

Report to: Pension Board

Date: 9 September 2022

By: Chief Finance Officer

Title: Employer Engagement Report

Purpose: This report updates the Board on Employer Engagement activities and the collection of Employer contributions up to June 2022 which were due on 19 July 2022.

RECOMMENDATION

The Pension Board is recommended to note the report

1. Background

1.1 This report is brought to the Pension Board to provide an update on employer engagement tasks that directly affect the East Sussex Pension Fund (ESPF or the Fund).

1.2 Scheme Employers (scheduled and admitted bodies) are required to pay both employee and employer contributions to the Fund monthly, no later than 19 days of the following month in which the contributions were deducted from payroll. The contribution rates for members is set out in the Local Government Pension Scheme (LGPS) Regulations. The Employer contribution rate is set at the triennial valuation and recorded in the rates and adjustment certificate issued by the Funds actuary or set on admission to the Fund agreed by the Funds actuary.

2. Supporting Information

i-Connect

2.1. The i-Connect project is continuing but has slowed in pace for larger employers due to the focus on the production of Annual Benefit Statements (ABS). Once the ABS project has been completed then the i-Connect role out for larger employers will increase, with the ambition to onboard all employers by the end of March 2023.

2.2. Although the larger employer onboarding has slowed in recent months, the roll out for smaller employers has continued and initial meetings and communications continue. This has really driven a good engagement with employers with the chance to meet and answer questions they may have on other topics.

2.3. The current numbers for the i-connect project:

Still to onboard	Initial enquiries ongoing	Started onboarding process	Onboarded
28	17	6	80

2.4. Larger scheme employers were planned for onboarding to i-Connect for year end to help with the production of ABS. Due to data issues and lack of resourcing from one of the larger

employers, onboarding on to i-Connect has not been possible for end of year. Onboarding of this employer is now postponed until September/October to allow us to focus and produce benefit statements for all other employers by the end of August 2022. Due to the inability of this employer onboarding or providing an end of year return, no active ABS statements will be produced for this employer by the deadline of 31st August 2022. This employer also runs payrolls for 3 other smaller employers, who have been onboarded to i-Connect, who will have active ABS produced.

2.5. With the large employers the Fund is required to carry out a lot of data cleansing and checks before we are able to go through the member matching and onboarding phase which creates a lot of work for the Engagement, Admin and Technical teams and means slower progress for onboarding employers using the file upload method. We have now recruited two new positions to the i-Connect team, due to start in September, which should help with onboarding and the monthly data file processing.

2.6. i-Connect files have been causing some administration process changes due to how i-Connect functions. One such issue has caused a spike in 'Next Day Transfer' task creation for the administration team. A few employers, due to the nature of how their payroll software runs, have caused a higher than normal volume of joiner and leaver tasks to be created. This did cause some confusion for employees of these employers. We have taken steps to reduce these issues by amending letters and the creation of one page help sheets, alongside some training at individual sites. We will continue to monitor this and are looking at administration processes to reduce the time taken to aggregate pension records.

2.7. The i-Connect project is continuing to cleanse employee data and has provided some real opportunities of engaging with employers on other matters. The Engagement team is aware that some employers may find the transition to i-Connect problematic with limits on time and technology. In these cases, the team has offered time and support to allow for a smooth transition alongside appropriate training. The team has begun visiting employers in person to carry out training and support.

Projects

2.8. The Team has been communicating with employers in reference to them providing the end of year salary data requirements. This data is required to allow for the preparation of ABS. The team have actively helped resolve employer queries on completing the data requests and sent reminders and chasers to employers in line with the ABS project plan.

2.9. The next 'Employer Forum' has been booked for the 24th November 2022 as an in person event. The invites for the event have been sent and the agenda will be finalised shortly. A large section of the Forum will be focusing on the Valuation and the new employer contribution rates for the next 3 year period.

2.10. The Engagement team has been trialling some training sessions with employers. The training provides information on the key topics of the LGPS and provides background information on pensions and employees choices on leaving. This training has been carried out virtually and at site. The feedback received directly or from survey responses has been very positive. More training sessions are confirmed for later in the year.

2.11. An ill health employer guide has now been produced and circulated to all employers, following a number of questions on this topic from scheme employers.

2.12. The Engagement Team is continuing to carry out a project to confirm all employers authorised signatories and contact information. This will allow us to check contribution forms are completed correctly and by an authorised officer and provide the team with a better breakdown of the relevant contacts we hold for employers and their team structures.

2.13. The McCloud data extracts have now been sent to all current employers. The deadline is 30 September 2022 for employers to check and return with any missing data. For some larger employers, this is a very large quantity of data for them to check and the Team is working with

these employers to offer help and guidance on completion. It may require these employers to be given an extension to the deadline.

Employer Contributions

3.1 The below table sets out the number of late payments, received after 19 days have elapsed following contributions deducted from payroll. Up to the June 2022.

Non-Cheque	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	115	115	117	117	117	118	119	121	122	123	123	125
Payments received late	3	9	8	2	3	1	2	3	0	5	5	4

Cheque	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	12	12	12	12	12	12	12	12	12	12	12	12
Payments received late	0	6	3	3	1	3	0	1	2	1	1	0

Overall	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total payments due	127	127	129	129	129	130	131	133	134	135	135	137
Payments received late	3	15	11	5	4	4	2	4	2	6	6	4

3.2 In the last 12-month period, there have been 66 late payments of contributions out of 1,576 expected payments (4%).

3.3 The Engagement Team has seen improvement from one employer that has had multiple late payments and received an administration charge. The Team has engaged with the employer and offered support and help where needed.

3.4 The Fund is not identifying further trends in these late payments or repeating late payments from the same employers. Reminders are sent to all employers throughout the month to try to reduce the number of late payments and forms. Any late payment results in a warning email alongside the offer of a phone call or Teams meeting to ascertain the reason for late payment and to correct this for the following month. If an employer is late again in a 12 month period then an administration charge is levied in line with the administration strategy.

4. Conclusion and reasons for recommendation

4.1 The Pension Board is recommended to note the updates provided in the report.

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