

Report to: Pension Committee

Date of meeting: 16 June 2023

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 updates.

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 April 2022 to March 2023 can be found at **Appendix 1**. The PAT saw performance numbers during quarter one 2023, average at 96.3% (volume completed 3,768) which were improved from the previous quarter (95.43% with a volume of 2,550).

2.2 The Pensions Helpdesk service level agreement targets a gold standard service provision; the performance results are included in **Appendix 2**. ESPF is currently happy with the helpdesk performance, but will review the option to bring the service in-house by April 2024.

3. Pension Administration Staffing Update

3.1 In January 23 we interviewed for the Projects Manager role and a conditional offer made, which was accepted, and the individual will start on 26 June 2023. Following an advertisement in February 2023 for a Project Officer an appointment was made on 20 March 2023. The second Project Officer post was readvertised for the third time on 30 May 2023.

4. Projects update

4.1 Annual Benefits Statements – 2023

The final list of employers using i-Connect and those completing end of year returns has been finalised and data requested where appropriate. The projects team is already validating some of the i-Connect March 2023 data files before creating ABS.

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 is now coordinating the tax position (and interest) with HMRC.

The AA exercise for 2021/22 is also complete, with the exception of BHCC Active members. The Fund has recently received this data and will be undertaking the calculations and writing to members where appropriate.

The Spring 2023 budget increased the 2023/24 AA limit from £40k to £60k which should result in a significant fall in members impacted (estimated up to 50%).

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 letter connected to the tasks relating to the process
- 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	
Leavers – frozen & actual refunds	Submitted to robotics for automation review
Leavers – deferred	Submitted to robotics for automation review
Bulk new starters	
Deaths – multiple tasks	Training session done
Ongoing areas	
Transfers-in – quotations & payments	“As is” & “to be” maps produced
Aggregation within ESCC - combining	“As is” & “to be” maps produced
Aggregation with LGPS – interfund in	“As is” & “to be” maps produced
Aggregation with LGPS – interfund out	25/1/23 “as is” meeting arranged
General process – nomination form	Process mapped
General process – change of address	Process mapped
General process – change bank details	Shadow date agreed in May 23
Next areas	
Retirements	Expected to start early May 23
Divorce	Not planned yet

The overall project has a programme board and is closely linked to, and interacts with the Finance Areas of Focus and Robotics projects. 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 also that the quality of the address data on Altair is 100% accurate. This will also boost tPR data validator scores and help the Fund prepare for the Pensions Dashboard as well as increase the numbers of ABS that can be issued.

To complete this piece of work the Fund procured a third party (ITM) to compare some of our records to multiple external databases (such as credit agencies) to check their accuracy. The following groupings and priority order have been set:

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 to ITM in March 23
3	2	Undecided leavers (pre 1/1/22)	1,000	Data to ITM in May 23
4	9	Frozen refunds (pre 1/1/22)	5,000	None

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 was received in five batches and included a verification of addresses by writing or speaking to the individual members.

Result	Batch 1 16/01/2023	Batch 2 27/02/2023	Batch 3 03/03/2023	Batch 4 05/04/2023	Batch 5 11/05/2023
Traced to same address	76	64	324	746	679
Traced to new address	49	103	213	663	320
Negative (untraced)	33	279	98	403	319
Total	158	446	635	1,812	1,318

As part of this exercise PAT discovered a few hundred change of surname queries which are potentially due to marriages and divorces which the team are following up.

4.5 Pensions Dashboards

Pension Dashboards are digital services (websites, apps or other tools) which individuals will be able to use to see all their pension information in one place, including their State Pension.

The Money and Pensions Service (MaPS) will host its own dashboard on the MoneyHelper website and other organisations will host their own dashboards, subject to approval and regulation by the Financial Conduct Authority (FCA).

The Pensions Dashboard Programme (PDP) has been set up by MaPS who are responsible for developing the dashboards ecosystem which enables individuals to view their pension data online.

Pension Funds will need to connect with and supply pensions information to dashboards from their scheme-specific staging deadline. Schemes will connect over time according to their type and size. The date dashboards will be launched to the public (known as the “Dashboards Available Point”) will be advised by DWP.

Some Pensions Dashboard background information is available in **Appendix 3**.

4.6 McCloud

The last Working Group meeting was in January 23 where a progress report was discussed. The latest position is continued focus on the data collection phase:

- 140 employers with active members first contacted for data in July 22 with 30 September response deadline.
- 60 returned by the deadline and used as a pilot to test the Heywood validation tool.
- The warnings and errors generated have been investigated and queries raised with 12 employers.
- Other employers chased in October & December 22. Again, in March & May 23. There are 11 employers left to return data including ESCC & BHCC, all spoken too and say the data is being worked on.

4.7 Altair – Member Self Service (MSS)

The Communications and Admin Working Group both met in May 2023 and saw demonstration videos of some aspects (retirement planner & eIDV) of the new version of MSS, known as Transformational Member Experience (TME). We are looking to migrate in Q4, 2023. This is expected to significantly improve and simplify the member experience of MSS, which has been the only consistent area on criticism from recent member surveys.

5 **Pensioner Payroll**

5.1 The April 2023 pension increase project has been completed and most pensioners will receive a 10.1% CPI increase in their April payment. Pensioner payroll in March 2023 included payments to 25,254 pensioners totaling £9.23m. In addition to the pensioner payroll there were £1.72m of immediate payments made in the month.

With the reduction in employer contribution rates as well as the growing pensioner population we could soon see the Fund move into a negative monthly cashflow position.

6 **Conclusion and reasons for recommendation**

6.1 The Pension Committee is asked to note this report.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Paul Punter, Head of Pensions Administration
Email: paul.punter@eastsussex.gov.uk