

Pensions Administration

Annual General Meeting 2024

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Centre



**Nottinghamshire
County Council**

Another challenging year for Pension Administration

- Scheme membership continues to grow.
- National projects
 - McCloud Judgement
 - GMP Reconciliation
 - National Dashboards
- **Cost of living crisis**
 - Fund continues to see an increase in the number of members seeking early release of benefits.
- Scheme Valuation
- Pension Regulator
 - Fund data improvement
 - Cyber security
 - Code of Practice
- Recruitment – Pension apprenticeship
- Digital Transformation and new ways of working



Pension Fund Member Statistics

	2019/20	2020/21	2021/22	2022/23
Active	48,056	43,957	44,299	45,758
Deferred	56,002	60,935	62,501	65,212
Pensioners	38,754	40,481	42,715	44,732
Total	142,812	145,373	149,515	155,702

Year End 2022/2023

- All employers submitted their data to enable the submission and Annual Benefit statement data
- Employer Support & Compliance Team work to support employers with year-end submissions and data quality
- Annual Benefit Statements issued
 - 44896 Deferred statements July 2023
 - 41673 Active statements August 2023
 - 2,000 follow up statements November 2023
- Contributions
 - Employer Contributions £175M
 - Member Contributions £54M
 - Pension benefits Paid £197M

Nottinghamshire Administration Costs compared to the average cost per member within the CIPFA Benchmarking Club

Process	2016	2017	2018	2019	2020	2021	2022	2023
Cost per member	£11.18	£14.23	£13.59	£14.37	£14.08	£14.08	£15.35	£16.65
Average cost per member in the cipfa benchmarking club	£18.69	£20.41	£21.85	£21.34	£20.02	£21.05	£21.69	£22.55

1st April 2022 to 31st March 2023.
Annual Fund Key Performance Indicators for CIPFA benchmark

Process	Cipfa Benchmark Legal Requirement (from notification)	% of cases completed within the CIPFA KPI	No. cases completed
Deaths (ALL)	2 Months	89.14	962
or			
Deaths – Acknowledging death of member Letter	2 Months	82.42	421
Deaths – Letter notifying amount of dependants pension	2 Months	63.77	541
Deferments	2 Months	25.74	2887
Retirements (All)	2 Months	88.21	7058
or			
Retirements – Process & Pay Pension Benefits (at next available payroll)	2 Months	85.19	2668
Retirements – Estimate of retirement benefits Letter (Cat A)	2 Months	96.61	1387
Retirements – Estimate of retirement benefits Letter (Cat B)	2 Months	92.11	76
Deferred Retirement Quotes (No SLA Equiv)	2 Months	86.88	2927
Transfer Quotes	2 Months	40.72	781
Transfers (No BP Equiv)	**	**	**
Divorce Quotes (No SLA Equiv)	3 Months	97.85	279
Divorce Settlement (No SLA Equiv)	3 Months	27.27	11
Refund (No SLA Equiv)	2 Months	95.38	303

Total number of Completed Processes In The Financial Year

Table 1					
Years	2018/19	2019/20	2020/21	2021/22	2022/23
No of Processes completed	51,976	56,722	53,121	56,900	58,576
Difference	0	4,746	-3,601	3,779	1,676
% Change in Difference	→ 0.00%	↑ 9.13%	↓ -6.35%	↑ 7.11%	↑ 2.95%

All KPI Activities Reported in The Pension Administration System

Table 2						
Years	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
No of KPI Processes Completed	7,617	10,688	12,138	11,723	14,773	13,130
Difference	0	3,071	1,450	-415	3,050	-1,643
% Change in difference	→ 0.00%	↑ 40.32%	↑ 13.57%	↓ -3.42%	↑ 26.02%	↓ -11.12%

Transforming Pension Administration through digital development and new ways of working



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- Transformation programme was approved by Committee in 2019. Progress has been impeded by a number of key issues over recent times for example
 - Pandemic, delivery of national projects, increase in requests for deferred benefits and active retirement quotes and payment of benefits due to cost of living, turnover of experienced pension officers and challenges in recruiting.
 - Since June 2023 work has been undertaken to refresh and drive forward the required changes to deliver digital transformation.

- **Data audit and improvement - Data is key!**

- The “behind the scenes” activity of the data audit and improvement has supported the Fund to achieve a significant improvement in its data scores since 2020.
- During the last 12 months the data improvement activity has been light touch due to the focus being on the final stages of the GMP reconciliation project and data gathering for the McCloud project

	Sept 2020	Sept 2021	Oct 2022	Nov 2023
Common Data	73%	84%	87%	87%
Scheme Specific Data	41%	54%	64%	63%

- Whilst common data has remained static over the last 12 months and the scheme specific data score has fallen slightly, this is due to both an increase of 14,995 members in the November 2023 audit run and the fact that the final data fixes have been held back due to the focus on GMP and McCloud. Once the final fixes are applied it is expected that both scores will increase further

- Compliance is the responsibility of both the Administering Authority and Scheme Employers.
- During 2024 a review of the Fund's Pension Administration Strategy will be undertaken.
- Going forward the Annual Administration Performance Report will report on Scheme Employers performance against their responsibilities, this will include items such as
 - Details of data quality maintenance by Scheme Employers
 - Adherence to LGPS Regulations
 - Breaches
- The review will also take into account details of the General Code of Practice (formerly the Single Code of Practice) which was finally laid in Parliament on 10 January!

Activity	Status
Upgrade Scheme Employer Hub	<ul style="list-style-type: none"> • Technical implementation complete • UAT underway • Existing scheme employers transition schedules from March onwards • Deployment to other Scheme Employers to be planned • Pre-requisite for move to monthly returns
Automated bulk deferred benefit quotation processing – phase 1	<ul style="list-style-type: none"> • Proof of concept in final stages of testing • UAT to commence early February • Deployment to production March
Automated bulk processing – phase 2	<ul style="list-style-type: none"> • Scoping activity to commence May 2024
Monthly Returns	<ul style="list-style-type: none"> • Discovery phase underway • Initial planning for pilot Scheme Employers to be live from September 2024
Call Centre telephony and call recording	Deployment to Pension Administration Team – February 2024

BAU Planned Activities

- Continuing with the delivery of national projects
 - McCloud
 - Final stage of GMP
 - National Pension Dashboards
- Implementation of the General Code of Practice
- Review of Pension Fund Risk Register
- Pension Regulations requirements for Cyber Security Risk Management

The Year Ahead is busy!

- Transformation programme links to
- Business As Usual
- Continuing with the delivery of national projects
 - McCloud
 - Final stage of GMP
 - National Pension Dashboards
- Implementation of the Pension Regulator General Code of Practice
- Review of Pension Fund Risk Register
- Pension Regulators requirements for Cyber Security Risk Management