



<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	10
2 December 2022	<u>Public</u>
10.00am	

PENSIONS ADMINISTRATION MONITORING REPORT

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1. Synopsis

- 1.1. The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive summary

- 2.1. Detail is provided on team workloads and performance. Updates are given on communications, Policy updates due to the change in Fund structure and the national initiative on Pensions Dashboards.
- 2.2. A wider review has been undertaken to the Fund's Governance compliance statement and the Administration Strategy Statement which are both needing Committee approval.

3. Recommendations

- 3.1. Members are asked to accept the position as set out in the report.
- 3.2. To note the minor amendments to the Reporting Breaches Policy, Communications Policy, Training Policy and Employer Events Policy as a result of the staffing changes to the fund structure in September 2022.
- 3.3. To approve, with or without comment, the revised Governance Compliance Statement at **Appendix B**, and the revised Administration Strategy Statement at **Appendix C**.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. Risk Management
Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.
- 4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

- 5.1. Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Complying with the national requirement to provide data to the Pension Dashboards will increase costs for the fund. These are presently unquantifiable. Compliance with the proposed Pensions Regulator's (TPR) one code will also increase Fund costs.

6. Climate change appraisal

- 6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

- 7.1. The team's output and performance level to October 2022 is attached at Appendix A. These are either single standalone tasks or tasks that are part of a case. Cases are a complete process that hold steps (tasks) for a procedure to be completed. During the last quarter outstanding processes rose slightly however, completed processes completed also rose, and encouragingly completed on target.
- 7.2. The vacancy for a temporary maternity cover on the Communications and Governance Team has been filled from 16 November 2022. A 22.20-hour post on the Operations Team will become vacant from January 2023, due to maternity. The team are planning to cover these hours by offering existing staff members additional or overtime hours.
- 7.3. The September 2021 to September 2022 change in inflation was recently confirmed as 10.1% and is currently expected to be applied to pensions in April 2023 (both in payment, in deferment and the Career Average element for active members) once Secretary of State approval has been confirmed. Allowance for known inflation between September 2021 and March 2022 has been factored into the 31 March 2022 valuation calculations in order that a large unexpected "shock" doesn't appear on the balance sheet for Funds in April 2023.

8. Help Desk Statistics

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in **Appendix A**.

	August 2022	September 2022	October 2022
Telephone calls received to helpdesk team	842	712	741
% of calls answered	93%	91%	94%
Emails received to pensions@shropshire.gov.uk	1345	937	926
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	103	83	73
Member updates made through My Pension Online	1261	617	482
Opt out requests directly dealt by helpdesk	29	21	33
Incoming post received and indexed to the pensions administration system	3626	3810	4482
1-2-1 video appointment's held with scheme members	42	49	42
Users visiting the website	2,856	2,556	2,756

- 8.2. The team have reviewed the demands and the flow of work into the Pensions Team Help Desk in recent years. An outcome of this review was a change required to the duties of a role on the Helpdesk due to some basic administrative tasks; such as dealing with the scanning incoming post and copying and returning valuables no longer being dealt with by the team or isn't part of the service delivery. This is because incoming post is now dealt with by BluPrint, and photocopies of documents are now accepted. As more complex areas of other incoming work continue to increase this prompted a regrade review to one post which was accepted by HR in October 2022.
- 8.3. Also under review is how scheme members now primarily interact with the fund, how this could evolve in the future; taking into consideration cyber resilience. The team have been asked by IT to test a virtual assistant function to be placed on the fund's website to signpost key information in response to general queries and looking at the current functionality of the pensions general inbox.
- 8.4. Key work areas which have increased for the team is the number of email enquiries, My Pension Online queries and the amount of incoming hardcopy and electronic post submitted. To assist in the area of increasing incoming post to deal with, the team have recently tested and launched a facility in My Pension Online which allows members to upload their own documents for the team to verify and allocate to member records and a facility for employers to submit leavers forms securely via I-Connect. By continuing to review the statistics of the Helpdesk and employ the use of technology to automate some stages of the

administrative duties of the helpdesk, it allows the team to focus resourcing the priority area of the Helpdesk of responding to complex incoming queries.

9. Communications and Governance

- 9.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As at October 2022 a total of 48% active members and 41% of deferred members and 45% of retired members were registered to view their records on 'My Pension Online'. In total, 45% of the funds membership are registered to view their pension record online.
- 9.2. The fund is currently taking part in the Transformative Member Experience (TME) with the pension administration system provider to provide feedback on demos of the new member self-service platform set to be rolled out in 2023. Research sessions have been attended by both systems and communications team members to feedback on various features being considered in the new platform and to consider the onboarding process when the upgrade becomes available.
- 9.3. The team have issued the Autumn 2022 Intouch newsletter to all pensioner members in hardcopy format. The newsletter will feature the usual updates from the Pensions Manager and the Chair of the Pensions Board. A guest article has been requested from Age UK to signpost members to support available during the cost-of-living crisis
- 9.4. The 2023 pension increase will benefit all LGPS members, however the cost-of-living crisis across the country continues and there will be some members who are considering their current options in relation to ongoing participation, whether it be choosing to opt-out the Fund, or perhaps enter the 50:50 arrangement for the time being, to increase their net monthly income. Membership numbers are monitored and support to members is signposted on the website and the relevant information is made available on what options they have in the scheme. Any falls in membership will have implications for Fund cashflow as income would fall.
- 9.5. Members were previously reminded that the Scheme Employers meeting is taking place on 23 November 2022. It included an update from the fund actuary on the 2022 fund valuation and provided employers with initial valuation results and an opportunity to raise any questions.
- 9.6. An employer update is sent monthly via email bulletin to all registered contacts at participating employers within the fund. The topics covered in September and October 2022 were:

September 2022:

- Save the date – employers meeting

- Free training on final pay and a paid course on Employer Role being run by the Local Government Association (LGA)

October 2022:

- Reminder about the FAQs on the funds website about the cost-of-living crisis aimed at scheme members and about the 50/50 scheme if members are considering opting out
 - Advanced warning that the fund will no longer be accepting cheques from April 2023 in line with Shropshire Council's upcoming cashless policy
 - Updated list of Independent Registered Medical Practitioners (IRMPs) following a removal of an IRMP
 - Information on Salary Sacrifice Shared Cost Additional Voluntary Contributions (AVCs)
 - HMT consultation on public sector exit payments
 - Save the date – employers meeting
- 9.7. A webinar took place on Tuesday 18 October 2022 and all 70 scheme members who received a Pensions Savings Statement for tax year 2021/2022 were invited. 26 invited members joined the webinar on the day and pensions staff also joined for training. 30 scheme members have booked a one-to-one guidance session organised throughout November 2022 as they may require more information on the limits and protections available. The webinar and guidance sessions are for information purposes only and no formal advice provided. Members will need to purchase this for themselves.
- 9.8. Due to the changes in the Pension Fund structure from September 2022, when Justin Bridges was appointed as the LGPS Senior Officer and James Walton relinquished his role as Pension Scheme Administrator, changes have been identified to the policies looked after by the administration team. Members may wish to note that the following policies have been updated to reflect the fund structure in place since September 2022, no further updates have been made to these policies. Consultation is not required for these minor changes. The updated versions can be found on the fund website:
- Reporting breaches policies
 - Communications Policy
 - Training Policy
 - Employer Events Policy
 - Pensions Board Terms of Reference
- 9.9. Reviews of the Governance Compliance Statement and Administration Strategy Statement have also been undertaken. They have been

updated because of the new fund structure and because of the fund's practice to regularly review policy contents:

- **Appendix B** - Governance Compliance Statement - Amendments have been made to state how the standard items/topics which have historically been presented at an in-person annual meeting will now be delivered in a different way. This is mainly due to the meetings over the last few years not being able to go ahead as result of the COVID-19 pandemic but also because all this information is now readily available on the Funds website e.g. Annual Report & Accounts, Investment Performance, Actuarial Valuation reports, Administration updates, Climate Strategy & Stewardship Plan, Climate Risk reports, TCFD reports, Responsible Investment information, LGPS pooling updates/information, general policies and newsletters with regular scheme updates. In addition, all Pension Committee and Pension Board meetings are now live streamed and recorded and available on the Councils website for scheme members and the public to view. The Pension Committee has a Pensioner Representative and Scheme Member representative on it for any scheme member queries and the Pension Board also consists of 3 scheme member and three employer representatives which can be contacted, all details are provided in the Annual Report on the Pension Funds website. The Pension Investment & Administration team are also available for 1 2 1 meetings with scheme members and employers and can be contacted directly via email or over the phone for any scheme member specific concerns or queries. This has been agreed with the Chair and Head of Pensions – LGPS Senior Officer. An update to the fund's approach in dealing with overpayments has also been included.
- **Appendix C** - Administration Strategy Statement – Minor amendments have been made to;
 - clarify the fund's turnaround times when dealing with certain types of casework,
 - confirm how the fund treats employer requests when a discretions policy has not been received
 - and to confirm that the legal/actuarial costs are passed onto the relevant Fund Employer during an outsourcing exercise.

9.10. Members are asked to approve with or without comment the updated policies found at **Appendix B and Appendix C**.

10. Employer performance

10.1. In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table shows the percentage of employers who have met the deadline over this quarter. This table also includes information about employers who make monthly deficit payments. Information about

employers who did not meet these deadlines is covered in the governance report.

	August 2022	September 2022	October 2022
i-Connect data	93.51%	93.46%	96.75%
Monthly contributions	96.10%	83.66%	98.05%
Monthly deficit	86.67%	90%	93.33%

11. Pensions Dashboards

- 11.1. Following consultations earlier this year, the Department for Work and Pensions (DWP) laid before parliament its regulations for pensions dashboards. The regulations set out the details of how dashboards will operate and obligations on schemes and confirms that all Public Service Pension Schemes will be required to connect to the initial pension dashboard by 30 September 2024 (delayed from April 2024 initially). The Regulations also confirm that LGPS funds will need to provide 'value data items' (i.e., the current value and projected value for active members) by 1 April 2025. The regulations do not confirm when the general public will be given access to the dashboards (known as the "Dashboards Available Point") but do confirm that schemes will receive at least 6 months' notice of this date by Government.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 19 September 2022 Pensions Administration Report

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

Appendix A – Performance Chart

Appendix B – Governance Compliance Statement

Appendix C - Administration Strategy Statement