

Item No. 14.	Classification: Open	Date: 17 July 2023	Meeting Name: Pensions Advisory Panel
Report title:		Pension Services - Administration Function Update	
From:		Pensions Manager	

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 2023 which set out specific information on recruitment, IT/systems, National Dashboard Programme, communication initiatives and complaint management.

RECRUITMENT

3. Senior Pensions Officer interviews started in June. Two vacant positions exist with further interviews planned. Initial interviews identified an excellent candidate and an offer of employment has been made. This is with HR to progress.
4. We will shortly be re-advertising the Data Systems Manager, Senior Data Officer and Data Officer roles.
5. Interviews took place in May for two Assistant Pensions Officers. These are, in essence, apprenticeship roles where a two year programme of study will be combined with mentoring and development within the Pension Services team. Although interest was high, in the end only one appointment was made.

IT/SYSTEMS

6. Ongoing discussions continue with Civica UK. Whilst excellent progress has been made on wider known issues such as member portal and employer hub, we have, following discussions with our Data/Systems team and an update provided to the Strategic Director, Finance, agreed to undertake further 'end to end testing' to ensure some of the more uncommon data fields have been captured properly. This includes data taken from the Councils Payroll system, specifically additional pension contracts such as added years, AVCs and APCs.

7. This does not impact on the majority of members and BAU continues as normal, however additional checks are in place to ensure output is as expected.
8. The 2023 Pension Increase exercise was successfully run from new UPM payroll software at 10 April 2023 where a full 10.1% increase was applied to pensions in payment (including dependants and other beneficiaries). Anyone retiring mid-year and during the 2022/23 period received a pro-rata increase.
9. As part of this process, P60s were also run and sent out before the end of May statutory deadline.
10. We are currently working with a well-known third party who specialise in overseas pensioner payroll services. This will enable us to pay overseas pensions quickly through BACS, removing the need to send out cheques.
11. As previously agreed with the Local Pension Board, a detailed Cyber Risk assessment of all controls in place will be undertaken against new pension fund software shortly. Whilst the new software has been extensively tested and secured against cyber-attack (and conforms to the Government's highest Impact Level security rating, IL3), an independent review will be helpful, particularly in light of recent cyber incidents with Capita and at the Pensions Ombudsman.

UK PENSIONS DASHBOARD PROGRAMME

12. Go-live for LGPS employers had expected to be during 2023/24, however this has been further delayed at a national level.
13. Pensions Minister, Laura Trott, recently provided an update on the Pensions Dashboards Programme 'reset', with amended regulations to include a connection deadline of 31 October 2026.
14. The Southwark Pension Fund will continue to test new dashboard functionality following the next Civica UPM release planned for summer 2023.

PROGRESS TO JULY 2023

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

COMMUNICATION INITIATIVES

16. The 2023 ABS exercise is underway where as in previous years, deferred members will be contacted first, followed by active members and staff.
17. Following the ABS exercise we will be issuing Annual Allowance statements in October 2023 (covering the 2022/23 tax period). The recent

tax changes are expected to impact on the number of Southwark staff affected as the standard Annual Allowance has increased from £40,000 to £60,000 with effect from 6 April 2023 meaning there is scope to increase 'pension's growth' from £2,500 to £3,750 over the financial year without tax implications.

18. A new initiative has been rolled out to a number of Southwark schools faced with closure. Redundancy is a significant life altering event for the majority of people, therefore our communications team is working with the Teachers' Pensions team and Schools HR to deliver a co-ordinated leaving package to affected staff, with all three teams on site at the same time to answer any questions staff may have.

COMPLAINT MANAGEMENT

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

- Pensions Ombudsman - ill-health tiering award appeal against a former school employer. All ill-health tiering awards are recommended by Occupational Health following medical assessment, but the employer makes the final decision. **The matter is still with the Pensions Ombudsman pending a formal decision.**
- Pensions Ombudsman - cohabiting partners' pension award claim made against the pension fund where the applicant alleges that both he and the deceased were financially dependent on one another but there is no evidence of that. Under the IDR process the complainant was asked to provide specific evidence of inter-dependency but no information was provided. **Pending a response from the Pensions Ombudsman.**
- IDR 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 some cases was expected at financial year end as the payroll system makes a year-end adjustment to pension contributions. An update has been requested from HR colleagues.**
- IDR stage 2 - dispute over the distribution of a death grant between siblings. No Expression of Wish form was held on file and the Last Will and Testament / Death Certificate provided indicated a sole Executor and next of kin was dealing with the deceased's estate. The stage 2 adjudicator reviewed the evidence and additional information supplied but upheld the stage 1 decision as being reasonable. The pension fund had absolute discretion when making death grant payments and it had acted properly when dealing with

the Executor whose role was to distribute any death benefits more widely in this case. It was not the role of the pension fund to intrude, interfere or attempt to uncover possible disputes between family members. **The stage 2 adjudicator did not uphold the complaint and confirmed that any grievance between a sibling and the Executor was a civil matter, where any financial redress should be claimed through the Courts. Referral rights to the Pensions Ombudsman was provided.**

- IDRP stage 1/2 - an AVC transfer delay where a former member could not contact the AVC provider to discuss further. A letter of authority was provided to the member and provider allowing the member to speak to the AVC provider. The member claimed the delay was financially detrimental had the transfer been processed sooner. The stage 1 decision had included an offer to honour the higher AVC value either at the original and earlier disinvestment date, or at the later date should the transfer be finalised. The complainant did not respond for a period of 10 weeks indicating this was not an urgent matter. **The Pensions Manager responded to the complainant stating the outcome under stage 2 would be no different to stage 1 and recommended the member contact Pension Wise or seek advice from a regulated IFA before making any transfer decision, and if member remained unhappy with the outcome the matter could be referred to the Pensions Ombudsman.**

PERFORMANCE MONITORING

20. Performance metrics will be reinstated once Civica UPM functionality is tested and signed off. All available resource has been directed towards the remaining IT/data migration issues.
21. Despite the absence of performance metrics the admin team continue to process all financially sensitive transactions around payroll cut off dates. And, although the main transaction metrics are not available, the Pensions Manager is confident no material breach has occurred.

FUTURE WORK PLANNING

22. Due to existing resourcing levels across Pension Services, a work plan and their implementation timeframes are still to be signed off by the Pensions Manager.

CONCLUSIONS

23. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans, as is succession planning.
24. There will continue to be some reliance on specialist external support. However, with internal training now firmly established and taking place

each week, 95% of all BAU and project work is managed in-house by Pension Services.

25. 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 performance.

KEY ISSUES FOR CONSIDERATION

Policy framework implications

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

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

Community impact statement

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

Equalities (including socio-economic) impact statement

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

Health impact statement

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

Climate change implications

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

Resource implications

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

Legal implications

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

Financial implications

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

Consultation

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

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director, Finance	
Report Author	Barry Berkengoff, Pensions Manager	
Version	Final	
Dated	5 July 2023	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive – Governance and Assurance	No	No
Strategic Director, Finance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	5 July 2023	