



## **LOCAL PENSION BOARD**

**8 FEBRUARY 2023**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **PENSION FUND CONTINUOUS IMPROVEMENTS REPORT**

#### **Purpose of the Report**

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

#### **Background**

2. The Continued Improvements and Systems team has been created to assess and improve existing processes, maximising the use of technology, whilst exploring other areas including tenders, new legislation, governance and data quality. Appendix A has been provided to cover the areas of improvement to be addressed, but the key developments since last quarter are provided in more detail below.

#### **Bank Account Verifier**

3. Heywood have introduced a facility for Fund Officers to verify scheme members' bank account details instantly through Altair. This allows scenarios, such as where the member has erroneously provided account details, to be spotted immediately and action to be taken. This avoids the situation where a payment has been attempted and rejected, resulting in a delay whilst a payment is re-submitted.

When a request for verification is submitted, contact is made with a third-party supplier (GB Group, specialists who deal with data verification) to check the details. The following information is sent to the supplier:

- Account number
- Sort code
- Title
- Forenames
- Surname

- Date of birth
- Members current address

The service awards a 'score' to each element of data that is provided. Where the following four elements are verified, a 'pass' will be awarded:

- Sort code verification passed in conjunction with provided account number
- Bank account number verification passed
- Bank account details matched to individual for a live account at current address
- Bank account age is over 12 months

The possible results that could be returned are:

<b>Status</b>	<b>Description</b>
Pass	The information provided match records held by the third-party supplier. The bank account is verified.
Refer	Some of the information provided matches records held by the third-party supplier.
Fail	The information provided does not match the records held by the third-party supplier.
Error	There was an error when attempting to verify the bank account details.

In addition, the Officer can manually change the status to 'Pass (Overridden)', should the status be shown as something other than 'Pass'. This may occur where a bank account was set up less than twelve months ago, as this is deemed to be a sign of possible fraudulent activity. Where an Officer is satisfied that having contacted the member the account is legitimate, then the status can be overridden.

Verification checks are performed across all records relating to a specific member, so for those members with multiple pensions in payment, the account only needs to be verified against one record to verify all pension payments.

#### Testing

4. Some minor issues were raised as part of the testing process but were mainly resolved. One issue identified was where the data held by GB Group does not include sort codes, which means that as a full check could not be carried out, the system was unable to confirm all data and produce a 'Pass'. However, the

system was returning a 'Fail'. Following feedback from Leicestershire, Heywood are currently arranging for this to be changed to a 'Refer', and an explanatory message advising why this could not be a 'Pass'. The system is currently being updated with this change and once implemented, Officers will be able to sign this off and arrange for implementation into the Altair live system.

### **Online Retirement Process for Deferred Members**

5. Heywood have introduced a facility for deferred members, who are registered for Member Self Service (MSS) to enable them to claim their deferred pension online by utilising new functionality available on the portal. The intention is that by promoting the use of this functionality, Officers will be able to continue to reduce reliance on paper by using the secure upload facility, and ultimately a quicker and more secure service can be provided.

There is also the same facility for active retiring members, but Officers have decided not to implement this initially.

### Tasks

6. The new facility introduces the concept of 'Tasks' for the scheme member to complete. The tasks are:
  - (1) Acknowledge you have read document containing important information
  - (2) Upload two forms of identification
  - (3) Confirm Bank Details
  - (4) Confirm Contact Details
  - (5) Select Your Deferred Retirement Options
  - (6) Declare Any Other Pension Rights

The idea of the tasks is to allow the member to provide the various documents and information via MSS to allow Officers to bring the pension into payment.

Task one is a document that guides the member through the process, explaining what needs to be done, and includes key information regarding topics such as 'Pensions Recycling', 'Freedom and Choice' and 'Right of Appeal'. The member is required to acknowledge that they have read the information by checking a box on-screen.

Task two requires the member to upload copies of two forms of identification, for example, Passport and Driving Licence, whilst task three asks the member to complete a screen supplying their bank account details. Task four is to confirm contact details, including home address and phone number.

Task five takes the member to a screen to choose the level of pension benefits due. As a deferred member the standard value of the member's pension was calculated shortly after the member had terminated their employment. At this stage, all that is being amended is the calculation of any early retirement reduction that may apply, and also the level of the lump sum

and pension if the member should choose to opt to provide a larger lump sum. Once the member has decided on the level of pension and lump sum to take, then they can submit those amounts through the task.

The final task allows the member to declare whether they are in receipt of any other pensions. Once all tasks have been completed a system 'Workflow' is created on the member record, instructing Officers to implement the payment of benefits.

### Issues

7. There are some issues with the process in its initial format.
  - Marital Status is not requested;
  - Trivial Commutation data is not included as standard and instead the member needs to contact Pensions outside of the process;
  - The option for the member to declare whether they intend to use their Lump Sum for 'Pensions Recycling' is not available unless they declare that they have other pension benefits.

The three issues were initially raised with Heywood and to date no immediate solutions have been offered. Officers are currently investigating workarounds whilst also contacting other funds for possible solutions.

### Aggregation Review

8. Officers have recently begun a review of the processes relating to the aggregation of records where a member leaves, then subsequently re-joins the scheme. Depending on which scenario applies, the regulations allow members to aggregate or elect to leave their records separated.

The aim is to work through each scenario and look to streamline all areas including communications, checking and updates to the system. This is a complex area, particularly where multiple scenarios occur simultaneously, which can happen to members with multiple deferred benefit records.

More information on this topic will be provided at a future Local Pension Board meeting.

### Recommendation

9. It is recommended that the Local Pension Board notes the report.

### Equality and Human Rights Implications

10. None specific.

### Appendices

11. Appendix A: Areas of Improvement  
Appendix B: MSS Registration Figures

**Officers to Contact**

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