Procurement, and engagement with the Committee, JLT was selected to undertake this activity which we are pleased to advise has now commenced.

4.4 The Board was also advised that the exercise will require decisions to be made on certain analysis outcomes, with a range of examples of such scenarios listed in the Board report. Officers will invite Board and Committee Chairs to comment on such recommended decisions through email communication.

Annual benefit statement update

4.5 A separate report was considered which detailed progress on the production of the Annual Benefit Statements for 2018 in advance of the statutory deadline of 31 August. A plan was shared detailing the activities underway to support preparation and production of the active scheme member statements which relies on employers' end of year returns. At the request of the Board, a further update has since been provided with further progress on the status of returns. The Governance team has supported the Administration team to secure outstanding returns, which at time of writing showed an overall rate of 84%, representing 96% of total employees.

4.6 Further detail was provided relating to the data cleansing undertaken to prepare the deferred member statement production and accuracy of reaching the scheme members.

4.7 Active member statements will commence issuance in June. Invitations will be sent initially to scheme members who have registered for self service, with further phases during July and a final paper production in August. Statements for deferred members are expected to be produced by the end of July.

Recruitment – Pensions Lead Manager

4.5 The Board was advised that recruitment to the post of Lead Pension Manager, vacated by Jason Bailey on 20 April was underway. Since the Board met, we are pleased to report Michael Mann has been appointed to the role and will start in October following his notice period with current employer, the People's Pension. The Board was reassured that during this interim period, Rob Clarke, Head of Operations, will be responsible for the Administration teams.

5. Pension Committee Agenda

5.1 The next meeting of the Committee is scheduled for 16 July 2018, which is the Annual Investment Strategy Day. However, there will be an additional one-item Pension Committee meeting seeking approval of the Annual Report 2017/18 and the Independent Auditor's (KPMG) Report to those charged with governance.

5.2 The draft agenda for the 24 September 2018 includes:

- LGPS Pooling – ACCESS Pool Update;
- Annual review of the Fund's ESG approach
- Review on the investment strategy and Manager benchmarking

6. Conclusion and reasons for recommendations

6.1 The Committee is recommended to note the general update regarding the Pension Fund activities.

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