

Report to: Pension Board

Date of meeting: 2 March 2020

By: Chief Operating Officer

Title of: Pension Administration – updates

Purpose: To provide an update to the Pension Board on matters relating to Pensions Administration activities.

RECOMMENDATION

The Board is recommended to note the report

1. Background

1.1 The Pensions Administration Team (PAT) based within Orbis Business Services carries out the operational, day-to-day tasks on behalf of the members and employers of the East Sussex Pension Fund (ESPF) and for the Administering Authority. They also lead on topical administration activities, projects and improvements that may have an impact on members of the Local Government Pension Scheme (LGPS).

2. Key Performance Indicators

2.1 The Performance Report, for the period October 2019 to January 2020 can be found at **Appendix 1**. There was a spike in work volumes in January 2020, but work volumes are normally averaging around 500 - 600 Key Performance Indicator (KPI) related cases per month.

2.2 Only 43 cases out of 2,776 were over target during October to January, and all were processed within 10 days of their SLA deadline. No complaints were recorded during this period.

2.3 December saw performance above target for all areas and given that work volumes doubled in January, only employer and employee projections were slightly below target.

2.4 Reports are showing a steady increase in membership numbers, from 75,944 at the start of the period (October 2019) to 76,570 at the end of the period (January 2020).

3. Staffing Update

3.1 Two new recruits joined the team in January 2020. Unfortunately, one has recently resigned due to personal circumstances but there is currently a very strong temporary member of staff on the team who we hope will take the permanent vacancy.

4. Pensions Helpdesk

4.1 From 4 November 2019, the Pensions Helpdesk, located in Kingston, took over all telephone calls from the Lewes PAT. This has had a real benefit on the team, releasing capacity to focus on more complex cases and life events for members.

4.2 The Helpdesk handled 2,606 calls during the period October 2019 to January 2020, and averaged a first point fix of 84.33%, against a target of 85%.

5. Undecided Leavers

5.1 At the November meeting the Board requested details of the number of undecided leaver records (status 2) broken down by Scheme Employer. This information can be found at **Appendix 2**.

5.2 Undecided leaver records are created when the PAT is made aware (usually via the end of year files from employers) that members have potentially left the Scheme but employers have not sent in the relevant leaver paperwork.

5.3 The PAT runs a report each month to check the status of undecided leaver records and leaver forms are requested.

5.4 Whilst members are in this status the liability of these records is unknown as they could become refunds, deferred benefits, transfers out, retirements or deaths. The PAT is working with the Fund Team to agree actions and engagement with employers.

6. Data Improvement Project

6.1 The PAT is supporting the work being carried out by Hymans Robertson relating to the data cleansing and 2020 Annual Benefit Statements (ABS).

7. Engagement and Education

7.1 The Engagement and Education Team have provided a number of draft documents to the Pension Fund for review/comment/sign off. These include Members Newsletter Autumn 2019, Employers Newsletter January 2020, Communications Plan and End of Year/Annual Benefit Statement (EOY/ABS) Plan.

7.2 We are working with the Fund team to enable the distribution of newsletters and the finalisation of critical annual processes, such as the Communications Plan and EOY/ABS Plan.

7.3 The Communications Plan and EOY/ABS Plan are being reviewed as a priority in order to commence the employer communications for the 2020 ABS.

8. Address Tracing

8.1 ITM has completed the electronic trace and are now carrying out the full trace on members who could not be traced in the electronic trace exercise.

8.2 The electronic trace results confirmed that 4,294 members now live at a new address, and these addresses have now been updated on Altair. The cost of the electronic trace for East Sussex was £6,915.90.

8.3 The full trace exercise is now underway, with an estimated cost of £20,052.25. The results for this typically take 10 – 12 weeks as this is a more lengthy process.

8.4 Further information can be found in the highlight report at **Appendix 3**.

9. Guaranteed Minimum Pension (GMP) Reconciliation

9.1 Mercer has now matched 100% of membership for the ESPF. They will implement the decisions made on the stalemate cases shortly, now that they have received the decision log from the ESPF. This should decrease any true GMP discrepancies still outstanding, currently at 6.42%.

9.2 HMRC will be sending the final Scheme Reconciliation Service cut off data imminently, but the exact date is not currently known. As soon as they receive this data, Mercer will then complete the final reconciliation reports and send these out to Funds.

9.3 HMRC has announced that it has reviewed the solution for automatically allocating payments received from pension schemes for individual members of their scheme. They will shortly be publishing details on the process all schemes will need to follow. This additional action will impact on the original timeline HMRC published for the issue of the final data cuts. Mercer is in communication with HMRC regarding the position with the CEP payments and the process they are rolling out. They will confirm the position once known.

9.4 More information can be found in the highlight report at **Appendix 4**.

10. iConnect

10.1 I-Connect, the employers digital monthly data capture system, is being rolled out by the PAT to the internal Orbis payroll providers at both Surrey County Council and East Sussex County Council. The implementation of this system will provide regular monthly returns from employers, supporting the need for improved and more frequent data. The implementation will be phased, with Surrey Pension Fund going first, closely followed by ESPF, to give a controlled and manageable delivery of this new system.

10.2 I-Connect need to carry out testing to make sure that the connectivity is working and set up the demonstration site.

10.3 User acceptance testing with the Pensions Team and i-Connect will be taking place within the next month. The Implementation Lead from i-Connect will be visiting at the time of the user acceptance testing to assist and meet with the main Surrey employer, who will be the first to go live, and similarly with East Sussex employers, who use East Sussex payroll as their provider, soon after.

10.4 The SAP file needs to be built so that the main Surrey and East Sussex employer can test and load the data from Payroll to i-Connect. A meeting has taken place with the internal SAP team and the main payroll provider, East Sussex, to discuss what is needed and these discussions are ongoing to ensure that the SAP extract file can be built within the necessary timescales.

10.5 The highlight report at **Appendix 5** provides further information.

11. System Review

11.1 Tom Lewis has been engaging with all pension funds regarding the procurement strategy of setting up a single supplier framework for the funds to call off. East Sussex have agreed to be named on the procurement for the Orbis Pension Administration System. This is due to go to open market on 9 March 2020.

11.2 This week the functional specification has been workshopped with internal stakeholders and amendments have been made. The procurement process is also going to include supplier demonstrations for bidders to demonstrate areas of the system that have been identified as key functionalities of pension administration.

11.3 The highlight report for this project can be found at **Appendix 6**.

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