

Item No. 13.	Classification: Open	Date: 6 March 2023	Meeting Name: Pensions Advisory Panel
Report title:		Pension Services - Administration Function Update	
Ward(s) or groups affected:		None	
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 in December 2022 which set out specific information on recruitment, admin/IT action plan, metrics and cyber security.

RECRUITMENT

3. Louise Charman, our new Pensions Payroll Manager joined Southwark on 23 January 2023.
4. Although the Data Systems Manager role was advertised in November 2022 no candidate interviews took place following shortlisting. Instead, an existing Senior Data Officer is acting up for three months whilst we consider having the existing Job Description re-evaluated by HR. As part of this decision an existing Data Officer is undertaking the Senior Data Officer role on an interim basis.
5. Karina Codona joined us on a permanent basis as a Payroll Officer effective from 9 January 2023. Karina has considerable payroll/Civica UPM experience and previously worked for Hymans Roberston.
6. Recruitment is presently underway for a number of vacant Pensions Officer and First Contact Officer positions.

IT/SYSTEMS

7. A Civica UPM Improvement/Action Plan capturing all remaining issues (following the legacy software migration) is attached as an Appendix. All big ticket data migration issues have been resolved as part of the remediation work undertaken during the 2022 Annual Benefit Statement exercise.

8. The Pensions Manager has secured two Civica technical specialists to work directly with our Data team until the Action Plan is fully resolved. An escalation process is in place to ensure tasks are completed in a timely manner. As some work relates to UPM calculations it has been agreed that for the next few months the admin team will parallel check all UPM calculation output against manually performed calculations.
9. UPM 'Payroll' and 'Single Payment' software has however been very successful and run since May 2022, ensuring no loss of service to retired staff and no delays in making retirement lump sum or death grant payments each week.
10. The planning phase of the 2023 Pension Increase exercise has begun to ensure increases are effective from April's payroll-run. As the increase is high (10.1%) additional quality assurance checks will be in place.
11. A plan is now agreed to store all legacy pension fund data onto an Access Database. This will be strictly managed by the Data Team with limited staff having user access. This will however provide access to historical data going back 40+ years and will help deal with general enquiries or future audits.
12. IT snagging is now resolved on the UPM Member Portal and the Portal will be communicated to all member categories shortly (see comms initiatives below).
13. Whilst long-term aims are to reduce paper/postage and promote more online self-service use, there will continue to be a post mailbox, email inbox and a telephone helpdesk for those who may not have access to home IT/internet.

UK PENSIONS DASHBOARD PROGRAMME

14. Go-live for LGPS employers is still expected to be later in 2023 or early 2024. Data extract functionality is still to be signed off by Civica UPM developers.
15. It does however mean that pension fund data needs to be as accurate as possible to ensure uploads into the Dashboard are timely and not rejected. Particular focus will be placed on schools and their outsourced payroll providers. Data team resourcing will be considered later in 2023.

MCCLOUD

16. On 14 December 2022, HM Treasury made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They came into force on 19 December 2022.

17. For the LGPS, the Directions apply to the following powers in the Act:
 - Section 82: an administering authority's power to pay compensation
 - Section 83: the power to make regulations compensating members by paying additional LGPS benefits.
 - Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
 - Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.
18. The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers.

PROGRESS TO MARCH 2023

19. Since the last Panel update, further progress has been made in the following areas.

COMMUNICATION INITIATIVES

20. Annual Benefit Statements (ABS) were issued to 97% of active members with the remaining 3% being offered normal pension age projections, similar to the information contained within the ABS. As the 2022 exercise was delayed it was reported to the Pensions Regulator as a legal breach. As a result of all the data cleansing work undertaken in 2022 we do not anticipate similar issues for 2023.
21. ABS awareness/training has now been added to our portfolio of learning modules on MLS. A number of training sessions have been provided to both Council and Schools staff where interest and feedback was very positive.
22. The UPM Member Portal will be communicated shortly to all member categories but starting with active members/staff where more online functionality exists. This will also be communicated to non-pension fund members (i.e. employees who have opted-out of the pension fund) reminding them of the LGPS pension and protection benefits that come with Southwark Pension Fund membership.
23. Following the issue of Annual Allowance statements in October 2022, it has been decided to hold specific training on this because we anticipate more individuals may be affected by this in 2022/23, due to the fact that the April 2021 and April 2022 pay awards were both made in the same financial year. Training will be rolled out initially to pension fund staff and HR colleagues.

COMPLAINT MANAGEMENT

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

- The Pensions Ombudsman - ill-health tiering award appeal against a former employer (school). All ill-health tiering awards are recommended by Occupational Health following medical assessment, but the employer makes the final decision. No update; the matter is still with the Pensions Ombudsman pending a formal decision.
- The Pensions Ombudsman - original AVC investment instructions were not followed resulting in a possible financial loss. A second Opinion (partial uphold) has been accepted and the pension fund will be contacting Aegon to assess any potential loss. As with similar (past) complaints there may be no financial loss as funds were invested (albeit incorrectly) in less volatile funds.
- IDRP stage 1 - a number of complaints remain with the Council concerning claimed incorrect employee pension deductions made from the Council's payroll system. All complaints are with Council HR as the stage 1 adjudicator. The pension fund is monitoring and is aware of Union involvement in some cases. The outcome of the complaints will be known in March 2023 when SAP makes a final year-end adjustment to pension contributions.
- IDRP stage 1 - dispute over the distribution of a death grant between two siblings. No Expression of Wish form was held on file and the Last Will and Testament/death certificate provided to Pension Services indicated a sole executor dealing with the estate. Ongoing.

PERFORMANCE MONITORING

25. As confirmed to the Local Pension Board recently, performance metrics will be reinstated once Civica UPM functionality is tested and signed off. All available resource is directed towards the remaining data migration and IT issues.
26. Failure to provide performance metrics is not a legal breach. However, where statutory deadlines are missed that is where the breach occurs and those transactions are reported to the Pensions Regulator.
27. Despite the absence of performance metrics the admin team continue to process all financially sensitive transactions around payroll cut off dates. And, although performance metrics are not available, the Pensions Manager is confident no material breach has occurred.

FUTURE WORK PLANNING

28. Due to existing resourcing levels across Pension Services, a work plan and their timeframes are still to be signed off by the Pensions Manager.
29. An update will be communicated to the Panel at June's meeting.

CONCLUSIONS

30. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans.
31. 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.
32. Performance monitoring remains an important part of the pensions function. The procurement of 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.

Policy framework implications

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

42. Not applicable.

Strategic Director of Finance and Governance

43. Not applicable.

Other officers

44. Not applicable.

APPENDICES

Name	Title
Appendix 1	Civica UPM Improvement/Action Plan

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Barry Berkengoff, Pensions Manager, Finance and Governance	
Version	Final	
Dated	22 March 2023	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	No	N/a
Strategic Director of Finance and Governance	No	N/a
Cabinet Member	No	N/a
Date final report sent to Constitutional Team	24 February 2023	