
PENSION ADMINISTRATION STAFFING

Report by Director People Performance and Change

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION FUND BOARD

4 March 2024

1 PURPOSE AND SUMMARY

- 1.1 This report presents a review of the staffing within the Pensions Administration Team and requests the Committee's approval to introduce a new permanent position within the team, which will be fully funded by the Pension Fund, and to proceed with the recruitment to the position at the earliest opportunity with a start date no earlier than 1 April 2024.**
- 1.2 The staffing establishment within the Pensions Administration Team has not been reviewed since 23 May 2011 when the HR Shared Services team was created following a full restructure of the Human Resources, Payroll and Pensions administration functions for Scottish Borders Council.
- 1.3 In previous external audit recommendations officers were to carry out a review of the staffing arrangements for the Pensions function to ensure that there is adequate resourcing to deal with the current and up coming legislative changes, this was completed for the Finance Team in 2020 and saw an increase in establishment at that time in Finance. The proposal to add this additional position discharges this requirement for the Pensions Administration Team.
- 1.4 Since the financial year ended 31 March 2012 to the end of the 2022/23 financial year there has been an increase in Active, Deferred and Pensioner members of the Fund by almost 40% with no increase to the staffing establishment with the Pensions Administration team.
- 1.5 Whilst the Pensions Administration Team have managed to maintain high levels of standard these could be improved and even higher standards of service delivered to scheme members and employers, it is proposed that this is achieved through the introduction of a Pensions Officer within the Pensions Administration team.
- 1.6 The legislative requirements of the Local Government Pension Scheme have changed over the years and continue to do so, the introduction of Pensions

Officer to the team will allow a clear focus on the delivery of these, with the Pensions Officer either working closely with the HRSS Team Leader (Pensions) or taking on sole responsibility for the delivery of these.

- 1.7 By increasing the establishment on a permanent basis allows members of the Pensions Administration team to see a clearer career pathway and allows for succession planning which is challenging in smaller teams where specialised regulatory knowledge is required.

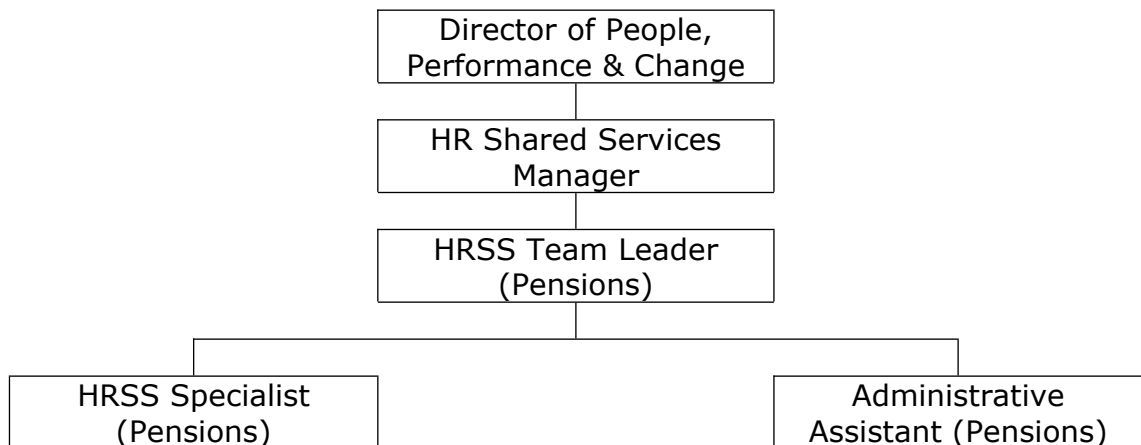
2 RECOMMENDATIONS

- 2.1 **It is recommended that the Pension Fund Committee agrees to the creation of the Pensions Officer position on a permanent basis, fully funded by the Pension Fund, and that recruitment proceeds at the earliest opportunity with a start date no earlier than 1 April 2024.**

3 BACKGROUND

- 3.1 The current staffing structure for the Pensions Administration Team has been in place since 23 May 2011 following a review of staffing covering Human Resources, Payroll and Pensions administration. This saw the formation of the current team, with no amendments made, other than the Directorate responsibility, since creation.

The current team structure is as follows:



- 3.2 For the above structure the following are paid, following recharge from Scottish Borders Council, by the Pension Fund: -

HR Shared Services Manager – Grade 12A – 0.25 FTE
HRSS Team Leader (Pensions) – Grade 8A – 1.00 FTE
HRSS Specialist (Pensions) – Grade 6A – 1.00 FTE
Administrative Assistant (Pensions) – Grade 5A – 3.00 FTE

- 3.3 Within the External Audit report of 2017/18 there was a recommendation from Audit Scotland that "Resource requirement of the Pension Fund should be assessed and addressed to ensure administration of the Fund is efficient and effective.", this covered both Finance and HR Shared Services.

This recommendation continued for a further 3 years, where resourcing within the Finance Team was addressed with the creation of a Finance Technician post for 21.00 hours.

No change was made to the staffing establishment within the HR Shared Services Team.

4 PENSIONS ADMINISTRATION CHANGES

- 4.1 Since 2011, when the current staffing structure as outlined at 3.1, was put in place there have been many changes that have impacted the resource requirements for the Pensions Administration team, some in a positive way but the majority adding to the complexity and workload of the team.

- 4.2 One thing that is notable is the very significant increase in membership of the Scottish Borders Council Pension Fund in each of the categories: -

As at	Active	Deferred	Pensioners	Total
31/03/2012	4,230	2,164	2,611	9,005
31/03/2023	4,842	3,187	4,532	12,561
Increase	612	1,023	1,921	3,556

As demonstrated above there has been a 39.48% increase in overall membership of the Pension Fund.

The ratio of Administration staff to Fund members is 1 to 1,813.

- 4.3 In 2015 the Local Government Pension Scheme regulations were changed to introduce a Career Average Revalued Earnings (CARE) scheme. This resulted in a third set of benefit entitlements for those who had been members of the scheme prior to 1 April 2009. For those who had been members of the scheme prior to 1 April 2015 there are two sets of benefit entitlements.

- 4.4 One of the positive moves that has been made from a Pensions Administration perspective is the introduction of Members Self Service. This allowed scheme members to run as many quotations as they wished without assistance from the admin team, update personal information and beneficiaries directly into the system and to provide Annual Benefit Statements through the online portal. Thus reducing resource, postage costs and helping the Fund contribute to the carbon footprint reduction through the reduced use of paper.

A further positive has been the introduction of the Insights Module, this has allowed the Pensions Administration Team to report on Data Quality without incurring additional cost and is something that the team will look to develop further to support the Fund with the Governance and Stewardship review actions points.

- 4.5 Over the past twelve years the team have also admitted new Employers to the Fund, some of which can be attributed to the increase in membership but mostly having seen scheme members transfer employer following TUPE. The new admitted bodies increase the number of annual reports that are required and increase the number of queries that the admin team receive from Auditors in support of the Employers production of Final Accounts.

New Employers: -

SB Cares (since transferred back to Scottish Borders Council)
CGI
SOSE

- 4.6 The administration team have also dealt with the GMP reconciliation project, although this has still to be formally completed, a consequence of other work being prioritised over this.

- 4.7 On the legislation front there have been many changes, the most notable that have either been laid before parliament and come into force or expected in the coming period are as follows: -

McCloud
Goodwin
Pensions Dashboard
Single Code of Practice

- 4.8 As agreed at the December 2023 meeting, the action plan around the Governance Review and Stewardship Code, introduces additional work for the team.

5 PROPOSAL

- 5.1 In order to address the changes outlined above and provide an improved service to all scheme members and employers it is proposed that the staffing establishment within the Pensions Administration team by 1.00 FTE on a permanent basis, which will be fully funded by the Pension Fund.

By introducing this new position, the ratio of scheme members to team members will be 1 to 2,093, which is still an increase from that applying as at 31 March 2012, but a significant improvement from the 1 to 2,512 that currently exists.

- 5.2 As many of the changes that the team are going to be facing are complex in nature a new position of Pensions Officer has been created. This new position has gone through the Scottish Borders Council Job Evaluation scheme and has been graded as a Grade 7A.

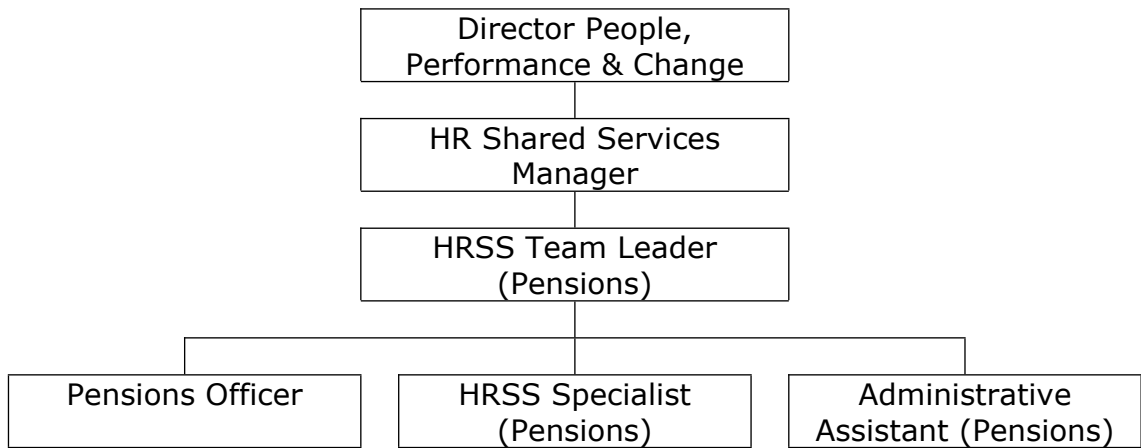
- 5.3 The purpose of this new position is: -

To provide specialist system, technical and process advice on the Local Government Pension Scheme (LGPS) to the Pensions team to ensure that processes comply with current legislative and statutory requirements. Be responsible for dealing with all Fund Employers, including the liaison with the Fund Actuary regarding statutory reporting and compliance with admission agreement for the Fund. Responsible for the Funds relationship with HMRC and making returns in accordance with deadlines.

Assisting the HRSS Team Leader (Pensions) in delivering projects as a result of legislative and regulatory changes, including the review and updating of Pension processes to ensure that Pensions Team staff are using the most current and relevant procedures and processes to deliver agreed service standards. Provision of support to Pensions staff in dealing with and/or checking complex or escalated Pension issues or processing non-standard transactions.

- 5.4 In keeping with the Scottish Borders Council approach a flat structure will be retained with the new position reporting to the HRSS Team Leader (Pensions) position and having no staffing responsibility.

The proposed team structure is as follows:



5.5 The introduction of this new post will not only allow the Pensions Administration team to deliver more for scheme members and employers but will help in succession planning and adds a clear career pathway for any individuals who may be looking to progress within the team, when the time comes.

5.6 The additional budget required for this position is as follows: -

Salary	30,891.97
Employers NI	3,007.29
Employers Pension	<u>5,251.63</u>
Total Cost	<u>39,150.89</u>

It is planned to introduce this new position from 1 April 2024 with recruitment taking place as soon as possible.

6 IMPLICATIONS

6.1 Financial

The introduction of the Pensions Officer position will incur an additional cost of £39,150.89 as outlined at 5.6 above.

6.2 Risk and Mitigations

The introduction of the Pensions Officer position will provide supporting and further mitigation to the following risks: -

PF301 ("If there is an over reliance on key Officers or if Officers fail to maintain a sufficient level of competence to discharge their duties (incl. providing decision making support & advice) it may lead to an inability to manage the Fund effectively.") – by increasing the resources within the Pensions Administration team introduces clearer succession planning and the ability to upskill team members for progression into different positions within the team in the future.

PF302 ("Failure to process pension payments and lump sums on time may lead to financial distress for retiring staff and potential referral to the Pensions Regulator and/or external auditor resulting in the possibility of penalty costs and reputational damage.") – by increasing the resources within the Pensions Administration team this has a positive impact on the ratio of scheme members to staff.

PF303 ("Failure to collect and account for contributions from employers and employees on time may lead to adverse cash flow implications for the Fund

potentially resulting in adverse external audit opinion, referral to the Pensions Regulator, reputational damage and requirement to divest investments to fund the cash flow deficit.”) – through improved communication with Scheme Employers.

PF304 (“Failure to manage data and information appropriately (security, completeness and accuracy) could result in personal data loss, incorrect pensions information being issued or incorrect benefits being calculated or paid, reputational damage and potential financial penalty.”) – by improving the segregation of duties alongside improved and up to date operating procedures.

PF401 (“If we do not engage with and maintain good relationships with Scheme employers and if Scheme employers are not appropriately represented then inefficiencies in the operation of the Pension Fund may arise as scheme employers may not understand their roles and responsibilities relating to the Pension Fund.”) – through improved relationships with Scheme Employers.

PF501 (“Failure to administer and manage the Fund in line with requirements of legislation and other regulations e.g. LGPS regulations and HMRC may lead to benefits being calculated incorrectly and/or breach of legislation.”) – increasing the resources within the Pensions Administration team increase capacity to deal with the ever changing and complex legislative position of the Local Government Pension Scheme and wider Pensions regulations.

6.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. Nevertheless, a light touch assessment has been conducted and this will be published on SBC’s Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio –economic factors have duly been considered when preparing this report.

6.4 Sustainable Development Goals

There are no direct impacts from this report on the sustainable development goals of the Council.

6.5 Climate Change

There are no direct climate change impacts as a result of this report.

6.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

6.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

6.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required as a result of this report.

7 CONSULTATION

7.1 The Director of Finance and Procurement, the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Clair Hepburn
Director People Performance and Change

Author(s)

Name	Designation and Contact Number
Ian Angus	HR Shared Services Manager 01835 826696

Background Papers:

Previous Minute Reference: Audit and Scrutiny Committee, 24 September 2018

Pension Fund Committee and Pension Board, 12 December 2023

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Ian Angus can also give information on other language translations as well as providing additional copies.

Contact us at Ian Angus, HR Shared Services Manager, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA; Tel: 01835 826696;
E-mail iangus@scotborders.gov.uk.