

Report to: Pension Board

Date of meeting: 10 February 2022

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 or the Fund) 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 January 2021 to December 2021 can be found at **Appendix 1**. The PAT saw performance numbers during quarter four 2021, average at 97.07% (volume completed 2,188) which were similar to the previous quarter of 98.37% (volume completed 2,370). The volume numbers are quite different from the same period 12 months ago – 98.04% (volume completed 1,485).

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. The Fund is now creating a new KPI reporting dashboard within Altair Insights and expect this to be presented in the new format at the next meeting. In the meantime, the KPI’s presented, are now a mixture of the new East Sussex and the old Orbis internal measurements.

2.3 The Orbis Pensions Helpdesk was introduced in November 2019 and their performance since April 2021 is shown in **Appendix 2**. Since the disaggregation of Orbis the Fund implemented a new gold standard service provision. The report now includes task volumes undertaken. The helpdesk introduced a short call survey from December 2021 and the results are included in the Appendix.

3. Pension Administration Transfer and Staffing Update

3.1 All administration staff are continuing to work from home and remain in good spirits and we closely monitor their wellbeing. The team did attend team meetings in Lewes County Hall on 19 October and 3 December 2021. The wider Pensions team has proposed a hybrid approach for a return to the office. The Corporate Management Team are monitoring the changing position and the requirement to change guidance.

3.2 Job descriptions are being reviewed by the Council's Human Resources team for evaluation with one post evaluated in January 2022. The Fund hope once existing staff posts have been assessed and staff are able to assess the option of retaining their TUPE (Transfer of Undertakings, Protection of Employment regulations) terms with an East Sussex County Council contract we can then start actively recruiting the existing vacancies to better manage projects, manage additional workload resulting from the upcoming triennial valuation and new work created through the uptake of i-Connect with a robust team structure reducing key person risk.

4. Internal Audit

4.1 The Internal Audit team have completed the 2020/21 Pensions Administration Audit to ensure compliance with Regulatory Controls. An update on progress against the Management Actions are presented in **Appendix 3**.

5 Projects update

5.1 Data Improvement Project (DIP)

We now consider DIP part of Business As Usual and are focusing on three particular areas:

- a) Continue to monitor and review cases in Status 2 (undecided leavers), Status 8 (awaiting entry) and Status 9 (frozen refunds).
- b) Maintain the Pensions Regulator (tPR) common and conditional data scores – currently 96.3% and 95.7% respectively.
- c) Work with Barnett Waddingham on the initial valuation data quality.

5.2 GMP Rectification

The project is on hold whilst until the April 2022 pension increases for the pensioner population are finalized. This data will then be passed to Mercers to determine the over and underpayments for pensioners and looking at the draft communications. The rectification will likely be implemented in October 2022.

5.3 Annual Allowance (AA) historical review project

The project to correct the AA for the period 2014/15 to 2019/20 is in progress with the first results starting to come into the Fund from the external consultant, Aon. The PAT has provided Aon with the revised salary histories for the circa 350 members in scope for review. The Fund issued provisional letters prior to Christmas to all members impacted by AA in 2020/21 and these have been added to the project scope when communicating back to effected scheme members. Aon have queried the quality of the final pensionable pay data supplied by the various employers. This has been reviewed and corrected where appropriate. The first batches of historically completed calculations have been received and final spot checks are being undertaken before the data is input to the Altair system and communications produced.

5.4 Pension Increase April 2022

This will be the first time the in-house team have undertaken this project and planning is now underway.

5.5 ITM – monthly pensioner mortality checks and address tracing exercise

These projects are due to commence in February 2022 once a contract has been finalised with a specialist supplier.

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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