

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 31 October 2022	<b>Meeting Name:</b> Pensions Advisory Panel
<b>Report title:</b>		Pension Services - Administration Function Update	
<b>Ward(s) or groups affected:</b>		None	
<b>From:</b>		Pensions Manager, Finance and Governance	

## **RECOMMENDATION**

1. The Pensions Advisory Panel (the panel) is asked to note this update on the pensions administration function.

## **BACKGROUND INFORMATION**

2. The panel received an update in March 2022 which set out information on IT/systems, staff changes, communications and complaint management.

## **RETURN TO WORK - POST COVID IMPLICATIONS**

3. From 3 October 2022 'hybrid flexible working' is in place and staff are now in the office two or three days each week.

## **IT/SYSTEMS**

4. New Civica UPM software has now been live for six months.
5. UPM Payroll software has been successfully run since May 2022 ensuring no loss of service to retired staff. Prior to this date pensions in payment were paid by Southwark Council.
6. The UPM 'single payments system' allows tax-free cash payments on retirement and death grants to be paid on a weekly basis and has been very successful. However, additional work is needed around cash flow forecasting to ensure sufficient funds exist within the pension fund bank account. This system ensures members receive much needed funds up to six weeks earlier had they otherwise missed payroll cut-off dates due to paperwork not being submitted on time.
7. UPM Pensions Admin software has proven to be more challenging to work with on a day-to-day basis. This is due to how data was held on the legacy admin system and how it was migrated over to UPM. A considerable amount of work has already been undertaken by the Data Systems team (alongside our benefit consultants, Aon) to ensure business as usual processing can be performed.

8. The legacy admin system was finally decommissioned on 1 August 2022. However, plans were in place to ensure all historic data was not lost, and we are in the process of creating an Access database of historical member data which can then be accessed electronically (much in the same way that old microfiche records were used in the past).
9. The UPM Employer Portal is up and running and the majority of pension fund employers are now submitting monthly data returns online. We expect all employers (or their outsourced payroll providers) to be submitting data through the portal by December 2022.
10. The UPM Member Portal has required some IT snagging due to a more complicated authentication process. Once we are satisfied it is fully operational we will be communicating with all member categories to sign up where possible. In the meantime, members are contacting our First Contact Resource team if they require retirement projections and 'what if' pension benefit forecasts.

## **RECRUITMENT/STAFFING**

11. Higher than average staff sickness (including long-term sickness absence) and other HR related matters affecting Pension Services over the last three months.
12. Following the resignation of the former Deputy Pensions Manager (Admin), internal changes were made to appoint two acting Deputy Managers to cover the Admin and First Contact teams.
13. An updated Pensions Admin Manager JD has been evaluated by HR and the role was advertised on 13 October 2022, with interviews planned for November.
14. Our Pensions Payroll Manager resigned on 28 September 2022 and will be leaving Southwark on 31 January 2023 to take up a new post with PayFit, a payroll software company. The Payroll Manager role has been advertised and we hope to interview prospective candidates later in November.
15. We have a vacancy for a Senior Pensions Officer who resigned some months ago and are actively recruiting to fill that post.
16. The First Contact team are looking to replace a member of support staff who retired recently. Interviews are taking place week commencing 17 October 2022.
17. Recruitment at assistant/apprentice level has been postponed for the time being.
18. Recruitment matters are dependent on working alongside HR colleagues but sometimes the process can be delayed due to internal resourcing issues and ongoing transformation that is happening across council HR.

## **UK PENSIONS DASHBOARD PROGRAMME**

19. Limited news to report except that it is likely that go-live for LGPS employers will be late 2023 or into 2024.
20. Civica UPM software is under development to extract the data that is required for the national Dashboard Programme, or it can be developed in-house.

## **PROGRESS TO OCTOBER 2022**

21. Since the last panel update, further progress has been made in the following areas.

## **COMMUNICATION INITIATIVES**

22. Annual Benefit Statements (ABS) for deferred members were issued in May 2022 for 7,950 members (including suspended tier 3 and pension credit statements).
23. The main ABS exercise for active staff which is usually issued no later than 31 August each year has been delayed due to additional data checking that was deemed necessary following the migration of pension data from the legacy admin system to new UPM software earlier this year. This is a legal breach and the delay was reported to the Pensions Regulator (tPR).
24. As a risk-based regulator, tPR takes a more pragmatic approach to breaches of this nature and prefers for accurate statements to be issued later, rather than inaccurate statements to be issued on time. Statements are expected to be issued later in October to active members.
25. Pension Savings Statements for Annual Allowance purposes were issued on 6 October 2022 to affected members along with details of 'Scheme Pays', should the member wish for the pension fund to pay the tax charge directly to HMRC.
26. A training day was held in September for schools staff. The Pensions Liaison Officer delivered a basic pensions presentation to give non-teaching staff more knowledge into how the pension fund works. Attendance was high over the 4 sessions. Some schools have booked in further presentations with our Liaison Officer on inset days. We have been liaising with the Southwark Schools Unison Rep to add further training dates for staff to attend. An ABS training session is also being prepared and will be rolled out to all LGPS schools staff over the next month. This training will explain how ABS benefits are calculated and how to interpret the information detailed within the annual statement.

## COMPLAINT MANAGEMENT

27. A list of recent complaints and how they have been managed is set out below:

- The Pensions Ombudsman - ill-health award tiering appeal made against a former employer (school). All ill-health tiering awards are recommended by Occupational Health following medical assessment, but it is the employer that makes the final decision. The matter is being dealt with by a senior Business Partner in Schools HR who is preparing a formal response to the Ombudsman.
- IDRP stage 1 - a number of cases are with the council as principal employer concerning incorrect employee pension deductions made from the main payroll system. As these complaints are against the employer the complaints are all being assessed by council HR acting as the stage 1 adjudicator.
- IDRP stage 1 - complaint raised against the pension fund by a member who was looking to elect voluntary early retirement. There had been some delays whilst pensionable pay queries were being investigated following a substantial back pay award that had been made in 2020/21. Union involvement also questioned how accuracy of information was measured, together with timeliness and response times to member's questions and complaints.
- IDRP stage 1 - complaint raised against the pension fund due to essential information not being readily available to a member which was needed to assess an annual allowance tax charge. In particular, the member was also unhappy that annual benefit statements had not been issued on time

## PERFORMANCE MONITORING

28. No performance data has been obtained for the last quarter due to business as usual snagging priorities and data checking for the main ABS exercise.
29. The Data Systems team will be testing UPM workflow and task management functionality shortly and we will provide a full report and metrics at future meetings.
30. Longer-term aspirations are to benchmark against CIPFA guidance (or better).

## CONCLUSIONS

31. Recruitment and retention of key staff with the necessary skills is critical to the achievement of future plans.

32. There will continue to be some reliance on specialist external support. However, with internal training now firmly established and taking place regularly each week, 95% of all business as usual and project work is managed in-house by Pension Services.
33. Performance monitoring remains an important part of the pensions function. The procurement of new Civica UPM software will allow Pension Services to develop much improved workflow and task management, where more detailed Management Information can be extracted around admin and enquiry performance.

### **KEY ISSUES FOR CONSIDERATION**

34. N/a

#### **Policy framework implications**

35. There are no immediate implications arising from this report.

#### **Community, equalities (including socio-economic) and health impacts**

##### **Community impact statement**

36. There are no immediate implications arising from this report.

##### **Equalities (including socio-economic) impact statement**

37. There are no immediate implications arising from this report.

##### **Health impact statement**

38. There are no immediate implications arising from this report.

##### **Climate change implications**

39. There are no immediate implications arising from this report.

##### **Resource implications**

40. There are no immediate implications arising from this report.

##### **Legal implications**

41. There are no immediate implications arising from this report.

##### **Financial implications**

42. There are no immediate implications arising from this report.

## Consultation

43. There are no immediate implications arising from this report.

## AUDIT TRAIL

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<b>Dated</b>	14 October 2022	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	No	N/a
Strategic Director of Finance and Governance	No	N/a
<b>Cabinet Member</b>	No	N/a
<b>Date final report sent to Constitutional Team</b>	21 October 2022	