

**Report to:** Pension Committee

**Date of meeting:** 17 June 2022

**By:** Chief Finance Officer

**Title:** Pension Administration - updates

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

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## **RECOMMENDATION**

**The Pension Committee is recommended to note the report**

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### **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 April 2021 to March 2022 can be found at **Appendix 1**. The PAT saw performance numbers during quarter one 2022, average at 97.62% volume completed 2,358) which were similar to the previous quarter of 97.07% (volume completed 2,188). The volume numbers are quite different from the same period 12 months ago – 92.00% (volume completed 1,724).

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. Work has taken place with Aquila Heywood to implement the new performance measurements, and this was completed in Altair in early October 2021. The Fund are 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 now working on a hybrid approach and since April 2022 staff are attending Lewes County Hall on business need basis.

3.2 Job descriptions for the existing team have been reviewed by the Councils HR team for evaluation and new post job descriptions are being finalised. Existing staff have been offered the option to either of retaining their previous TUPE terms or switching to an ESCC contract. An advertising campaign has been drafted for recruiting to vacancies, to help better manage projects,

manage the 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. Projects update**

##### 4.1 Data Improvement Project

Data Improvement is part of business as usual and the team is currently 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 Pension Regulator (tPR) common and conditional data scores – on 16 May 2022, these were 96.3% and 95.76% respectively.
- c) Work with Barnett Waddingham on the initial valuation data quality.

##### 4.2 Pension Increase April 2022

This was the first time the in-house team have undertaken this project and it has been successfully completed providing most pensioners with a 3.1% pension uplift. The helpdesk has reported fewer enquiries than expected.

##### 4.3 GMP Rectification

The project is about to re-commence with a data extract including the April 2022 pension increases for the pensioner population. This data will 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.

##### 4.4 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 Fund has provided Aon with the revised salary histories for the c.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 checked. The data is being bulk uploaded into the Altair system and final communications produced.

##### 4.5 ITM – monthly pensioner mortality checks and address tracing exercise

These projects were due to commence in January 2022 but have been delayed with legal queries over some aspects of the contract (ITM have clarified about Government requirements of them to access the data analysis websites and the possible use of biometrics). We are now very close to finalising the contract with the specialist supplier.

##### 4.6 Annual Benefits Statements (ABS) – 2022

The end of year data requests for the non i-Connect employers was requested on 23 March 2022 and returns are being received. First reminders were issued on 10 May 2022 to those employers where data remained outstanding. The project plan and testing matrix have been prepared and the draft benefit statement template updated.

Following the 2021 ABS process, the Chairs of Pension Board and Pension Committee wrote to Brighton and Hove City Council's Chief Executive Officer, highlighting concerns with the data from the employer and failure to provide sufficient member data to issue 10% of members ABS letters. This followed a report to the regulator in the prior year. The letter included recognition of a number of mitigating factors which suggested there would be a vast improvement in data quality and timeliness. The Fund has yet to hear back from the employer as to actions to ensure complete and timely data for this year's statutory letters. In addition, the Fund are concerned there may be recurrence of prior year issues as the employer has not been able to reconcile the active membership ahead of on-boarding to i-Connect, in time to submit the March 22 data. We are still

trying to avoid a very late and separate year end return request. There are also other projects and regulatory data requirements outstanding or delivered significantly later than requested.

#### 4.7 Casual workers

On 11 April 2022 we wrote to those employers with casual workers who have not been paid for two years suggesting the employers should review their HR processes. Some have responded positively and cancelled the casual contracts or advised the individuals should no longer be on their books and they will provide leaver forms.

#### 4.8 Process Reviews

The PAT have now completed its first process review which was for Transfer Values out (covering both quotations and settlements) and incorporated the new scams regulation requirements. This included an update suite of letters and checklists. A training session on the new process was rolled-out to the team on 20 April 2022. Head of Pensions Administration will be the escalation point for all Amber and Red flag cases to determine the next steps.

### **5 Conclusion and reasons for recommendation**

5.1 The Pension Committee is asked to note the report.

**IAN GUTSELL**  
**Chief Finance Officer**

Contact Officer: Paul Punter, Head of Pensions Administration  
Email: [paul.punter@eastsussex.gov.uk](mailto:paul.punter@eastsussex.gov.uk)