

Report to: Pension Board

Date of meeting: 5 November 2021

By: Chief Finance Officer

Title: 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 updates and make any comments for feedback to the Pension Committee.

1. Background

1.1 The in-house Pensions Administration Team (PAT) 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 (KPI)

2.1 The Performance Report for the period October 2020 to September 2021 can be found at **Appendix 1**. The PAT saw performance numbers during quarter three 2021, average at 98.37% (volume completed 2,370) improve from the previous quarter of 95.40% (volume completed 1,788). The numbers are quite different from the same period 12 months ago – 93.54% (volume completed 1,553).

2.2 Under the Good Governance Review, documents were developed and updated covering the Service Level Agreement and Roles & Responsibilities with the future “in-house” PAT rather than provided through Orbis Business Services. A fee has been agreed with Aquila Heywood to implement the new performance measurements and this work was completed in Altair in early October 2021. We are now creating a new Key Performance Indicator (KPI) reporting dashboard within Altair Insights and expect this to be presented in the new format. In the meantime, the KPI is presented, whilst from the new East Sussex database, continue to be based upon the Orbis internal measurements.

2.3 The Orbis Pensions Helpdesk was introduced in November 2019 and their performance for the last 12 months is shown in **Appendix 2**. With effect from April 2021, we began the implementation of a new gold standard service provision. The final phase was the service improvement period before we commence formal performance management against the new East Sussex County Council (ESCC) KPI's from October 2021.

3. Pension Administration Transfer and Staffing Update

3.1 All administration staff are continuing to work from home and only one team member has tested positive for COVID-19 (in September 2021) and fully recovered. Staff remain in good spirits and we closely monitor their wellbeing. The team did attend a team meeting in Lewes County Hall on 19 October 2021 followed by a lunch. It was lovely for everyone to meet, have a catch up and propose a team hybrid approach for a return to the office. It is, however, unlikely that the office will be widely available until early in 2022.

3.2 At the May 2021 meeting, we celebrated the Altair & MSS systems going live on time and budget. The Transition & Project Boards were closed down at the end of June 2021 when the IT Change Advisory Board approved the project closure and the systems are now business as usual (BAU). There were a small number of actions to be concluded and these are now been completed, including on 30 September 2021, the deletion of ESPF data from the Surrey County Council version of Altair.

4. Internal Audit

4.1 The Internal Audit team has now completed the 2020/21 Pensions Administration Audit to ensure compliance with Regulatory Controls. The Audit has included a review and evidence of the completed 2019/20 Audit Management Actions. We are very pleased with the Audit opinion improving from minimal to reasonable assurance. An update on progress against the new Management Actions are presented in **Appendix 3**.

5 Projects update

5.1 Data Improvement Project

We have continued to work on clearing historical issues as well as new discrepancies found since 2019 (when Hymans Robertson did the data cut). The current position as at 08/10/21 was:

Status 2 – 960 cases many of these have been found as part of the year end data cleansing. We anticipate that i-Connect will change this considerably going forwards. We have received 100's of leaver forms over the last two months – many currently being processed by PAT. Expect the number to reduce significantly by 31 December.

Status 8 – 114 cases we are trying to minimise the use of this status. New errors and duplicates are being actioned immediately they are discovered. 100's of duplicate records created in error as we on-boarded new employers to i-Connect (pay reference has to be 100% accurate or creates a new record on Altair).

Status 9 – 5,485 cases procedure in place to review cases three months before five years refund limit. In July 21 we asked ITM to trace 385 non-responders (wrote to twice to try to obtain bank account details to pay refund of contributions). Results have now been received and PAT are working through (139 same address – writing saying must have refund, 189 new address – writing to verify correct person before going through refund process, 56 could not find marked up as gone away).

CARE Pay – All gaps in pay have been investigated as part of the 2021 ABS project. The Team made 4,000+ queries on pre-April 20 data, mainly salaries.

Most of the other actions will be validated when we run the next Pensions Regulator validator reports to assess the Common and Conditional data scores before the end of 2021.

5.2 GMP Rectification

The project is on hold whilst the Orbis contract with Mercers is being agreed, it is anticipated this will be signed by the time the Board meet. We will then provide Mercers with a data extract of the 2021 pension increases for the pensioner population and possible access to Altair. Mercers can then start determining the over and underpayments for pensioners and looking at the draft communications. The project may not be concluded until after the 2022 pension increases.

5.3 Annual Benefits Statements (ABS) for 2020/21

All employers with active members provided year end data or submitted March 21 data via i-Connect. The data was verified and queries were raised on about 20% of employers' submissions. The data issues were passed back to employers and the vast majority corrected in time for ABS processing.

The ABS statutory deadline was 31 August 21 (31 October last year due to Covid-19) and the results of statements issued for eligible members were as follows:

Member category	2020	2021
Actives	97.20%	96.31%
Deferred	99.77%	99.69%

5.4 Abatement changes with effect from 1 April 2021

As agreed by the Pension Committee in June 2021, this process has ceased to be operated and the PAT has now run a report to identify cases re-employed over the last five years. 20 partially reduced cases have been manually identified from the 140 in scope and correct benefits calculated in October 2021. We intend to repeat the process for re-employed cases between five and ten years ago, in November. A letter has been issued to all pensioners informing them of the change in policy and asking them to contact the helpdesk if they believe they are impacted and have not already heard from us.

5.5 Annual Allowance historical review project

The project to correct the Annual Allowance for the period 2014/15 to 2019/20 has been awarded to Aon and a contract is in place. The PAT has provided them with the revised salary histories for the c.350 members in scope for review plus a couple of test cases prepared by Barnet Waddingham. We have now identified the cases impacted in 2020/21 and these have been contacted and added to the project scope.

5.6 Aon have queried the quality of the final pensionable pay data supplied by employers which is fundamental to the project. This will hold up the project until we have an opportunity to do some sample checks and determine the best way forward.

6 **Conclusion and reasons for recommendation**

6.1 The Pension Board is asked to note the report and make any comments for feedback to the Pension Committee.

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