

**Report to:** Pension Board  
**Date of meeting:** 8 June 2020  
**By:** Chief Operating Officer  
**Title:** Pension Administration - updates  
**Purpose:** To provide an update to the Pension Board on matters relating to Pensions Administration activities.

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## **RECOMMENDATION**

**The Board is Recommended to:**

- 1) note the updates;**
  - 2) Note the progress of management in implementing the agreed actions arising from the two internal audit reports (appendix 5); and**
  - 3) Note the areas for which no actions have progressed (appendix 5).**
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### **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 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 LGPS.

### **2. Key Performance Indicators**

2.1 The Performance Report, for the period February to April 2020 can be found at **Appendix 1**. Since the start of the lockdown, the Head of Pensions Administration has been providing weekly updates on performance against the Pensions Regulators priority case types (Deaths, Retirement and Refunds). Details of the number of cases received, cases completed, and outstanding cases can be found at **Appendix 2**.

2.2 For the period February to April 2020, 18 cases out of 1,694 were over target during February to April. One complaint was recorded during this period. This complaint was responded to on the same day and was primarily an employer issue.

2.3 February saw performance above target for all areas and given that lockdown started during March, only employer and employee projections were slightly below target in that month, and transfers in and employer estimates were slightly below target in April. These case types are not classed as a priority by the Pensions Regulator during the Covid-19 pandemic, therefore efforts have been focussed on the priority cases. Some slippage on non-priority cases may happen as a result of the effects of remote working.

2.4 Reports are showing a slight increase in membership numbers, from 76,762 at the start of the period (February) to 76,851 at the end of the period (April).

### **3. Staffing Update**

3.1 A temporary member of the team has recently taken up a permanent position. Two members of the team have recently resigned. One is joining the Police and the other is taking a position with East Sussex Employee Services.

#### 4. Pensions Helpdesk

4.1 The Helpdesk have adapted well to the requirement to work from home. Initially, all enquiries could only be sent to the team via e-mail, however the telephony has been arranged so that agents can take calls from home.

4.2 A reduced telephony service is being offered between the hours of 10:00 to 12:00, and 14:00 to 16:00. 5.5 FTE are taking calls, 1 FTE dealing with e-mails and 3 FTE training/dealing with Member Self Service (MSS) queries.

4.3 A message has been placed on the phonenumber to let callers know that the team are focusing on high priority work (Deaths, Retirements and Refunds), and that response times to other types of work may be delayed during the lockdown. This message is being reviewed on a regular basis.

4.4 The team are still managing to provide an exceptional level of service as evident from the feedback results shown below (from week commencing 11 May):



4.2 The Helpdesk handled 2,037 calls during the period February to April and averaged a first point fix of 77%.

#### 5 McCloud

5.1 The Scheme Advisory Board (SAB) agreed to create two working parties to help implement the outcome of McCloud judgement in the LGPS. They will be a small policy group to consider policy areas not determined by HMT and a larger implementation group consisting of practitioners, actuaries, software providers, employers and member representatives, which will explore the challenges of communicating the changes.

5.2 The Local Government Association (LGA) expects a consultation on proposed LGPS regulation changes in the spring but there may be a delay before they are implemented depending on the extent of the changes required to primary legislation. This, in turn, may lead to uncertainty and legal challenges against employers and SAB will keep employers and scheme members informed with regular communications.

## **6. End of Year Accounts – Pension Overpayments**

6.1 As part of the work on the end of year accounts, the number and value of pension overpayments is recorded.

6.2 For 2018/19 there were 8 overpayments outstanding, at a value of £5,000.

6.3 With the introduction of the Tell Us Once service, combined with regular mortality screening, there were 2 outstanding overpayments at the end of 2020 at a value of £2,000.

## **7. Engagement and Education**

7.1 Since the outbreak of the Coronavirus pandemic, the work items have been amended to allow for the focus on essential information.

- Member presentations and drop in sessions have been cancelled until further notice. Once the pandemic has ended, these will resume and it is envisaged that there will be a substantial demand to compensate for the cancelled meetings.
- All Technical Groups, for example the Communications Working Group, have been cancelled until further notice. They are likely to re-commence in a remote format.
- Detailed Member Self Service figures have been extracted and a report will be issued based upon the demographic of the registered members.
- Creation and monitoring of employer's issues log to help identify areas of education. These have been included in the Employer newsletter.
- Second Employer 2020 newsletter issued to all Employers.
- Pensioner newsletter has been issued to the printers for dispatch.
- Active member newsletter has been reviewed by the fund and is ready to dispatch.
- Deferred newsletter has been issued to the pension fund for review.
- Staff survey results have been analysed. The report will be issued shortly for review.
- LGA bulletin reviews, highlighting important actions and information, issued monthly to funds for onward distribution to employers.
- Member Self Service survey results have been issued to the fund for information.
- Member Self Service videos are being investigated due to the normal production methods being unavailable due to the virus.
- New Starter processes amended to encourage enrolment to Member Self Service portal and is in the process of being fully documented to ensure compliance.
- Full audit of Fund Website documents in progress. All LGA documents will be reviewed and replaced when they have been released by the LGA following the end of year increases.
- Monthly review of MSS sign up figures to review effectiveness of campaigns and inclusion within Monthly Reports.
- New Orbis website has been delayed due to the coronavirus. The Web Development Team should be able to commence development within the next month.

- Creation and maintenance of comprehensive employer contact list.
- End of year update sent to the fund on the 6 May. Next update due 29 May.
- Issue of end of year chaser emails to employers who have missed the cut-off date of 30 April.

7.2 The results from the recent MSS survey have been collated with 822 responses being received, which have provided valuable feedback. The results and proposals for improvement can be found at **Appendix 3**.

7.3 In general, feedback on the portal was positive with members mainly accessing the site to view their Annual Benefit Statement. One question that was vital as part of this survey was to find out what members would like to be able to do that they can't now. The main points were easier login, ability to contact the pensions team direct through the portal, 'how to' guides and the ability to upload documents.

7.4 The Engagement & Education Team continue to send out regular reminders to members to register for MSS ahead of the publication of Annual Benefit Statements.

## **8. Address Tracing**

8.1 The address tracing exercise by ITM is now complete as of 30 April.

8.2 ITM traced 6,525 new addresses, in both the electronic and full trace, out of 11,004 deferred records with no address, or confirmation of correct address.

8.3 All newly identified addresses have been updated on Altair by the Systems & Support Team.

8.4 Early June a summary report will be prepared outlining how successful the address tracing exercise has been, plus our recommendations for an annual tracing exercise and expanding the scope to include those reaching retirement.

## **9. Guaranteed Minimum Pension (GMP) Reconciliation**

9.1 The work with Mercer has been progressing well and is moving closer to begin the reconciliation work and understanding the liability costs.

9.2 Mercer have matched 100% of membership data and have completed the implementation of the decisions made on the stalemate cases.

9.3 HMRC are still to advise or upload the final SRS data cut. However, they have announced that they have 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.

## **10. iConnect**

10.1 The implementation plan is underway. There have been changes to the plan due to the current situation regarding Covid-19 so training and testing is having to take place remotely.

10.2 The next step is to build the SAP file so that East Sussex (as the main employer) can test and load the data from payroll to iConnect. This has now been subsumed into another project looking at the collaboration of Pensions and Payroll, including the demands on the SAP team.

10.3 The SAP team are still on track with the agreed timescales, with the file being built by early June. If testing goes well, go live is expected for July.

## **11. Pensions Increase**

11.1 The annual pension increase for April 2020 was completed by Heywood's on 27th April.

11.2 The work was largely successful in processing, however uncovered a number of non-critical errors and warnings which are the result of historical failings and local decisions on what was deemed an error and were therefore not reviewed in previous years pension increase runs. A meeting with Heywood's has been held to fully understand the errors and warnings, which will then allow for the pension service to identify which cases need to be reviewed as a priority. It should be noted that the errors or warnings does not necessarily indicate an error or an issue with the individual's record or the amount of pension or compensation they are being paid. These could just be instances where upon checking the record, it is all correct.

## **12 Annual Benefit Statements**

12.1 The ABS plan for 2020 has been discussed and agreed with funds. This year the project is being managed by Sarah Spence, Project Manager, and supported by Chloe Painter, Project Support.

12.2 Communications have been sent to scheme employers monthly since January, with a deadline for completed returns set as 30 April. Some employers have expressed concerns at meeting the deadline due to the current situation, so an extension to 15 May has been agreed.

12.3 As part of the project regular updates on the number of returns received is being shared with the funds and non-compliance will be discussed to agree next steps.

12.4 To date, 102 of the 129 scheme employers have submitted acceptable end of year data. An additional 4 returns have been received but have not been accepted due to errors with the data or we have been unable to access the attachments. There are returns missing from 23 employers.

12.5 The templates have been reviewed and updated, with the aim of making them easier to understand (taking on board feedback from the Pensions Helpdesk). The templates have been shared with all funds.

## **13 Annual Schedule of Events**

13.1 The annual schedule for 2020 has been drafted and can be found at **Appendix 4**. The schedule covers all statutory events plus any Fund specific items.

13.2 The next steps are for the Fund to review and approve the schedule. In the meantime, the Systems and Support Team have been working to the current document.

## **14 Employer Functions**

14.1 A review is underway of all employer related functions that are currently carried out by the PAT.

14.2 The outcome of the review will be to ensure that all employer related functions sit within the appropriate East Sussex County Council department i.e. HR/Payroll.

14.3 Orbis PAT should only be responsible for carrying out duties on behalf of East Sussex Pension Fund as the Administering Authority.

## **15. Progress of implementation of agreed actions arising from Internal Audit reports**

15.1 Under the Local Government Pension Scheme (LGPS) Regulations, the Council has a statutory responsibility to administer and manage the Fund in accordance with the rules of the Local Government Pension Scheme (LGPS) which are set out in the following regulations:

- The Local Government Pension Scheme Regulations 2013;
- The Local Government Pension Scheme Transitional Provisions, Savings and Amendment Regulations 2014; and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

15.2 The review of management's progress in implementing the agreed actions arising from internal audit reports by the Pension Committee and Pension Board is an integral part of the oversight process and is critical to improving the internal control environment for the pension fund in line with the revised Internal Audit Strategy for Pensions.

15.3 **Appendix 5** updates the Pension Board on the progress of implementing the Management Actions agreed for the Pension Administration Audit on Compliance with Regulatory Controls.

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