

**Report to:** Pension Board

**Date:** 15 November 2022

**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 August 2022 which were due on 19 September 2022.

---

## 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 (ESPF or 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 is set out in the LGPS Regulations. 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 but has slowed in pace as we concentrate on onboarding the next group of larger employers. There has been some data queries on one employer that has meant resources have been directed to resolve these. The ambition remains to onboard all employers by the end of March 2023.

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 | Initial enquiries ongoing | Started onboarding process | Onboarded |
|------------------|---------------------------|----------------------------|-----------|
| 18               | 20                        | 7                          | 90        |

2.4. One Large employer was planned for onboarding to i-Connect for year end to help with the production of Annual Benefit Statements (ABS). Due to data issues and lack of resourcing,

onboarding on to i-Connect has not been possible. Onboarding of this employer was postponed to allow the focus and production of benefit statements for all other employers by the end of August 2022. Due to the employer onboarding being postponed no end of year return was actioned and therefore, no active ABS statements have been produced for this employer by the deadline of 31<sup>st</sup> August 2022. We are working with the employer to put a plan in place to resolve all data queries to allow them to be onboarded and the production of ABS statements as soon as we can. This employer also runs payrolls for 3 other smaller employers, who have been onboarded to i-Connect, and whom have had active ABS produced.

2.5. With the large employers the Fund is required to carry out a lot of data cleansing and checks before we are able to go through the member matching and onboarding phase which creates a lot of work for the Engagement, Admin and Technical teams and means slower progress for onboarding employers using the file upload method. We have now recruited two new positions to the i-Connect team, who started in September, which will help with onboarding and the monthly data file processing.

2.6. i-Connect files have been causing some administration process changes due to how i-Connect functions. One such issue has caused a spike in 'Next Day Transfer' task creation for the administration team. A few employers, due to the nature of how their payroll software runs has caused a higher than normal volume of joiner and leaver tasks to be created. This did cause some confusion for employees of these employers. We have taken steps to reduce these issues by amending letters and the creation of one page help sheets alongside some training at individual sites. We will continue to monitor this and are looking at administration processes to reduce the time taken to aggregate pension records.

2.7. 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 begun visiting employers in person to carry out training and support.

## Projects

2.8. The next 'Employer Forum' has been booked for the 24<sup>th</sup> November 2022 as an in person event. The invites for the event have been sent and the agenda has been finalised. A large section of the Forum will be focusing on the Valuation and the new employer contribution rates for the next 3 year period. Scheme Employers will have the opportunity on the day to speak to the Actuaries directly on the rates provided. The employer forum agenda is included as **Appendix 1** to this report.

2.9. The Engagement team has been trialling some training/education sessions with employers and their members. The training/education provides information on the key topics of the Local Government Pension Scheme and provides background information on pensions and employees choices on leaving. This training/education has been carried out virtually and at site. The feedback received directly or from survey responses has been very positive. We have engaged with over 350 members across all our training and education sessions to date. The training/education has been with the following employers:

- East Sussex County Council
- Brighton & Hove City Council
- East Sussex College Group
- Wealden District Council

The aim is to continue to offer training and financial education sessions for all employers within the ESPF.

2.10. We are continuing to carry out a project to confirm all employers authorised signatories and contact information. This will allow us to check contribution forms are completed correctly and by an authorised officer and provide the team with a better breakdown of the relevant contacts we hold for employers and their team structures.

2.11. The McCloud data extracts have been sent to all current employers. The original deadline was for the 30 September 2022 for employers to check and return with any missing data. We have had a good amount of data back and have sent reminders and chasers for those that are yet to return the data extracts. For some larger employers this is a very large quantity of data for them to check and we are working with these employers to offer help and guidance on completion. It has meant that some employers have been given an extension to the deadline.

## 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 September 2022.

| <b>Non-Cheque</b>             | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | July | Aug |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|
| <b>Total Payments Due</b>     | 117 | 117 | 117 | 118 | 119 | 121 | 122 | 128 | 128 | 129 | 129  | 129 |
| <b>Payments Received Late</b> | 8   | 2   | 3   | 1   | 2   | 3   | 0   | 5   | 5   | 4   | 2    | 1   |

| <b>Cheque</b>                 | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | July | Aug |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|
| <b>Total Payments Due</b>     | 12  | 12  | 12  | 12  | 12  | 12  | 12  | 8   | 8   | 8   | 8    | 8   |
| <b>Payments Received Late</b> | 3   | 3   | 1   | 3   | 0   | 1   | 2   | 1   | 0   | 0   | 0    | 0   |

| <b>Overall</b>                | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | July | Aug |
|-------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|
| <b>Total Payments Due</b>     | 129 | 129 | 129 | 130 | 131 | 133 | 134 | 136 | 136 | 137 | 137  | 137 |
| <b>Payments Received Late</b> | 11  | 5   | 4   | 4   | 2   | 4   | 2   | 6   | 5   | 4   | 2    | 1   |

3.2 In the last 12-month period, there have been 50 late payments of contributions out of 1,598 expected payments (4%).

3.3 The Fund have seen improvement from one employer where they have had multiple late payments and received an administration charge. We have engaged with the employer and offered support and help where needed.

3.4 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 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.

#### **4. Conclusion and reasons for recommendation**

4.1 The Pension Board is recommended to note the updates provided in the report.

**IAN GUTSELL**  
**Chief Finance Officer**

Contact Officer:  
Email:

Tim Hillman, Pensions Manager Employer Engagement  
[Tim.Hillman@eastsussex.gov.uk](mailto:Tim.Hillman@eastsussex.gov.uk)