

Report to: Pension Board

Date of meeting: 2 November 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 (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 October 2022 to September 2023 can be found at **Appendix 1**. The PAT saw performance numbers during quarter three 2023, average at 88.08% (volume completed 3,854) which were, as predicted, lower to the previous quarter (94.67% with a volume of 3,515).

The lower than normal performance was caused by a number of issues:

- A knock-on result of the impact of completing the large volumes of BHCC 2021/22 member movements in the quarter.
- A backlog of transfers was also created by the Government Actuaries Department (GAD) freeze due to the Actuarial Factors review.
- Focus on i-Connect onboarding leading to production of Annual Benefit Statements
- Data cleansing
- Printing and Postage services transfer to the postal hub
- Development of the next day transfer task
- Some PAT resources had been redirected to focus on completing projects such as the historical Annual Allowance, Deferred member address tracing & mortality exercise, plus the process reviews & robotics.

Looking at the position in early October, it is expected that performance will remain lower than expected for the next few months.

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. The ESPF Pensions Helpdesk service will be brought in-house on 1 April 2024. A project is underway to ensure a smooth transfer for this service, with staff TUPE transferring to ESCC, where applicable.

3. Pension Administration Staffing Update

3.1 The Fund is currently completing the pre-employment checks for two new Pension Administration Apprentices. A short-term temporary position is being put in place to support the backlog. One permanent Pension Administrator position vacancy remains, which is not currently being recruited to.

4. Projects update

4.1 Annual Benefits Statements – 2023

The final results as at 31 August 2023 were provided verbally at the last Board meeting and circulated shortly afterwards. In summary these were:

Year/Status	Total No. produced	No address	Deferred post 31/3	Errors & Issues	% issued
2022 Deferred	30,694	1,796	392	66	99.79
2023 Deferred	31,808	1,731	263	78	99.76

Year/Status	Total No. produced	Queries outstanding	% issued
2022 Active	15,223	517	96.7 excluding BHCC
2023 Active	22,609	957	95.9 including BHCC*

* circa 800 records retained by BHCC being investigated

Some resulting queries remain outstanding; the Fund are making good progress with the production of the ABS beyond the statutory date with the outstanding 957 queries down to 545 as at 30 September 2023. The records retained by BHCC cover a range of statuses; data for 167 active members was provided in early October 23.

4.2 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.

There are a number of key decisions being considered, initially by the Admin Working Group, on 26 October 2023 to enable the project to start to rectify and update records to close the project.

4.3 Annual Allowance (AA) 2022/23

The statutory deadline from the production of Pension Saving statements was 6 October 2023. This is the first year in three that the Fund had the opportunity to complete the project in a timely manner. The Fund identified 116 members as in scope for a detailed review, calculation and possibly a letter if over the £40k, whether or not if tax is due. The number was lower than usual as the Government elected to exclude the 10.1% CPI increase this year.

All calculations were completed, and letters issued where appropriate except for:

- (a) 2 complex cases with club tv-in's that require bespoke letters.
- (b) 5 members where we have not received the data from the employers.

4.4 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 had a pre meeting with Heywood, the software provider, on 26 September 2023 to discuss:

- A run through / short demo of TME
- Branding, style & images/icons
- A proposed plan including timescale – test system by Jan 2024 and live system by March 2024

- System parity (by June 24)
- What is needed from the Customer – PID, implementation & technical study
- Communication plans
- Roll-out by phasing
- Training
- Next steps / timings

4.5 Additional Contributions

A report is due to Board and Committee on money purchase or defined contribution Prudential AVC arrangements. At the previous meeting the Chair requested some data in respect of the alternative options available within the scheme.

The following table shows the number of contracts that have been created by members:

Type of top-up contribution	Period available	Numbers
Added Years	1975 – 2008	1,190
Additional Retirement Contributions	2008 - 2014	197
Additional Pension Contributions	2014 to present	391
Additional Voluntary Contributions		6,052

Note: Members will only appear once in each row (using the earliest start date) but could have multiple types of contracts therefore appear in more than one row. Therefore, it is not 7,830 members who at some point in time have topped up their benefits. These numbers also pick up members whether they have topped up as either a one-off or regular contribution.

4.6 50/50 section membership

The scheme changed in 2014 from a final salary scheme to a career average revalued earnings (CARE) scheme. For each year in the CARE scheme, members will accrue a 1/49th of their pensionable pay. This is then revalued each subsequent year in line with inflation. One of the benefit design changes introduced by the LGPS at that time was the introduction of the 50/50 section. This allowed and encouraged any existing or new members in short term financial hardship to be in the scheme by paying 50% less in contributions resulting in an accrual rate of 1/98th for the pension during the period in this section. Each time an employer is on their triennial auto-enrolment date these members will be put back into the main section. This does not stop them opting to revert back to the 50/50 section. The section has also used by some senior officers to lessen the impact of the Life Time Allowance. Whilst in the 50/50 section the employer still pays the full contribution and the member would still receive full death in service and incapacity retirement cover. The numbers who have used this category are as follows:

Year Election made	Number of members
2014	40
2015	43
2016	58
2017	91
2018	85
2019	92
2020	48
2021	73
2022	94
2023	32

Note: There have been 656 opt outs of the main section into the 50/50 section, but some will be multiple re-entries. There are currently 217 members in the 50/50 section.

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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