Report to:	**Pension Committee**
Date of meeting:	**24 September 2018**
By:	**Chief Operating Officer**
Title:	**Officers' Report – Business Operations**
Purpose:	**Update on current administration themes in relation to the service provided to the Pension Fund by Orbis Business Operations**

RECOMMENDATIONS

The Committee is recommended to:

1. note the update on Administration KPI performance as described in section 2

2. note the update on GMP reconciliation exercise as described in section 3

3. approve the approach and expenditure described in section 4 relating to data reporting to the Pensions Regulator.

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1   Introduction

1.1   Business Operations within Orbis has prepared this summary of topical administration activities that may be of interest to the Committee. This report is provided for information and the Committee is invited to comment.

2   Key Performance Indicators

2.1   **Appendix 1** shows the monthly performance summary for the 6 months leading to July 2018.

2.2   We are pleased to report a positive performance across the core administrative tasks with all measures showing a green status during the May – July period.

3   GMP Reconciliation

3.1   The Committee will recall instruction was approved by the Committee to commission specialist firm JLT to carry out the final phases of the GMP reconciliation with HMRC. JLT has been provided with the necessary data pertaining to the remaining 11,500 records which need reconciled. This will enable the Pension Fund to reach a decision on rectification of any genuine under/over payments.

3.2   We are expecting the first report to be provided by JLT by mid September and the Committee will be provided with an update at the meeting.

3.3   In preparation for the work required to be undertaken within the operational environment, a project manager has been assigned to co-ordinate the activities and decisions required which will include liaison with the Board and Committee chairs and other key stakeholders.

3.4   Commencing in September and through to November, it will be necessary to engage with the Pension Board and Committee outside of the normal cycle of meetings in order to secure decisions based on output analysis which will help meet the deadline.

4 Common and Conditional Data scores

4.1 The Committee may be aware that administrating authorities have an obligation to complete a data scoring exercise as part of the Pensions Regulator's Administration and Governance survey. The survey is due to be issued in September with 6 weeks to complete.

4.2 With respect to the scoring approach, the Local Government Association (LGA) have been considering a standardised approach for local authorities to adopt to ensure consistency. Despite efforts, they concluded in late July that a common approach is neither feasible nor cost effective in the first year. Administering authorities are therefore being asked to adopt their own approach and encouraged to liaise with their IT software provider and actuarial adviser on how best to meet the survey's requirements.

4.3 Consequently, Orbis has undertaken a multi scheme approach with Heywoods, leveraging the buying power a larger data user has to specify and negotiate the provision of the reports using their expertise.

4.4 Heywoods will deliver analysis on a range of criteria that considers whether information is regarded as a pass or fail. There is a wide range of potential criteria which could be scored and a realistic approach will be agreed between the Administration and Governance teams.

4.5 The analysis will provide the data that will enable the Administration team to prioritise actions required to improve the data quality held for scheme members.

4.6 As part of cost sharing exercise with other Orbis partners, the cost to East Sussex Pension Fund (ESPF) to participate in the exercise will be £4,000 for a single year agreement.

4.7 The Committee is recommended to approve this expenditure.

5 Data Cleanse

5.1 The Board will be aware the next triennial valuation will take place in 2019. The primary purpose of the valuation is to assess the fund employer's assets and liabilities and to set employer contribution rates for the following three years.

5.2 In preparation for the valuation, it is vital that the data held by the scheme Administration is of the highest possible standard in order to reflect the true position for each scheme employer.

5.3 A plan is currently being prepared to carry out the data cleanse which will commence in October with the recruitment of dedicated resource to correct known errors initially. The plan will include engagement and agreement on the criteria with the Governance and Actuarial colleagues. This work is anticipated to be completed in January. The exercise described above relating to common and conditional data analysis will assist in improving the overall quality of data held.

5.4 Dedicated resource has been identified and will be in place to co-ordinate the exercise and to ensure the activities required are carried out in a timely manner.

6 Recruitment – Pensions Lead Manager

6.1 We are pleased to advise that an appointment has been made to replace the role of Lead Pensions Manager, vacated by Jason Bailey in April.

6.2 Michael Mann will be joining Orbis on 1st October and will take responsibility for the Administration of all Pension schemes, splitting his time between Lewes and Kingston.

6.3   Michael joins from the People's Pension, a not for profit master trust looking after 3.8 million members. As well as holding the current position of Operations Director (and trustee board member) he is able to demonstrate extensive pensions background previously working in defined member schemes and at the Pensions Regulator.

6.4   With Michael leading the future Business Operations updates, it is recommended that he attends the next Committee meeting by way of introduction.

6.5   During the interim period, Rob Clarke, continues to retain responsibility for the Administration teams.

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