



<u>Committee and date</u> Pensions Board 19 July 2024 10.00am
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<u>Item</u> <u>Public</u>

Administration and Regulatory Updates

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1. Synopsis

- 1.1. The report provides Pension Board members with the latest administration and regulatory updates affecting the Local Government Pension Scheme (LGPS).

2. Executive Summary

- 2.1. Detail is provided on team workloads and performance, and projects currently being undertaken, including McCloud, Dashboards, Annual Benefit Statement production and The Pensions Regulator new code checklist.
- 2.2. The assurance level following the completion of the 2023-24 Pension Administration Internal Audit remains good which is the highest rating.

3. Recommendations

- 3.1. Pension Board members are asked to note the contents of this report with or without comment.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to, risks to the fund are minimised. A risk register is kept and updated in line with council corporate policy.

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. Currently there are no direct financial implications arising from this report.

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 2023-24 Internal Audit has been completed and the final report shared with the Pensions Administration team. The assurance level remains Good with no change to the control environment noted. There were 6 recommendations requiring attention for which actions have already been taken to address these. These included ensuring that our procedures manual is kept up to date and review dates are updated when changes are made.
- 7.2. To demonstrate outstanding workloads and the performance of the team we have updated the way in which this information is shown. Previously the output and performance were shown in a chart that just indicated the outstanding volume of cases and cases that had been completed either on time or not.
- 7.3. As we head towards the next valuation in 2025, the team have been looking at areas of backlog which will need to be tackled to ensure data held on records is as accurate as it can be. We have a large number of cases where members have multiple records which need to be put together, this is created when a member moves from one post to another, often with the same employer. We also have a large volume of records that need to be processed because the member has left. A backlog of these has been created due to the requirement for employers to send through a form to confirm final pay information. For our larger employers they can have a considerable number of leavers each month and leavers forms are not sent though or not received as quickly as we would like. We are looking at the removal of leavers forms for certain cases, as information required to process a record is sent through iConnect. This will help reduce backlog and the burden on employers to complete the majority of leavers forms. Further developments within iConnect are required before we can do this, these are being looked at by our software provider.
- 7.4. **Appendix A** shows the 17 key performance indicators (KPIs) for cases processed by the Operations team, this shows the number of cases processed by the legal time scales. The fund's objective is to achieve 95% of cases being processed within the agreed time frame. These KPIs are recommended from the Annual Report guidance that has recently been updated. The fund has more ambitious targets set within the administration strategy, these will be reviewed and updated where it is felt that the target may be unachievable.

- 7.5. The graph shows that the volume of work is such that the team have more cases coming in each month than they can complete, certain cases are prioritised, i.e. retirements, which means other cases such as transfers can be delayed as they are not prioritised. However, delays with transfers have occurred due to outstanding guidance following the implementation of the McCloud remedy.
- 7.6. The impact of staff changes seen over the last 18 months has meant that the team's ability to manage the work coming in has reduced. This has been down to time spent training new staff and delays in recruiting to posts. A review of the structure of the team and a business case for additional resources is being finalised. Recruitment to posts where previous experience of working in Local Government Pension Scheme Administration is required has proven difficult. Therefore, we would like to look to 'grow our own' where we introduce more Pensions Assistants and create a career path so that individuals are ready when opportunities for promotion arise.
- 7.7. Since 1 April there have been several team changes on the systems team, we have created an additional part-time Senior Systems Officer to help support new developments in the software system. The existing Senior Systems Officer took flexible retirement reducing to 3 days and we have promoted a Systems Development Worker into the full-time role of Senior Systems Officer. We have also promoted a Pensions Assistant within the Systems team to backfill the Development Officer role. We have now backfilled the Pensions Assistant role and have recruited a Pensions Officer for the Operations team.
- 7.8. Another change that has been implemented is the move of work on new employer admissions into the fund. This has been moved to the Systems team, consolidating this work on to one team rather than split across Systems and Communications and Governance teams.
- 7.9. On 15 May we held a team away day where training was provided by Mercer on The Pensions Regulator new code and the fund's Cyber Security Policy. This was followed by training on the Business Impact Analysis and Service Recovery Plan (BIA & SRP), these topics currently have a raised profile due to the increased national risk of Cyber Security and the requirement in the new TPR code to have an individual Cyber Security Policy for the fund.

8. Communications and Governance

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system which are predominantly completed by the Operations team and reported with the wider team statistics in Appendix A.
- 8.2. The helpdesk received the highest number of telephone calls in April since May 2022, partly due to the on-going voluntary redundancy programme at Shropshire Council and cost of living crisis with more members seeking details on what their pensions are worth and a resulting increase in opt out requests. Despite the huge volume of calls, an answer rate of 94% was achieved.
- 8.3. Numbers of emails received also rose significantly in April 2024, again reflecting the issues of VR and the cost-of-living crisis with many seeking to bring their pension into payment before their Normal Pension Age.

	February 2024	March 2024	April 2024
Telephone calls received to helpdesk team	650	681	880
% of calls answered	97%	95%	94%
Emails received to pensions@shropshire.gov.uk	935	781	1,147
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	94	88	102
Member updates made through My Pension Online	503	306	552
Opt out requests directly dealt with by helpdesk	24	17	38
Incoming post received and indexed to the pensions administration system	3,361	2,585	3,218
1-2-1 video appointments held with scheme members	26	35	26
Users visiting the website	2,924	3,225	3,721

- 8.4. Work continues improving the pensions bot and it is now confident it can answer 67% of member questions. This work will be on-going as we seek to get more members to self-serve, and this is reflected in the increasing number of visitors to the website.

8.5. The fund monitors member take-up of its online area. As of April 2024, the percentage of members who have registered is:

52% active members

44% deferred members

52% Pensioner members

These numbers continue to increase slightly month on month, towards the end of this year we will be updating the online member platform and will be running a promotion campaign to encourage more members to sign up for this online facility.

9. Employer performance

9.1. In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions and lump sum deficit payment by the 19th of the month. Accompanying data must also be submitted via iConnect by this date. The below table shows the percentage of employers who have made payments by the deadline over the last quarter of 2023-24. This table also includes information about employers who make monthly deficit lump sum payments. Information about employers who did not meet these deadlines is covered in the governance report.

	January 2024	February 2024	March 2024
i-Connect data received on time	98%	97%	95%
Monthly contributions received on time	98%	99%	100%
Monthly deficit lump sum payments received on time	100%	98%	100%

Projects

10. McCloud

10.1. The team continue to work through the implementation of the age discrimination remedy, this has created additional work, with the need to spend more time checking records for members in scope.

10.2. We have now had contact from the Teachers Pensions Scheme about teachers who have both a full time and part time teaching post. There are different rules if a teacher holds a full-time contract and an additional part-time contract, for these purposes the additional part-time contract is referred to as 'excess service.' The Transition Protection changes which are being introduced will affect any excess service during the remedy

period. Where there is concurrent full-time and part-time teaching service, the part-time service is not pensionable in the Teachers' Pension Scheme. This excess teaching service will be pensionable in the Local Government Pension Scheme (LGPS). This means we will have to create records for these individuals.

- 10.3.** The number of cases that will need to be reviewed to see if the underpin now applies for members that left in the remedy period have been identified:

These are split into the following categories:

Pensioner – 69

Deferred - 168

Death – 1

There are also 74 records with an underpin error where records have been processed to death status and need manual checking and recalculation.

- 10.4.** We have also had to identify members who have reached the age of 65 in the remedy period and request final salary pay as at age 65, for these individuals from their employers. For this we have identified 730 cases split across 73 different employers. Information has been requested from employers and will be uploaded to each record so that the underpin check can be completed for these members.

11. Pension Dashboards

- 11.1.** A work plan has been created for the Pension Dashboards and monthly meetings are held by the project team to record progress, decisions made and review next steps.
- 11.2.** We are currently looking to procure the Integrated Service Provider (ISP) and data tools that will allow us to connect to dashboards and support our work in keeping data as clean and up to date as possible. This will mean that when members access the dashboards, they can have confidence in the information they can see regarding their pension benefits.
- 11.3.** On 30 April 2024, the Pensions Dashboards Programme (PDP) published version 1.2 of the data standards. The data standards cover the data requirements for 'finding' and 'viewing' pensions information and are mandatory for providers and schemes connecting to the ecosystem. They are there to build a common set of message handling tools to receive and reply with data. Further guidance on connection and the technical, reporting and design standards will be published once tested and validated by the volunteer participants.

11.4. Following the work to secure the ISP and data tools, the fund will need to consider how we will manage the additional queries that are directed to the fund once Dashboards go live. We are anticipating that there will be a high-profile national campaign led by the Department for Work and Pensions that will promote the Dashboards. To try and manage additional work that may be created we will direct members to 'self-service' as much as possible using 'my pensions online' and to the fund's website where we have lots of information for scheme members.

12. Annual Benefit Statements

12.1 Work has now begun on the creation of annual benefit statements for all active and deferred members, which are to be received by members no later than 31 August 2024.

12.2 In the newsletter that will go out with annual benefit statements we have included an article for the Shropshire Council's Digital skills team who provide opportunities for eligible Shropshire residents to learn digital skills to help with their everyday life. For members of the fund that may struggle to use technology, we hope that some may take up this offer of free help and then be able to use the member self-service platform.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pensions Committee Meeting 21 June 2024 Pensions Administration Report Pensions Board Meeting 26 April 2024 Administration and Regulatory updates
Cabinet Member (Portfolio Holder) N/A
Local Member N/A
Appendices Appendix A KPI Chart