

Item No. 12.	Classification: Open	Date: 5 December 2022	Meeting Name: Pensions Advisory Panel
Report title:		Pension Services - Administration Function Update	
From:		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 on 31 October 2022 which set out information on IT/systems, staff changes, communications and complaint management.

Return to work post-covid

3. All staff are in the office two or three days each week as part of agreed hybrid flexible working.

Recruitment/staffing

4. Higher than average staff sickness (including long-term sickness absence) continues to affect Pension Services.
5. Pensions Administration Manager interviews took place over 17/18 November. We are very pleased to announce that the successful candidate was Agne Svencionyte. Agne has been acting Deputy Pensions Manager for the last six months (with another colleague), and is also responsible for the First Contact Resource team. Agne takes up her new position effective from 1 December.
6. Pensions Payroll Manager interviews took place over 11/14 November. Louise Charman was the successful candidate and has 20 years payroll (and pensions and finance) experience with the London Pensions Fund Authority (LPFA) and London Pensions Partnership Administration (LPPA). Start date expected to be around January 2023.
7. Senior Pensions Officer interviews are scheduled for later in November. We will update the Panel at future meetings.

Pensions administration action plan

8. A detailed action plan will be tabled at the March 2023 Panel meeting setting out any remaining data issues following the software migration. All key issues have already been escalated to Senior Management within Civica. The Data systems team monitors progress each day with Civica's Helpdesk and Account Manager.
9. Performance Metrics will be reinstated where Key Performance Indicators are provided to the Local Pension Board. This functionality exists but has not been tested due to all available resources being transferred to address the wider data migration issues, and to ensure Annual Benefit Statements could be produced.
10. Despite the absence of reporting against statutory deadlines, the admin team has, throughout this period, prioritised all financially sensitive transactions around payroll cut off dates. This includes payment of lump sums and pensions on retirement, and processing death benefits where dependent pensions and death grants become payable. Although the performance metrics are not available, the Pensions Manager is confident no material breach has occurred.

Cyber security – new pensions administration system

11. Mike Ellsmore, Chair of the Local Pension Board has confirmed cyber security would be reviewed, particularly as the Council had moved onto new pensions software. The results will be communicated to the Panel in due course.
12. However, a brief report was provided to the Board back in July 2022 which confirmed the new pensions administration system had been extensively tested and secured against cyber-attack. The system only allows access from pre-approved IP addresses, limited to the Southwark Council network and Aon. User access is controlled by the Pension Services Data Systems team, with strict password and user access protocols in place.
13. Data is stored in cloud servers hosted by Civica in a UK data centre. ISO certifications (27001, 20000, 22301, 14001, 9001) provide confidence that Civica operations meet the highest levels of information security, IT service management, business continuity and have the Government's IL3 accreditation rating, the highest security rating available. A secondary disaster recovery database is continuously running, and so in the event of a cyber-attack or other downtime the system can switch to a backup with limited data loss. Every keystroke on the system is fully logged and audited.
14. The new online Member Portal and Employer Hub have been penetration tested against cyber-attack by an independent third party, with no issues raised. Two factor authentication is required for members to register and

log in to ensure the security of their data. Internal policies ensure any suspicious requests are interrogated and verified.

15. The Pension Fund will be engaging Aon (the funds actuaries and advisors) to undertake a detailed cyber assessment (as compared to other LGPS funds). Results will be passed to the Board and shared with the Panel in due course.

Complaint management

16. Reports will now include complaint outcomes and whether the complaint was resolved, upheld or not upheld, together with details of any financial redress.
17. Any complaint that has been finally determined by an Ombudsman is published on their website. A copy of the determination will be provided to the panel.
18. 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. A Schools HR Business Partner has now provided a formal response to the Pensions Ombudsman. Decision awaited.
 - IDRP stage 1 - three complaints are with the Council concerning incorrect employee pension deductions made from the SAP payroll system. As these complaints are against the principal employer the complaints are all being assessed by Council HR acting as the stage 1 adjudicator. The Council is yet to respond to each stage 1 complainant.
 - IDRP stage 1 - two complaints were made against the pension fund due to delayed transfer values. Both cases have now been resolved.
 - IDRP stage 1 - complaint raised against the pension fund due to a death grant not being paid. The widow believed a death grant was payable after finding a deferred benefit statement. However, the member had since retired and his pension had been paid for many years. The complaint was not upheld.

Performance monitoring

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.

Longer-term aspirations are to benchmark against CIPFA guidance (or better).

Conclusions

19. Recruitment and retention of key staff with the necessary skills is critical to the achievement of future plans.
20. 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.

Policy framework implications

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

30. Not applicable.

Strategic Director of Finance and Governance

31. Not applicable.

Other officers

32. Not applicable.

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Barry Berkengoff, Pensions Manager, Finance and Governance		
Version	Final		
Dated	25 November 2022		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Governance		No	N/a
Strategic Director of Finance and Governance		No	N/a
List other officers here			
Cabinet Member		No	N/a
Date final report sent to Constitutional Team			28 November 2022