

Annual administration report

2022/2023



Working in partnership with



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1. Summary

- 1.1. The purpose of this report is to update the London Borough of Hillingdon with an annual summary of pension administration for 2022/23.

2. Background

- 2.1. Hampshire Pension Services administer the Local Government Pension Scheme (LGPS) on behalf of the London Borough of Hillingdon (LBH) with effect from 27 September 2021.
- 2.2. Hampshire Pension Services also administer the Local Government Pension Scheme (LGPS) for Hampshire County Council, West Sussex County Council and Westminster City Council; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

3. Summary Review of the past 12 months

- 3.1. The past 12 months has seen continued strong performance in the delivery of pension administration for LBH; our partnership working is excellent, and relationships remain strong.
- 3.2. Particular highlights include:
 - 100% delivery against performance targets.
 - Improved data quality, particularly in relation to annual returns, despite the query rate being 18.25% of the active membership.
 - Annual Benefit Statements and Pension Savings Statements published within the statutory deadline, and 100% of both active and deferred benefit statements produced.
 - A significant increase in Member Portal registrations – 33.10% of all members registered.
 - Good progress made in the collection of McCloud service data, and significant time spent on reviewing accuracy of data received, before uploading to member records.
 - Continued low number of complaints in comparison to the total membership and casework processed.
 - Achieved re-accreditation of Customer Service Excellence award, with 6 ‘compliance pluses’ where expectations are exceeded.

4. Membership

- 4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

Scheme	Active*	Deferred	Pensioner	Preserved Refunds**	Total
Local Government	12,512	8,975	7,908	1,195	30,950
Total membership April 22	12,806	7,831	7,689	912	29,238
Change since April 22	-2.29%	14.60%	2.84%	31.03%	5.85%

*Leavers which are waiting to be processed are included in the active membership.

**The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG).

5. Administration performance

- 5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.
- 5.2. The table below shows performance from 1st March 2023 to 31st March 2023; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time	Average days taken to complete	Total Cases (previous month)	% completed on time (previous month)
Active Retirement	6	3	0	0	0	0	9	100.00%	4	8	100%
Deferred Retirement	26	17	5	0	0	0	48	100.00%	6	38	100%
Estimates	7	25	91	0	0	0	123	100.00%	11	38	100%
Deferred Benefits	5	1	3	2	72	0	83	100.00%	24	56	100%
Transfers In & Out	0	0	0	0	0	0	0	100.00%		1	100%
Divorce	1	1	0	0	0	0	2	100.00%	7	7	100%
Refunds	0	2	8	0	0	0	10	100.00%	12	12	100%
Rejoiners	3	0	5	12	0	0	20	100.00%	14	11	100%
Interfunds	8	5	16	0	0	0	29	100.00%	9	30	100%
Death Benefits	5	0	2	0	0	0	7	100.00%	6	21	100%
GRAND TOTAL	61	54	130	14	72	0	331	100.00%		222	100%

5.3. The table below shows performance for the last 12 months; 1 April 2022 to 31 March 2023.

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time
Active Retirement	64	21	35	0	0	0	120	100%
Deferred Retirement	80	68	151	0	0	0	299	100%
Estimates	59	139	405	0	0	0	603	100%
Deferred Benefits	38	19	36	43	983	0	1,119	100%
Transfers In & Out	11	9	8	0	0	0	28	100%
Divorce	3	15	12	0	0	0	30	100%
Refunds	39	86	34	0	0	0	159	100%
Rejoiners	17	7	25	101	0	0	150	100%
Interfunds	39	79	176	0	0	0	294	100%
Death Benefits	122	23	40	0	0	0	185	100%
GRAND TOTAL	472	466	922	144	983	0	2,987	100%

Complaints and Compliments

- 5.4. We received a total of 3 formal complaints during 2022/23 and Appendix 1 summarises the complaints and lessons learned for the year.
- 5.5. As part of the complaint resolution process, actions to prevent recurrence are considered and put in place if necessary. There were no recurring trends in the complaints received, but we did identify a need for staff training, to ensure that communications are handled appropriately and in a timely manner. “Customer Care” training has since been developed by our CPD team and delivered to relevant staff.
- 5.6. The detail of each complaint is shared with our monthly partnership reports and discussed in the subsequent partnership meeting if necessary.
- 5.7. We received 15 compliments in 2022/23 – these commented on our customer service, communication, and positive experience of using our Portal and website.

6. Audit

- 6.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for Hampshire. The following internal audits relating to pensions administration for 2022/23 have been completed:

Audit Area	Timing
Pension Transfers: To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.	Completed – ‘substantial’ rating confirmed.
Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient, with the risk of overpayments minimised.	Completed – ‘substantial’ rating confirmed.
UPM - Cyber Security: <i>(This has been identified as a new audit review area)</i> To provide assurance over the Cyber Security arrangements for the UPM application	Close of audit meeting booked for 18 th April.

Audit Area	Timing
<p>Pensions Payroll and Benefit Calculations: Annual review to provide assurance that systems and controls ensure that:-</p> <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	Completed to draft report stage – ‘Substantial’ rating proposed.

6.2. The pensions administration audits being completed in the coming financial year are as follows. The fourth audit focuses on Hampshire Pension Fund investments, and therefore won't be included in the update to Partners.

Audit Area	Timing
<p>Pension Refunds: To assess that there are appropriate arrangements to ensure all refunds are valid, accurate and are paid promptly to the correct recipients following a validated request to withdraw from the schemes administered by HPS.</p>	Quarter 1
<p>UPM – Application Review: <i>(This has been identified as a new audit review area)</i> Assurance over the management of the UPM application, including supporting infrastructure such as servers, databases, pre-production environments and system changes.</p>	Quarter 3
<p>Pensions Payroll and Benefit Calculations: Annual review to provide assurance that systems and controls ensure that:-</p> <ul style="list-style-type: none"> • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. 	Quarter 3 / 4

7. Customer Service Excellence (CSE)

7.1. On 25th January 2023 we completed a re-assessment of our CSE accreditation. The feedback report confirmed that we continue to meet the required CSE standards across the 57 areas assessed.

7.2. We were awarded 'compliance plus' against 6 areas, which shows that we are performing to a very high standard against these CSE requirements;

- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
- We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.
- We make our services easily accessible to all customers through provision of a range of alternative channels.
- We monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We empower and encourage all employees to actively promote and participate in the customer focused culture of our organisation.

8. Data Improvement

Annual Returns

8.1. The Employer Services team have worked hard over the last year to finalise the annual returns (current and previous years) for as many members as possible, and this plays through to the 100% production rate of active benefit statements which we were able to produce in 2022.

Unprocessed historic leaver project

8.2. At the point of onboarding, 3,840 unprocessed leavers were passed to us by the previous administrators – the date of leaving for these members was prior to 1st September 2021.

8.3. As of 31st March 2023, the position is as follows.

Unprocessed Leavers transferred from Surrey, at point of onboarding.	3,840
Additional unprocessed leavers identified since onboarding	318
Total unprocessed leavers	4,158

Leavers processed and records finalised by HPS	1,167
Outstanding leavers to be processed	2,991

- 8.4. The team dedicated to processing these cases have completed an average of 97 cases a month which exceeds our original commitment to process 80 cases a month.
- 8.5. Most of the outstanding leaver calculations are under employers who have their payroll service provided by Dataplan. We have experienced delays in receiving responses to nearly all queries we have sent to Dataplan and understand that they are charging the employers per case, where we are asking them to check the leaving information provided. We have received emails from some employers asking if they must pay the charge and/or if we need the data we have requested; we are concerned this will impact the rate that we can clear these cases, but we will keep Hillingdon updated each month on this matter.

The Pensions Regulator (TPR) Data Scores

- 8.6. In November 2022 we confirmed the common and conditional data scores, for submission to the Pensions Regulator, as follows.

Scheme	Common Data Score		Conditional Data Score	
	2022	2021	2022	2021
Hillingdon	89%	83%	87%	82%

- 8.7. It is pleasing to note that our work over the last year through both BAU, Annual Returns and the historic leavers work has contributed to improved data scores for both Common and Conditional data.
- 8.8. Due to the movement in membership over the last year, the scores above are not based on a like-for-like group. For example, the total membership has increased; a number of active members last year, are now deferred or pensioner members, and the data validations for each status are different. We have identified the following key themes as the biggest contributors to negatively impacting the data scores achieved.

Data Type	Data Check	Issue	Resolution
Common	Date Pensionable Service Started	This date is not recorded consistently across the member's record and is responsible for 2,913 the fails.	Data cleansing is ongoing, but this check is also applied to pensioner records, and has no bearing on the benefits being paid, so is deemed low risk.
Common	Address status 'Lost Contact'	This affects 357 members and has been reduced compared to last year.	An address tracing project has been completed, and we need to consider what more can be done to address this.
Conditional	'CARE Revaluation'	The CARE pension for a previous or current year is either missing, or the correct revaluation rate has not been applied. This currently impacts 1,617 members – a combination of active and deferred members.	This will be picked up in ongoing data cleansing work.
Conditional	'Crystallisation Benefit Value'	The value of crystallised benefits is missing from a specific field within UPM for 971 members.	The records missing the 'crystallised benefit value' are all pensioner status and the data does not impact anything in terms of benefits payable or external reporting to HMRC. Consequently, this is a low priority data cleanse item.

8.9. It is important to highlight that none of the issues above prevent us from calculating or paying a member's benefits, and as individual records are picked up by the teams for processing, they will naturally cleanse the record.

9. Support to Governance

9.1. During the year the Assistant Director Pensions has been in regular (virtual) attendance at the Hillingdon Pension Fund Committee and Pension Fund Board meetings.

10. 2022/2023 Achievements

Performance

- 10.1. Throughout 2022/2023 we have maintained 100% performance for all measurable BAU work.
- 10.2. Each monthly pensioner payroll was run successfully and without delay.
- 10.3. Our Pensions Customer Support Team have received 1,640 calls for Hillingdon members in 2022/23, of which 31 calls were abandoned by the member. This equates to an answer rate of 98.11% for 2022/23.
- 10.4. Throughout 2022/23 the average maximum call wait time was 1 minute 10 seconds for Hillingdon members - this includes abandoned calls – which demonstrates that members are not waiting for a substantial amount of time before abandoning their call.

2022 Annual Returns and valuation

- 10.5. The employer services team have worked hard with Hillingdon employers to finalise all 2022 Annual Returns.
- 10.6. The number of annual return queries needing to be raised with employers in 2022 totalled 2,263 which equated to 18.25% of the active membership. 997 of these queries were caused by joiner and leaver forms not being submitted by the employer at the appropriate time, in the year. Despite this, we were able to produce 100% of active benefit statements.
- 10.7. For the 2022 valuation, HPS provided data to Hymans Robertson for the Hillingdon Pension Fund, ahead of the agreed timetable and queries were dealt with promptly. The verbal feedback from the actuary was positive in terms of the timeliness and the quality of the data that was submitted.

Annual Returns Employer Bench Marking

- 10.8. Following the upload of the 2022 annual returns, we completed the bench marking of employers' performance; as this was our first year processing Hillingdon LGPS annual returns, these results were not shared with employers.
- 10.9. 85 employers were highlighted as being a major concern for data quality and 58 of these have Dataplan as their payroll provider; the detailed benchmarking report has been shared with Hillingdon.

Employer Engagement

- 10.10. We continue to experience an overall positive engagement with the vast majority of Hillingdon employers.
- 10.11. In 2022/23 we ran 23 bitesize sessions – which are open to all employers, across all schemes we administer – and 502 bookings were received. Those sessions were attended by 251 individuals representing 214 employers and covered the following.
- Employers in the LGPS, Starters and Opt Outs
 - Leavers and Retirements, including Starter, Leaver and Estimate Forms
 - Pensionable Pay Workshop - Cumulative Pay (post 2014), Full Time Equivalent and Final Pay (2008 regulations)
 - APC's, Absences, Paying in more, Paying in less - 50:50
 - Organisation changes (Outsourcing, Mergers, Change of Payroll)
 - Discretions and Disputes
- 10.12. We held 3 annual return workshops for Hillingdon employers in February and March 2023 – 79 individuals attended, representing 58 employers.

Member Portal

- 10.12. Active, Deferred and Pensioner members of the London Borough of Hillingdon Local Government pension scheme have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60's; and run voluntary retirement estimates.
- 10.13. The table below shows the total number of registrations for each status as of 31 March 2023, and for comparison, as of 31 March 2022. The current position now exceeds that achieved by Surrey, which was 30.95% of membership at the point of onboarding.

Status	Registrations to date	% of total membership	Registrations at 31/03/2022	% of total membership
Active	4,331	34.61%	3,324	25.95%
Deferred	2,637	29.38%	1,296	16.55%
Pensioner	2,763	34.94%	1,088	14.15%
TOTAL	9,731	33.10%	5,708	20.15%

- 10.14. We actively encourage all members to register for and use the Member Portal in the following ways.
- We send all new joiners – where the employer has provided an email address – an email notifying them that they have joined the LBH LGPS and ask them to register for the Member Portal;

- We issue our active and deferred benefit statement notifications by email;
- Various other notifications – deferred benefit and retirement letters, for example – are published on the Portal and the member is sent an email notification asking them to log in;
- The pension customer support team (PCST) direct members to use the Portal if they contact us to update their personal information, death grant expression of wish and bank details;
- We encourage members to use the online retirement estimate tool if they are thinking about retiring;
- We ask members to complete their membership option and retirement declaration form online, rather than submitting a paper copy by post;
- Pensioner members – unless opted out of our online service – are issued notifications asking them to view their April payslips and P60 online.

10.15. The below table summarises our engagement with members:

Engagement	Active	Deferred	Pensioner	Total
Portal	4,331	2,637	2,763	9,731
Opt out	42	122	1,786	1,950
No contact	8,139	6,216	3,359	17,714
Total	12,512	8,975	7908	29,395

Employer Hub

- 10.16. The Employer Hub allows employers to view their employee’s pension records and relevant documents; submit changes to the member’s employment which may impact their pension; run reports to identify groups of members, for example those who are not registered for the Member Portal; and submit leaver forms, which are allocated straight to our Member Services team to process.
- 10.17. To date we have 34 LBH employers registered to use the Employer Hub. Of the 34 employers, 117 individual users have access to a Hub account.
- 10.18. Those employers who are not yet registered are responsible for a low proportion of the overall scheme membership; although we continue to encourage them to register, the impact of them not using the Employer Hub is minimal.
- 10.19. As detailed in section 11 we are working with Civica to introduce new functionality to the Employer Hub and will share updates with all Hub users as we know more.

Annual Benefit Statements and Pensions Savings Statements

- 10.20. A significant amount of work was carried out to ensure that 100% of active and deferred LBH members received a benefit statement in 2022.
- 10.21. All Pensions Savings Statements were issued to relevant members – 27 in total – by the statutory deadline of 6 October 2022.

11. Software Development for 2023/2024

- 11.1. The development plan for 2023/24 will focus on enhancing the functionality and experience of using our Employer Hub and Member Portal - key improvements are as follows.

Employer Hub

- All Hub forms (Joiner, Leaver etc.) to be broken down into sections and 'tabbed' – *this should look and feel better for the employer when completing the various data inputs; and reduce the risk of sessions timing out.*
- The ability to upload documents securely, for example ill health certificates – *this will save the employer having to email documents separately to us and will be a more secure method of sharing sensitive information.*

Member Portal

- One Time Codes (two factor authentication) to be sent by SMS/text message in addition to the existing email notification – *this will increase security and based on member feedback should make the process of registering, logging in and resetting passwords, more user-friendly.*
- Preserved Refund members will be able to register for the Portal to complete and submit their refund claim form – *this will significantly reduce the volume of printing/postage and we are hopeful this will increase the rate of response from members.*
- Implementation of additional online forms – *like the existing membership option and retirement declaration forms, we will review our other processes which are still mainly paper-based and convert them into online forms, where it is appropriate to do so.*
- Email confirmation sent when a member submits an online form or makes an amendment to their record – *confirmation is currently displayed on screen within the Member Portal, but feedback suggests that members would prefer to receive email confirmation, as they find this more reassuring.*

- Increase the 'My Message' functionality to allow members to upload documents/forms – *supporting evidence/documentation is currently being emailed separately to the online secure messaging service. Allowing the member to do all they need to within the 'My Message' function is more user-friendly and enables teams to better support the member.*
- 11.2. Alongside this work we will also be looking at further automation of some of our back-office processes, so individuals can focus on the tasks/processes which need their input. This further utilises the 'Task Runner' which was implemented in 2021 and used last year to produce some of our annual benefit statements.

12. McCloud

Data and Project Approach

- 12.1. Our focus over the last year has been to obtain from employers, the service and service break data required to implement McCloud remedy.
- 12.2. We have received 98 of 124 completed service/break data sets from LBH employers; initial data checks have been completed on 92 of the data sets received and there are queries outstanding with 44 employers.
- 12.3. In Appendix 2 we have set out the current position of data returns, for those employers who have more than 150 members in the scheme – overall representing 80% of the total scheme membership – and this will be updated and shared monthly.
- 12.4. Those employers who are yet to share data with us have been escalated to the LBH pension fund, and in May 2023 we will be formally proposing a plan to all Partners, that if good quality data is not shared by an individual employer by 31 August 2023, then the SAB guidance – covered in point 12.10 – should be implemented.
- 12.5. A team within Employer Services is dedicated to monitoring the McCloud data returns and reviewing the quality of data we have received. A significant amount of the team's time has also been spent on 'matching' UPM records to the data returns, to ensure the correct member records are being updated.
- 12.6. Our monthly McCloud project meetings have continued internally, which are led by a dedicated project manager and attended by all senior management.
- 12.7. In January 2023 we shared a report which set out our approach to the McCloud remedy project – this document will be updated and re-shared as the project progresses this year.

Regulations and Guidance

- 12.8. From November 2022 to January 2023, HMRC consulted on draft Public Services Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 – on 6 February these regulations were laid, and they address various tax consequences because of McCloud recalculations. The regulations aim, as far as possible, to put individuals in the tax position they would have been in had the McCloud discrimination not happened. They take effect from 6 April 2023, but they only have practical effect once the LGPS regulations setting out the remedy come into force.
- 12.9. On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation, and Information) Directions 2022. They came into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales. The Directions sets out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The Act gives relevant government departments powers to rectify McCloud discrimination.
- 12.10. On 3 March 2023 guidance was issued by the Scheme Advisory Board (SAB) explaining an alternative to updating member records, where an employer hasn't been able to provide data; or we have concerns with the quality of data provided. We will be reviewing the guidance in April 2023 and deciding the best approach to implementing this. Partners will be consulted before any action is taken.

13. Pensions Dashboards Program (PDP)

Preparation for onboarding

- 13.1. Over the last year, we have attended all dashboard related webinars, hosted by the PDP and/or the Pensions Regulator to ensure we are fully informed of progress and what is expected of us as administrators.
- 13.2. Since our last annual update, we have appointed our Integrated Service Provider (ISP) who will support our connection to the Pensions Dashboard and enable our compliance with Dashboard regulations. Civica were awarded the ISP contract – which is being handled as a change to our existing software contract with them – based on the following considerations.
 - The preference to expand our existing relationship with Civica and avoid an additional third-party contract.
 - Civica's substantial knowledge of our administration software (UPM) – therefore no requirement to ensure another party (ISP) has a full and detailed understanding of the database and infrastructure.

- Civica’s ability to automate the bulk data upload; and individual processes which will be ‘triggered’ by members accessing the pensions dashboard.
 - Confirmation that Civica can meet the 24/7 requirements of the pensions dashboard, without any performance impact on our administration software, the member portal and employer hub.
 - Integration with our existing Member Portal – supporting ‘partial matches’.
 - Cost comparison to another established ISP resulted in Civica being significantly more competitive on price.
 - If another ISP was appointed, a ‘connector’ is still required from UPM (via Civica) to the ISP which carries additional set up and maintenance cost.
- 13.3. We have also attended all of Civica’s Pensions Dashboard working groups where technical requirements, data readiness, and the process of dealing with ‘partial matches’ have been discussed.
- 13.4. A full report on the PDP was shared with Partners in October 2022 – this is a working document and will be updated as the project progresses.
- 13.5. Our focus over the next year will be to work with Civica to implement all the necessary ISP software and ensure that – where possible – we are cleansing the specific data items required to comply with dashboard regulations. Some ‘find’ (personal) data issues may be unknown to us, until the dashboard is made available to users, but we are confident in the current quality of ‘value’ (benefit) data, due to the high rate of benefit statement production.

Regulations and Guidance

- 13.6. On 28 June 2022, the DWP launched a further consultation on pension dashboards, and covered two proposals - the first proposal provided clarity on the ‘Dashboard Available Point’ (DAP). The second proposal allowed the Money and Pensions Service and the Pensions Regulator to share information about dashboards with each other. We responded to the consultation and did not disagree with either proposal.
- 13.7. On 19 July 2022, the PDP launched a consultation on ‘standards’ – we responded on 30 August and chose to focus our review on the areas which we felt were relevant to scheme administrators; namely the Data and Reporting standards. We did not object to any of the proposed standards. Revised standards were published in November 2022, and incorporated feedback from the consultation.

- 13.8. On 24 November 2022, the Pensions Regulator (TPR) launched a consultation on its draft dashboards compliance and enforcement policy. We responded on 14 February and shared a summary of our responses with Partners.
- 13.9. On 2 March 2023, the Department for Work & Pensions (DWP) confirmed a delay to pensions dashboards connection deadlines – the full statement can be found below – and we await notification of the revised connection date for public sector pension schemes.

<https://questions-statements.parliament.uk/written-statements/detail/2023-03-02/hcws594>

- 13.10. Over the last year, the Pensions Administration Standards Association (PASA) have published various guidance documents to support dashboard readiness, which we will be using over the next year to check we are doing all we can to prepare. All guidance documents can be found here - <https://www.pasa-uk.com/guidance-2/>

14. Cyber Security

- 14.1. In December 2022, we shared our Cyber Compliance statement and Cyber Improvement Plan with all Partners; both documents will be reviewed and shared annually, however since the improvement plan was shared, we have completed the following actions.
- Assess and understand the risk – Knowledge of data flows in and out of the teams.
 - Put controls in place - Reliance on 3rd party cyber security arrangements.
- 14.2. As covered in both Cyber documents, we are moving to a 6-monthly penetration testing cycle, with the first test of this year originally planned for January 2023, followed by another in July 2023.
- 14.3. However, Partners will be aware, the first test was delayed as we were expecting a delivery from Civica which should have addressed multiple vulnerabilities that were highlighted in last years' testing.
- 14.4. The delivery will be a substantial update to the software that we use to maintain the Member Portal, and Civica's testing highlighted UPM compatibility issues, which must be addressed first – this work is ongoing, and we await confirmation of when this can be installed.
- 14.5. We acknowledged that the penetration testing could not be delayed any further, and therefore instructed 2sec – the external testing company – in early March to commence their testing as soon as possible. Testing began on 31st March and their full technical report is expected by the end of April 2023.

- 14.6. The full report will be shared with Civica, so they can work with our colleagues in IT to address any vulnerabilities that have been highlighted; and a summary of the report will be shared with Partners.
- 14.7. Once the delivery – referenced in 14.3 – can be installed and we have completed our own functionality testing, we will arrange penetration testing again, to prove earlier vulnerabilities have been resolved. Depending on the timing of that testing, we may carry out a third round of penetration testing before the end of the year.

15. Looking ahead to 2023/24

Uxbridge & Harrow College (HCUC) merger – transfer of members from Wandsworth pension fund

- 15.1. We are working with the Wandsworth pension fund and Civica to transfer the pension records for those employees who are being transferred to HCUC from Richmond Upon Thames college.
- 15.2. Despite the small volume of members transferring, the process is more complicated than we have worked on previously, due to the number of data and image sources – administration data is held in Altair software; data for pensioners is being taken from two payrolls which are processed in Midlands iTrent software; and images are held in two separate systems, one of which is operated by Wandsworth council.
- 15.3. Due to these complexities, we agreed two test data cuts were required – in May and June – before the Live data cut is provided to us in early July. We will subsequently run the payroll including the transferred pensioners, in July so they are paid on the last working day of the month.
- 15.4. The LBH pension fund are involved in project calls where necessary, and we are in regular contact with James Lake to discuss progress.

GMP Rectification

- 15.5. We are working with Intellica, who have partnered with Civica, to complete the GMP Rectification process for LBH – this project is running alongside Hampshire's.
- 15.6. Phase 1 of the process has been completed, based on data provided by Mercer – who completed the Reconciliation project prior to the transfer of pension administration – and this has allowed Intellica to plan the detailed work that is required to update all relevant member records.
- 15.7. With Intellica, we are currently establishing the best approach to cases where manual intervention is required.

- 15.8. A detailed project plan will be shared with LBH in due course, but members effected by this project will be contacted ahead of any amendment to their pension – the record amendments must be finalised by the end of January 2024.

2023 Year End

- 15.9. The timeline of key events for the 2023-year end, including the production of benefit statements is set out below.

Completed By	Task
14/03/2023	2023 Pensions Increase to be applied to all advance pensions in payment (Completed)
31/03/2023	Annual Return requests and templates sent to Employers. (Completed)
13/04/2023	2023 Pensions Increase to be applied to all arrears pensions in payment. (Completed)
Feb/March	Online employer annual return workshops (Completed)
30/04/2023	Annual return deadline for Employers
15/05/2023	2023 Pensions increase applied to all deferred benefit members.
April/May	Pensioner Mailings – payslips, P60 and newsletter shared with all pensioners.
30/06/2023	Employer Services to complete upload of Annual Returns (AR); assuming all data received from, and queries answered by employers.
30/06/2023	CARE pension revaluation for Active members (to be run per employer, subsequent to AR upload)
15/07/2023	Valuation extracts produced and uploaded to Hymans’ portal.
31/07/2023	Deferred Benefit Statements (DBS) to be produced.
31/08/2023	Supplementary Pensions Increase calculated and paid.
31/08/2023	Active Benefit Statements (ABS) to be produced.
30/09/2023	Employer Benchmarking
05/10/2023	Latest date Pensions Savings Statements sent – will be produced by employer as ABS have been completed.
31/10/2023	Life Certificates issued to Overseas Pensioners.
31/10/2023	Latest date e-comms sent to members with benefit statement available on Member Portal.
15/12/2023	Data validation exercise – for employers highlighted in benchmarking

15.10. All the project and development work described above, alongside business-as-usual activities for 2023/24, are captured in a high-level plan in the attached Appendix 3.

15.11. Bi-monthly Partnership; Pensions Committee and Pension Fund Advisory Board meetings are scheduled for the following dates, and as a minimum, the Assistant Director Pensions will be in (virtual) attendance.

Date	Event
26 April 2023	Hillingdon Pension Board
9 May 2023	Partnership/administration update
8 June 2023	Hillingdon Pension Committee
13 June 2023	Partnership/administration update
10 July 2023	Partnership/administration update
19 July 2023	Hillingdon Pension Board
8 August 2023	Partnership/administration update
12 September 2023	Partnership/administration update
26 September 2023	Hillingdon Pension Committee
10 October 2023	Partnership/administration update
8 November 2023	Hillingdon Pension Board
13 December 2023	Hillingdon Pension Committee
24 January 2024	Hillingdon Pension Board

Date	Event
26 March 2024	Hillingdon Pension Committee

15.12. Additional Partnership/administration update meetings will take place monthly between November 2023 to March 2024, but they are not yet diarised.

16. Administration Budget 2023/24

- 16.1. The 2022/23 local government pay award was agreed in November 2022. Taking into account the change to national insurance, the cost per FTE of the award is £2,100. The table below shows the revised costs for 2022/23 and sets out the administration budget for 2023/24 and 2024/25, including the costs of data cleansing, McCloud, Pensions Dashboards and GMP rectification which have also been communicated separately.

Budget headings	2022/23 (revised for 22/23 pay award)	2023/24 (pre 23/24 pay award)	2024/25 (pre pay award)
Staff	492,000	503,000	515,000
Non pay (inc contribution to overheads)	64,000	69,000	70,000
UPM software licence and annual maintenance	61,000	62,000	64,000
Contribution to future software development	11,000	12,000	12,000
BAU total	628,000	646,000	661,000
McCloud - project team	8,692	15,232	15,593
McCloud - software costs	6,232	607	637
McCloud total	14,924	15,839	16,230
Historic leaver processing total	64,875	129,000	21,500
PDP - software costs	1,255	0	8,200
PDP - contribution to resource	0	6,300	6,300
PDP total	1,255	6,300	14,500
GMP rectification total	24,000	0	0
Grand total	733,054	797,139	713,230

16.2. The budget for BAU administration is rolled forward from the original amount agreed in the OBC. 13.3.2 of the OBC states that staffing costs are uplifted in line with step progressions and any pay awards; other budgets are increased in line with September CPI. However it is proposed that for 2023/24, non pay budgets are instead increased by 2% inflation with an additional £3,000 contribution towards having a twice yearly cyber vulnerabilities test (increased from annual).

16.3. The table below shows the impact of this approach, which is a saving over applying September 2022 CPI of 10.1% to non pay budgets.

Inflation comparison	2022/23	2023/24 - proposed (2% inflation plus £3k towards 2nd annual pen	2023/24 - OBC (10.1%)
Staff	492,000	503,000	503,000
Non pay (inc contribution to overheads)	64,000	69,000	71,000
UPM software licence and annual maintenance	61,000	62,000	67,000
Contribution to future software development	11,000	12,000	13,000
Total	628,000	646,000	654,000

