Report to:	Pension Board
Date of meeting:	15 November 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) and for the Administering Authority. The team 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 2021 to September 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 like the previous quarter. However, quarter three 2022, average fell to 94.28% (volume completed 2,464), with a low of 90.16% in September. This drop in performance reflected the need for significant team resources to be diverted to projects [specifically the end of year data cleansing for Annual Benefit Statement production and the Annual Allowance projects], senior staff taking time to interview to the number of ongoing vacant posts, while also being peak holiday season. The addition of new staff from the recent recruitment process will also start to alleviate future dips in performance during the summer peak period, however while new team members are being trained there will be a reallocation of staff time to help train and check work.

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 that provided through Orbis Business Services. These were implemented into Altair in early October 2021. The Fund have created a new KPI reporting dashboard within Altair Insights and expect this to be presented in the new format at the next meeting.

2.3   The Orbis Pensions Helpdesk was introduced in November 2019. Since the disaggregation of Orbis Pensions Administration in April 2021, the Fund implemented a new gold standard service provision and the results are included in **Appendix 2**. With effect from 25 November 2022 Surrey are taking their Pensions Helpdesk in-house. Currently ESPF is happy with the helpdesk performance so are no looking to immediately follow suit but will review available options in the Summer 2023.

3.   Pension Administration Transfer and Staffing Update

3.1   All administration staff are now working on a hybrid approach and are attending Lewes County Hall on business need basis. ESCC are reviewing the working arrangements via a staff survey in October 2022, with results expected in early 2023.

3.2   Eight vacant roles were advertised in July 2022. Interviews undertaken and most positions filled with a couple readvertised. We are pleased to say we have on 1 September 2022 promoted three staff from within plus one member of the administration team switched to the new i-Connect team. We have also made conditional offers for three pension administrator positions who later started on 3 October 2022 and one apprentice who started on 25 October 2022. Due to the promotions additional backfill vacancies were created so, together with the now agreed project manager role job description, five further vacancies were advertised on 31 October 2022.

4.   Projects update

4.1   <u>Annual Benefits Statements – 2022</u>
The final summary statistics at 31 August 2022 statutory deadline for the project were:

ABS year	Deferred members	Active members
2021	99.69%	95.86%
2022	99.79%	96.72% exc BHCC

All BHCC 8,000+ active members were excluded from the project due to ongoing data discrepancies which led to the i-Connect file not being onboarded. Resources to resolve these were reallocated in September 2022 and slow progress is being made. It is anticipated the employer will be onboarded and ABS issued by 31 December 2022. This has been recorded on the Breach register.

4.2   <u>Annual Allowance (AA)</u>
The project to correct the AA for the period 2014/15 to 2020/21 is now seeing some good progress and Aon recently provided the following update:

Position at 29 September	With Aon	With ESPF	Completed	Total
In process	1			1
Pay data outstanding from the employer		11		11
Pay data queried		13		13
Removed from exercise			149	149
Completed and returned			241	241
Grand Total	**1**	**24**	**390**	**415**

The historical project was put on hold in September 2022 to enable the AA exercise for 2021/22 to be processed ahead of the 6 October 2022 deadline. The Fund determined the cases probably in scope for 2021/22 and wrote to the employers for final salary data for the year to 5 April 2022 (except BHCC). Where a member is identified for the first time, final salary data is required from employers for the previous three years. This data was required by 16 September and the deadline was met by most employers. The Fund could only commit to process and provide Pension Saving Statements to members where employers provided data by the deadline. The results at 5 October 2022 for the 152 cases in scope were:

- 131 processed
- 8 with insufficient or no pay data
- 5 where data was received but post deadline
- 8 were in the outstanding batch of historic project cases

The Fund anticipate all the outstanding historical and 2021/22 cases to be completed well ahead of the 31 January 2023 tax return deadline.

4.3   Process Reviews

The PAT have completed the first process review for Transfer Values out (covering both quotations and settlements) and incorporated the new scams regulation requirements. This included an updated 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 Fund need to bring the letters/templates/checklists and system in line with the agreed changes. A pilot of the new streamlined process is underway in November 2022.

In July work commenced on the leavers process (both deferred benefits and refunds), the "as is" finalized and "to be" documented and being reviewed.

In October 2022 the team started on the transfer-in & interfunds' processes.

The overall project has a programmed board and is closely linked to and interacts with the Finance Areas of Focus and Robotics projects. There are currently seven pensions proposals for automation with the robotics team.

4.5   McCloud update

Progress includes:

- Data collection templates / letters prepared and issued in July 2022 to 140 active employers.
- Data return deadline was 30 September 2022 and we received returns from 50 employers. These are being quality reviewed and bulk uploaded to Altair in November 2022.
- Data return deadline dates extended to 31 October or 30 November for 90 employers including ESCC and BHCC.
- In total Heywood provided data for 263 employers so the balance 123 non active employers are being investigated. It is anticipated it will not be necessary to issue data requests for many of these.

4.6   Data Improvement Project (DIP)

Data Improvement is considered part of business as usual, the team have been 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 15 August 2022, these were 96.3% and 93.5% respectively.

c) Valuation data quality, which was assessed by a Barnett Waddingham tool to ensure the data provided was fit for purpose. The results for 199 employers placed ESCC near the top of the 22 local authority returns that BW had received. The full report was B+ (0.8% data issues) and these were predominantly connected to the BHCC missing salary and salary dates. The version excluding BHCC 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.

4.7   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 unable to implement any over or underpayments until after the April 2023 pension increases. We had not appreciated they needed a six month plus lead in time to complete their findings.

4.8   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 commenced in October 2022 with the provision of deferred member data to ITM. The Fund will ensure the results are reviewed and implemented ahead of the 2023 ABS being released.

5   Conclusion and reasons for recommendation

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

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