

Report to: Pension Board

Date: 8 February 2023

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 December 2022 which were due on 19 January 2023.

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 (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 are set annually by the LGPS and are based on salary bandings. 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, and we are looking to onboard as many as possible employers by the end of March 2023. We are aware that some employers may not be prepared to onboard by the end of March but we will work with them to be onboarded as soon as they are ready.

2.2. Although the focus has moved to larger employer onboarding in recent months, the engagement for smaller employers has developed with initial meetings and communications continuing. This has really driven 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/engage with	Initial enquiries ongoing	In Progress to onboard	Onboarded
4	15	13	104

2.4. Before the Fund are able to onboard employers, there is a member matching and data cleansing phase, which creates a lot of work for the Engagement, Admin and Technical teams. The

two new starters to the i-Connect team are now up to speed and have helped both with the onboarding of new employers and the monthly data file processing. The Fund have also recruited a third position to the i-Connect team who is due to start in February and will really help drive the final push to get all employers onboarded to the system.

2.5. 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 are aware that some employers may find the transition to i-Connect problematic with limits on time and technology, in these cases the team have offered time and support to allow for a smooth transition alongside appropriate training. The team have offered to visit employers in person to carry out training and support.

2.6. As the Fund has onboarded more than 100 employers, the team have come across many process issues that were not expected, due to the way that i-Connect functions. The Fund is progressing how it responds to issues that arise, but it has allowed the knowledge across the whole i-Connect team to improve. The team are constantly exploring the best approach on how to deal with these in combination with the employer and the software company Heywoods. The team are constantly reviewing our processes and specifications to reflect any changes that are made.

Employer Forum and Employer training

2.7. The 'Employer Forum' took place on the 24 November 2022 as an in person event. This was the first in person event held for 3 years. The event was held at the Brighton Hove Albion Football Stadium (AMEX) and we had around 80 attendees made up of Employers, officers and Board and Committee members. A large proportion of the day was focused on the Valuation and the new employer contribution rates for the next 3 year period. Scheme Employers were given the opportunity on the day to speak to the Actuaries directly on the rates provided. The overall feedback from the event was very positive and it was a great opportunity to engage with employers on a variety of topics.

2.8. The Engagement team has continued the training/education sessions with employers and their members. This training and education has been carried out virtually and on site. The training provides information on key topics of the Local Government Pension Scheme and provides background information on pensions and employees choices on leaving. The feedback received directly or from survey responses has been very positive. The Fund have engaged with over 400 members across all the training and education sessions to date. The team will continue to offer bespoke training and financial education sessions for all employers within the Fund.

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 December 2022.

All payment methods	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Total Payments Due	131	133	134	136	136	137	137	137	136	138	138	138
Payments Received Late	2	4	2	6	5	4	2	1	3	1	0	0

3.2 In the last 12-month period, there have been 30 late payments of contributions out of 1,631 expected payments (2%) and only one late payment in the last quarter. Those employers paying by cheque have reduced significantly in the past 12 months and this is no longer a cause for late payments. Employer payment numbers are slightly higher than employers for i-Connect due to

multi academy trust payments can be for single employers while the trust complete a single submission on i-Connect.

3.3 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 late forms. Any late payment results in a warning e-mail alongside the offer of a phone call or Teams meeting to ascertain the reason for late payment 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.

3.4 As part of an improvement to increase the governance of the monthly contribution process following a recommendation by Internal Audit, the Fund has been checking that all LGPS31 contribution forms are being signed and reviewed by the relevant section 151 Officer or approved delegated power. Any discrepancies are returned to the employer to rectify before being accepted by the Fund. We carry out an annual check that we hold relevant authorised signatories for each employer.

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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