

**Report to:** Pension Board

**Date of meeting:** 9 September 2022

**By:** Chief Finance Officer

**Title:** Pension Administration Report

**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 note the updates and make any comments for feedback to the Pension Committee.**

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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 July 2021 to June 2022 can be found at **Appendix 1**. The PAT saw performance numbers during quarter two 2022, average at 97.91% volume completed (2,257) which were similar to the previous quarter of 97.62% (volume completed 2,358). The volume numbers are quite different from the same period 12 months ago – 95.40% (volume completed 1,788).

2.2 Following the Good Governance Review, the KPI targets were revised have been in place since October 2021, while earlier months are based on 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 Staffing Update**

3.1 Eight vacant roles were advertised in July 2022. Interviews have been undertaken and most positions filled with a couple being readvertised on 15 August for two further weeks. The last few job descriptions are being drafted. Four internal staff have been promoted, three remaining within the PAT business as usual team and one switching to the new i-Connect and data improvement team. Conditional offers have been made for three pension administrator positions and one apprentice.

### **4. Projects update**

#### **4.1 Data Improvement Project (DIP)**

DIP is part of the Funds ongoing activity with the current focus on the following on three 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 15 August 2022, these were 96.3% and 93.5% respectively.

c) Working with Barnett Waddingham (BW) on the initial valuation data quality. Preliminary results shared with the Administration working group on 16 August 2022 were very encouraging. The BW tool assesses the data provided to ensure it is fit for purpose, that is complete, accurate and consistent with the last valuation. As Brighton and Hove City Council (BHCC) have not provided data for the current year the Fund have received a report for all employers and a comparator report for all employers excluding BHCC. The full report showed a data quality for valuation purposes as B+ (0.8% data issues), excluding BHCC the data quality was classed as an A (0.2%). When looking at an employer level 168 employers were A- or better only eight were a C or less.

#### 4.2 GMP Rectification

The project has not been prioritised and the data extract including the April 2022 pension increases for the pensioner population has not been provided to Mercers in a timely manner. The result of the delay is that Mercers are unlikely to be able to implement any over or underpayments until after the April 2023 pension increases. Mercer need a six month plus lead in time to complete their findings when data is provided which needs to be during a window where pension increases are not carried out.

#### 4.3 Annual Allowance (AA) historical review project

The project to correct the AA for the period 2014/15 to 2020/21 is now seeing some good progress. Completed and in progress cases can be seen below:

<b>Current position</b>	<b>With Aon</b>	<b>With ESPF</b>	<b>With neither</b>	<b>Total</b>
In process	9			9
Pay data outstanding from the employer		11		11
Pay data queried		22		22
Removed from exercise			149	149
Completed and returned			223	223
<b>Grand Total</b>	<b>9</b>	<b>33</b>	<b>372</b>	<b>414</b>

The completed and returned data is being bulk uploaded into the Altair system and final communications produced.

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

The contract has been completed and the first set of mortality data was provided to ITM in late June 2022. The initial review looked back for any potential deaths since 2014. The results supplied has identified a relatively small number of potential deaths which are being investigated and a couple of pensions in payment suspended. The process going forward will identify just new deaths. The address tracing exercise will commence in October 2022 ensure the results are reviewed and implemented ahead of the 2023 Annual Benefit Statements (ABS) being released.

#### 4.5 Annual Benefits Statements – 2022

This update is being written ahead of the 31 August 2022 statutory deadline for the project so we are not in a position to give any final statistics, but these should be available for the Pension Committee meeting on 27 September 2022. The high-level summary of the current position is:

- 23,140 deferred members (including Councilors) have had their ABS produced and communications sent.

- The i-Connect employers have had their Active members ABS produced and communications sent.
- The non-i-Connect employers were being run from 22 August and should be communicated by 26 August.
- One employer has not responded to the initial request for end of year data and that only impacts one member; this employer is now engaging with the Fund.
- All BHCC 8,000+ active members were excluded from the project as BHCC were unable to provide year end data for this exercise, due to ongoing data discrepancies which led to the i-Connect file not being onboarded. Resources to resolve these will be reallocated in September 2022 to support BHCC further in providing data with the plan for ABS produced in October for those effected members. More details on this can be found in the exempt breaches report.
- A couple of employers changed their payroll references during the year which has caused a significant amount of additional work and about 100 cases are still to be resolved.
- There will be a final sweep up run of both Active and Deferred members to pick up any late data changes.

#### 4.6 i-Connect onboarding

During ABS season the focus and priority shifts so this project has slowed but continued with the current position on 16 August 2022 being as follows:

Still to onboard	Initial enquiries ongoing	Started onboarding process	Onboarded	Date
61	8	14	43	02/12/21
40	14	9	63	25/03/22
28	15	5	82*	16/08/22

\* Note: includes new admissions and academy conversions.

#### 4.7 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 to the suite of letters and checklists. A training session on the new process was rolled-out to the team on 20 April 2022.

Work on the death (multiple tasks) processes is progressing well with both the “as is” and “to be” processes documented. The team now need to bring the letters/templates/checklists and system in line with the agreed changes.

In July work commenced on the leavers process (both deferred benefits and refunds) for “as is”. The overall project has a programme board and is closely linked to and interacts with the Finance Areas of Focus and Robotics projects.

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

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

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