

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 27 September 2023	<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	

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

## RECRUITMENT

3. Senior Pensions Officer interviews were concluded in July resulting in the appointment of an experienced officer currently employed at Mercers. Expected start date is 6 November. There remains a number of vacancies within the admin team and a further recruitment exercise is being planned using a combination of Southwark recruitment and two specialist pension recruiters.
4. A new Data Systems Manager, Rikish Ramkisoorn, has now been appointed. A recent recruitment exercise for Senior Data/Data Officer roles has just concluded with a number of strong candidates being identified. We are therefore hopeful that two new appointments can be made. Further updates will follow.
5. Given the sheer volume of work now happening within the Data Team, further resourcing will most likely be necessary to ensure the pension fund's system/IT needs can be met around Employer Hub and future planned work such as the National Dashboard Programme.
6. In conjunction with Southwark's apprenticeship programme, an Assistant Pensions Officer was appointed in August, where a two year programme of study will be combined with mentoring and development within the Pension Services team.

## **IT/SYSTEMS**

7. Ongoing 'end to end testing' continues on our admin software to ensure all data fields were properly captured as part of the original data migration.
8. Particular emphasis has been placed on Employer Hub as many employers are not uploading their monthly/year-end data correctly. We have also identified a number of issues with the Council's additional pension contract data coming directly from SAP and are in the process of rectifying this. Although this affects only a small proportion of the membership who pay AVCs, APCs or have an old added years' contract, the impact affects all members as the upload usually fails.
9. Ongoing data/IT remediation work does not affect BAU/transactional work (processing retirements, death benefits etc.) within the admin team. It does however mean additional quality assurance checks are in place, and it is restricting the wider team on other value add project work such as AVC reassessment.
10. We are now working with Convera (formerly Western Union's overseas division) and gone live with a new BACS overseas payment service to ensure pensioners living abroad can receive their pensions directly into their overseas bank account. In the past cheques were issued which could potentially take weeks to clear or get lost in the post. This is good news as most UK banks, have, for some time been closing down UK bank accounts for anyone residing abroad.
11. We await the results of a Cyber Risk assessment against the new pension fund software. An independent review is being undertaken by Aon, and we will update the Panel and Local Pension Board in due course.

## **PROGRESS TO SEPTEMBER 2023**

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

## **COMMUNICATION INITIATIVES**

12. Annual Benefit Statements (ABS) for deferred members were issued in late August 2023. ABS for active members has been delayed due to additional data checking that has been deemed necessary and because many employers uploaded incorrect year-end data to the Employer Hub. The delay has been reported to the Pensions Regulator as a legal breach and no further action is expected. The majority of statements are scheduled for issue in October followed by a further phase in November 2023.
13. Annual Allowance (AA) statements are on track for distribution in early October 2023 (covering the 2022/23 financial year). Despite the recent tax changes (where the standard Annual Allowance increased from £40,000

to £60,000) we still expect many Southwark staff to breach the AA resulting in a tax charge.

14. Weekly training (in various formats) continues to be provided to Southwark and London Borough of Haringey pension fund staff. Berkshire Council has now also requested to join the training sessions.

## COMPLAINT MANAGEMENT

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

- Pensions Ombudsman single complaint - 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. **An update has been requested from Schools HR but we understand the matter is still with the Ombudsman pending a formal decision.**
- Pensions Ombudsman single complaint - a cohabiting partners' pension claim and a claim for the death grant was made against the pension fund where the applicant alleged that both he and the deceased were financially dependent on one another and living together as husband and wife, however there was no evidence of that. **A formal response has now been provided to the Ombudsman for consideration.**
- IDRP stage 1 - approximately 10 formal 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. **In the absence of any formal responses the pension fund may write to the employer and suggest that all cases are removed from IDRP and are dealt with as individual employer appeals. The Director of HR and People is attending the next LPB meeting in October and is expected to provide a response and update on this particular matter.**
- IDRP stage 2 single complaint - dispute over the distribution of 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 confirming 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. **Complaint not upheld and closed.**

- IDRP stage 1 single complaint - transfer delay from Southwark to another LGPS employer. Late notification of resignation/departure from a former employer (School) caused initial delay in calculating member benefits. There was a further delay caused by transfer factors being changed by the Government Actuaries Department. **Stage 1 response upheld complaint in part but there was no actual financial loss as interfund transfer value has no direct effect on LGPS service awarded under receiving arrangement.**

## **PERFORMANCE MONITORING**

Admin performance metrics will be reinstated once UPM data migration issues have been fully resolved. However, the admin team has been recording all workflow outside of the admin system since August and full details will be provided to the Local Pension Board in October 2023.

Despite the absence of admin performance metrics in recent months, the Pensions Manager is confident that no material breach has occurred. All financially sensitive transactions around payroll cut off dates (retirements, death benefits) have been processed on time.

Going forward, performance metrics will be extended to cover other key areas of the wider service including Payroll and First Contact. See examples provided to the Board for the period ending June 2023.

## **FUTURE WORK PLANNING**

16. 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**

17. Recruitment and retention of key staff with the necessary skills is critical to the achievement of all future plans, as is succession planning.
18. 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.
19. 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 in the future, where more detailed Management Information can be extracted around performance.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy framework implications**

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

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

#### **Community impact statement**

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

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

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

#### **Health impact statement**

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

#### **Climate change implications**

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

#### **Resource implications**

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

#### **Legal implications**

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

#### **Financial implications**

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

#### **Consultation**

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

## **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Payroll Stats/Metrics for 3 month period ending June 2023
Appendix 2	Pensions Queue Performance April 2023

## AUDIT TRAIL

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director, Finance	
<b>Report Author</b>	Barry Berkengoff, Pensions Manager, Finance	
<b>Version</b>	Final	
<b>Dated</b>	19 September 2023	
<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>
Assistant Chief Executive – Governance and Assurance	No	No
Strategic Director, Finance	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	19 September 2023	