

Report to: Pension Board

Date of meeting: 08 February 2023

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. 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 January 2022 to December 2022 can be found at **Appendix 1**. The PAT saw performance numbers during quarter four 2022, average at 95.43% (volume completed 2,550) which were improved from the previous quarter (94.28% with a volume of 2,464) as team resources were returned from projects.

2.2 Under the Good Governance Review carried out by the Fund in 2020, documents were developed and updated which included the Service Level Agreement and Roles & Responsibilities for the administrator, these were implemented into Altair in early October 2021. Since then, the Fund has created a new KPI reporting dashboard within Altair Insights and expect this to be presented in the new format once the software provider has made some changes to the underlying system.

2.3 The Board requested the KPIs be benchmarked against other funds and the initial results are included in **Appendix 4** there is limited access to comparable KPI data of other funds as the KPI's are not always consistent and as an industry this information is not shared or benchmarked. The Fund reached out to its neighbouring funds through the Southern Area Pension officer Group, with only a couple sharing their KPI's. The Fund will endeavour to expand the comparators and assess its performance and standards of excellence.

2.4 In April 2021 the Fund implemented a new gold standard service provision for the Pensions Helpdesk and the results are included in **Appendix 2**. With effect from 25 November 2022, Surrey CC took their Pensions Helpdesk in-house. Currently ESPF is happy with the helpdesk performance but will review the option to bring the service in-house in the Summer 2023.

3. Pension Administration Transfer and Staffing Update

3.1 All administration staff continue working on a hybrid approach and are attending Lewes County Hall on business need basis. ESCC reviewed the working arrangements via a staff survey

in October 2022, with results and recommendations expected to be presented to CMT in March 2023.

3.2 Five vacancies were advertised on 31 October 2022. The Fund have made conditional offers for two pension administrator and one i-Connect administrator positions, it is hoped these new staff can start on 13 February 2023. In January 2023 Fund officers interviewed for the Projects manager role and a conditional offer made, which was accepted and it is planned that the individual will start in three months. After these appointments the PAT team are down to two vacancies and these will be advertised in February 2023. The latest PAT structure chart is included in **Appendix 3**.

4. Projects update

4.1 Annual Benefits Statements – 2022

All BHCC active members were excluded from the project due to data discrepancies which led to the i-Connect file not being onboarded. During January 23 the vast majority of these were issued, further details will be made available under the exempt breaches report.

4.2 Annual Allowance (AA) historical review project

The project to correct the AA for the period 2014/15 to 2020/21 is now completed from a member's perspective. PAT need to now coordinate the tax position including penalties and interest with HMRC.

The AA exercise for 2021/22 is now complete, with the exception of BHCC.

Due to the difficulties with AA, the Fund arranged for external training to be rolled out to senior officers and those members who had breached the annual allowance limit in recent years, holding an online webinar and in person seminar. This training covered an explanation of what is AA, how it is calculated and reported plus how to record on tax self-assessments. A recording of one event was added to the Fund website.

4.3 Process Reviews

The PAT have now completed some process reviews and each includes:

- Creating a flowchart of the existing "as is" process
- Creating a flowchart of the new "to be" process
- Updating the suite of letters and documents connected to the tasks
- Revising checklists to account for changes made
- Training sessions on the new process rolled-out where required

Completed areas	Current position
Transfer out – quotations & payments	Complete and new process in place
Leavers – frozen & actual refunds	Submitted to robotics for automation review
Leavers – deferred	Submitted to robotics for automation review
Bulk new starters	Robotics team scoping task
Ongoing areas	
Deaths – multiple tasks	Trialing new process
Transfers-in – quotations & payments	"As is" map produced
Aggregation within ESCC - combining	"As is" map produced
Aggregation with LGPS – interfund in	"As is" map produced
Aggregation with LGPS – interfund out	25/01/2023 "as is" meeting arranged
Next areas	
Retirements	Expected to start early March 23

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

The first robot is complete and being used by PAT as the doer role to coordinate the deferred to normal retirement quotations and associated letters ready for checking.

4.4 Address Tracing Projects

The overall project goal is not only to maximise the number of members we have correct addresses for but the quality of the address data on Altair is 100% accurate. This project will also improve the Pension Regulator (tPR) data validator scores and help the Fund prepare for the Pensions Dashboard while increasing the numbers of ABS that can be issued to members.

To help the Fund deliver this project the Fund commissioned a third party (ITM) to compare a batch of records to multiple external databases to check their accuracy. The Fund agreed the following groupings and priority order:

Priority	Status	Category	Est. no. of records	Progress
1	4	All deferred members	25,000	24,851 records to ITM in Oct 22
2	5/6	All gone away pensioners (suspended cases)	200	Data being prepared for ITM
3	2	Undecided leavers (pre 1/1/22)	1,000	
4	9	Frozen refunds (pre 1/1/22)	5,000	

Phase 1 – Electronic Trace Results for 24,501 with last known address (350 removed – 18 with no address & 332 living overseas)

- 16,433 Traced to same address (& verified <3mths)
- 3,986 Traced to new address (& verified <3mths)
- 64 Traced to new address (address validation required)
- 4,018 Not match – propose full trace

Phase 2 – Full Trace Results for 4,018 plus 350 removed from phase 1

This will be received in mini batches as it includes a verification of address by writing or speaking to the members

Batch 1

Result	No of cases	4,018 cases Person Match/No Match	350 No Address/Address Overseas
Traced to same address	76	52	24
Traced to new address	49	42	7
Negative (untraced)	33	9	24
Total	158/4,368	103/4,018	55/350

4.5 McCloud update

The McCloud Working Group met on 5 January 2023 and discussed progress over the last year and noted a number of planned next steps. The working group members in attendance were happy with the update which included:

- **Legislation** has been extended to include individual members active before 31 March 2012 regardless of age, previously it had applied to people within 10 years of retirement. There is a requirement for multiple periods of service to be aggregated to qualify for McCloud. In addition there is a new provision surrounding teachers, which is to offer membership within

the LGPS for excess teacher service where the Teachers Pension Scheme cannot implement.

- **Software** updates are continuing - the class management team have been working closely with the Local Government Association (LGA) and Heywood and there has been a lot of testing behind the scenes and creating of guides. The update of the Altair system is being completed in four phases and sub-phases.
- **Data collection** templates and letters were prepared and issued in July 2022 to 140 active employers. The Data return deadline was 30 September 2022 and the Fund received returns from 50 employers. These are being quality reviewed before being considered for bulk uploading to Altair. As at 25 January 2023, the Fund now have approximately 90 returns and continue to chase the remaining employers including ESCC and BHCC. The third chaser to the employers was issued on 23 December. In total Heywood provided data for 263 employers so the remaining 123 employer are non-active employers, these records are being investigated. It is anticipated it will not be necessary to issue data requests for many of these.

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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