

Report to: Pension Committee

Date of meeting: 22 February 2024

By: Chief Finance Officer

Title: Pension Administration - updates

Purpose: To provide an update to the Pension Committee on matters relating to Pensions Administration activities.

RECOMMENDATION

The Committee is recommended to note the report.

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 (the 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 to December 2023 can be found at **Appendix 1**. The PAT saw performance numbers during quarter four 2023, average at 78.99% (volume completed 4,274) which continued, as predicted, lower than targeted. The previous quarter (88.08% with a volume of 3,854).

The lower-than-normal performance, despite a record level of work completed, was caused by a number of issues:

- A knock-on result of the impact of the large volumes of BHCC 2021/22 member movements being added to the worklist in one go.
- A backlog of transfers (almost all types) was also created by the uncertainty of the Government Actuaries Department (GAD) freeze due to the Actuarial Factors review and the resulting updates required to the Altair system.
- McCloud remedy going live and ESPF not being data ready to implement. Having to manually identify cases in scope is slowing down all calculations. Still finalising a new suite of letter templates including holding letters.
- Ongoing data cleansing including preparation for Pensions Dashboards.
- Storing up certain calculation types during October to be ready for new Apprentices.
- Using cases for Robotics Automation testing for both deferred members (now live) and refund quotations (testing ongoing).
- Backdated pay awards starting to come through which will lead to thousands of leaver re-calculations.
- Resources redirected to focus on completing projects such as the historical Annual Allowance, GMP Rectification calculations, McCloud data, supplementing the pensions helpdesk plus finalising the last process reviews & supporting robotic developments.

Looking at the position in late January, it is expected that performance will begin to improve throughout quarter one, 2024. The determining factors will be the unknown impacts around:

- The implementation of the GMP rectification together with the 2024 pensions increase.
- The BHCC i-Connect roll-forward to April 2024.
- Pensions Helpdesk resources to cover the service in full.

2.2 The Fund has a gold standard service provision for the Pensions Helpdesk and the results are included in **Appendix 2**. The Helpdesk is currently supported by Surrey County Council, however this service will cease in March 2024 with the service being brought in-house on 1 April 2024.

The helpdesk had four designated ESPF resources, however, in December 23 one retired and one changed careers. This loss of key resource together with the two bulk mailings to all pensioners (with the proposal to move to a default online communication strategy which caused a significant spike in calls, emails and letters) has meant the KPI performance has significantly fallen in late 2023 and early 2024. PAT has stepped in to support the team during this time, including with recruitment in January 2024 and some phone line cover.

A project is underway to ensure a smooth transfer for this service to ESPF and the Pensioner Payroll to ESCC. The staff TUPE consultation period began on 24 January 2024.

3. Pension Administration Staffing Update

3.1 Two new Pension Administration Apprentices started in November 2023, and a short-term temporary Pensions Administrator also joined to help support reducing the backlog. One permanent Pension Administrator position vacancy remains, which is not currently being recruited to.

4. Projects update

4.1 Guaranteed Minimum Pension – Reconciliation & Rectification

The data was provided to Mercers to recommence the project in May 2023 and their project plan provided on 18 September 2023 suggests it should be completed by February 2024. A number of key decisions were made by the Admin Working Group on 26 October 2023 to enable the project to start to rectify. Mercers raised circa 500+ individual member queries in December 2023 and 20 remain outstanding. The team have worked with Heywood to come up with a bulk solution to import the Mercer results into Altair and the data is expected in early February. Until the data has been received and the results accessed we cannot quantify the extent or value of the changes to GMP liabilities.

4.2 Member Self Service (MSS)

MSS is a portal used by members to help members keep track of their ESPF pension. Members can view ABS, update personal info, update nomination forms, and use a range of benefit projectors. The portal is being replaced with an improved portal called Transformational Member Experience (TME). Officers are progressing the project with Heywood and will look to carry out a pilot with ESCC members after user acceptance testing before rolling out to all scheme members. This project timing will be considered alongside other Fund priorities and resources.

4.3 Pension increases as at 1 April 2024

We will shortly be running the pension increase routine in test to review errors and issues ahead of receipt of the GMP data. This year's CPI figure will be 6.7% (based on September 2023 inflation index).

4.4 Annual Benefit Statements - 2024

The end of year data requests for any non i-Connect employers will be requested in late March 2024. The project plan and testing matrix will also be prepared at this time.

5 Conclusion and reasons for recommendation

5.1 The Pension Committee is asked to note the report.

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