**LOCAL PENSION BOARD 8 FEBRUARY 2021**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**PENSION FUND CONTINUOUS IMPROVEMENTS REPORT – FEBRUARY 2021**

**Purpose of the Report**

1. To provide a regular update to the Board regarding progress in respect of areas of identified improvement within the Pensions Section.

**Background**

2. The Pensions Section has faced multiple changes over the last few years. Investment has been made in new systems including i-Connect, purchased to improve the process of loading employer data and Member Self Service (MSS) a new online portal that offers greater facilities for scheme members. Pensioner payroll and a payments system (Immediate Payments), have been incorporated into the i-Connect system, resulting in a streamlining of those processes. In addition, the McCloud/Sargeant judgement and changes in respect of the exit cap have been introduced, resulting in extra work and additional complexity.

3. With further change envisaged in the future, including an increased focus on governance and data quality, plus the prospect of longer term home working, it is vital that the Section reviews how it operates to ensure high standards of service can be maintained at a reasonable cost to the Pension Fund.

4. A Pensions Projects Manager was appointed at the beginning of 2020 with a view to reviewing the Section and recommending improvements. A key element of the recommendations is the implementation of a new structure which will allow for a more targeted approach in key areas, e.g. continued improvements, governance, payment of retirement and death benefits, taxation and customer care. This will allow staff to specialise within their teams resulting in an improved service for scheme members and employers.

5. The proposed structure was approved and came into effect from 1$^{st}$ January 2021 splitting the section into five new teams:

   - Payments and Taxation; responsible for the calculation and implementation of pension benefits and also issues relating to pensions taxation issues, i.e. members who breach Annual Allowance or Lifetime Allowance thresholds.
   - Early Leavers; responsible for pensions administration, including refunds, preserved benefits and the aggregation of pension records. Will also deal with

'customer service' through the monitoring of emails and all general telephone calls using new contact centre technology.

- **Employers and i-Connect**; responsible for the roll out and maintenance of i-Connect. Also, administration of Employer based work, including work around new employers, risk and liaising with the scheme actuaries.
- **Continued Improvements and Systems**; to assess and improve existing processes, maximising the use of technology, whilst also exploring other areas including tenders, new legislation, governance and data quality.
- **McCloud Team**; this is a temporary team that has been put in place to deal with the administration relating the McCloud/Sargeant ruling and once the project is completed, it is expected that the Team Manager will then retire, whilst the two team members will move into the Early Leavers team.

## Key Areas

6. The following key areas have been identified for future developments.

Member Self Service (MSS)

i. To examine ways of encouraging scheme members to sign up for the Pensions online portal, MSS, for example by hosting presentations through Microsoft Teams for employers and increasing awareness through circulars, articles etc.

ii. To develop use of MSS functionality to improve and digitise existing processes, e.g. Retirements, Death Grant Nomination form, resulting in a quicker exchange of information between Pensions and scheme members, whilst also reducing the amount of office postage. Work is nearing completion with regards to utilising existing functionality for the issuing of retirement options and some pension estimates have already been issued through the portal.

iii. Identifying improvements to usability of the general site on an on-going basis, whilst ensuring that the site is accessibility compliant.

Implementation of New Postage, Printing and Scanning Solutions

iv. To consider alternative approaches to these areas that improve efficiency and reduce the risk of failure in the event that Pensions were to fully work from home as a result of Covid or any future issues. This area would be also be linked to the drive to increase the use of MSS (by reducing the use of paper) covered above.

Employer Risk

v. To consider options for improving the monitoring of employer changes and financial risk. This could be through increased internal monitoring and/or accessing external databases.

Governance and Office Procedures

vi. To examine areas of governance, including the implementation of the recommendations made by the Scheme Advisory Board's Good Governance Project, ensuring the section is compliant in all areas.

vii. To record office policies already in place whilst identifying and implementing improvements and efficiencies, highlighting any potential for fraud and ensuring measures are in place to prevent this;

viii. Development and maintenance of a centralised office training manual covering all aspects of section administration.

ix. Run regular data quality reports and take appropriate action with the aim of improving the annual Pensions Regulator data score and forms part of the Pensions Section data improvement plan.

x. Consideration of the impact of working at home and how existing processes already in place can be developed as part of a longer term strategy.

Employer Training

xi. To arrange and provide training for employers as and when required, particularly around new areas, e.g. exit cap, McCloud project.

Projects

xii. Overseeing the McCloud project;
xiii. Completion of the Actuarial Tender;
xiv. Working with Team Managers to highlight and identify any issues within the new structure and developing solutions.

7. This is not an exhaustive list and other items may be added during the year. It is intended that future reports will cover progress made in these areas, highlighting any particular subjects deemed of possible interest to the Board.

8. A grid summarising the initial position is available for reference in the appendix.

**Recommendation**

9. It is recommended that the Board notes all areas of the report.

**Equality and Human Rights Implications**

None specific

**Appendix**

Appendix A – Summary of initial position

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