



# Review of administration structure and processes

Gloucestershire Pension Fund

Prepared for: Gloucestershire County Council  
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# Introduction

## Why bring you this report?

Aon was asked by Gloucestershire County Council (the Council) as administering authority for Gloucestershire Pension Fund (the Fund) to:

- Carry out a review of the current organisational structure of the pension administration team.
- Make recommendations to ensure the team can meet operational requirements and deal effectively with the increasing complexities of administration, both current and in light of future known legislative changes.
- Assess the efficiency of the administration team through observing key processes and make recommendations to help the team meet the performance standards outlined in the Pensions Administration Strategy.

We were not asked to review the pay structure as part of this review; however, we would be happy to do this in the future if required.

This report summarises the findings of our review and sets out our recommendations for ways in which the structure and performance of the administration team could be improved.

## Next steps

The key findings and recommendations set out in this report should be considered by the Fund's management team and we suggest that an action plan is then developed to implement the recommendations it wishes to take forward and that progress is monitored on an ongoing basis.

As you will see later in the report, we suggest that changes are made in phases over the short to medium term.

We would like to thank all the officers at the Fund for their assistance throughout this review. It was a pleasure to meet so many of them during our visit to the Council's offices and we greatly appreciated their open and honest comments.

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# At a glance...

This section summarises our key findings and recommendations. More detailed information on each point can be found in the relevant section of the report.

## Introduction

Our overall impression of the Gloucester Fund and the pensions administration team is that, whilst the current team is dedicated to providing the best possible service to members, it does not appear to have kept pace that well with other LGPS Funds in recent years. Whilst the LGPS (and the wider UK pensions landscape) have been rapidly evolving in the last 10-20 years, the Gloucester pensions administration team doesn't appear to have kept up with these changes, both in terms of the increasing resourcing requirements and the development / usage of new systems and processes.

The resourcing issue was partially addressed in 2021 by increasing the team's headcount (although this is necessarily a slow process due to the challenges of recruiting across the whole LGPS), but this was focussed on day-to-day operational aspects rather than wider spread changes needed as mentioned later. We talk about the potential team size needed later in this report, although given the scale of the recommended changes this will need to be reassessed in the future once a number of these changes have been made.

## Summary of observations

### Structure

- Officers appear knowledgeable and dedicated, and we were told that teamworking and morale is generally good within the team.
- Considering the challenges faced, there appears to be a good understanding of individual responsibilities in terms of both processing and checking of cases.
- The team benefits from having several experienced officers with extensive expertise of LGPS administration.
- Officers valued the variety of tasks they do and indicated they prefer this rather than having a role that was too specialised.
- Officers indicated that communication from management (typically by email) was generally good, but this could be improved by having more meetings at team level and in smaller sub-teams or one-to-ones.
- It appears that there has historically been a significant key-person risk in the reliance on the knowledge and expertise held by the former Pension Administration Manager.
- The team's efforts are necessarily focused on completing their day-to-day work which has led to a lack of strategic and performance management focus.

- Pension Group Leaders appear to be spending too much time checking casework and not enough on strategic work.
- Key-person risks also exist around other members of the team and the specific knowledge and skills they have.
- The current structure of the team appears to be too flat with not enough junior support and a lack of segregation of duties into sub-teams.
- There appears to be a lack of dedicated resource in certain areas, including:
  - Data and systems
  - Employer support
  - Communications
  - Training and compliance
  - First response
- Line-management duties for all officers is currently carried out by the Pension Group Leaders, which results in a significant number of staff for two people to manage.
- Engagement with outside bodies such as Heywood, LGA, pension officer groups, and other LGPS administering authorities could be improved.

### **Processes**

We are aware that the procurement of the administration system that the team uses is imminent. The findings and recommendations of this report will no doubt feed into the specification required for that procurement exercise, and the outcome of that exercise may impact on the team's ability to undertake some of the recommendations. In addition, the exercise itself potentially creates a slight delay in timescales, and that delay will likely be extended if the outcome is to change from the current administration system (Altair). In our report, in some of the current findings and the shorter-term recommendations we have referred to the current Altair system specifically, but in the medium to longer term recommendations we have recognised that a new administration system might be in place.

- It was immediately evident that processes are far too dependent on manual printing and scanning, and that officers are spending a significant amount of time doing this rather than being able to spend time on casework.
- There is a significant lack of formal documented procedure notes and those that do exist need to be updated.
- There appears to be no formal process in place for the allocation and prioritisation of casework among officers, leading to inconsistency of approach across different areas.
- Performance monitoring processes, where they exist, are unusual and do not appear to provide sufficient data to easily keep track of the volume of cases being completed.

- In particular, the information reported to management and onwards to the Pension Committee and the Pension Board in the administration updates is only done once per quarter,.
- Monitoring current workloads is difficult, largely due to not fully utilising the pre-existing facilities within the Altair system.
- Other facilities already available within the Altair system are not being used fully either, leading to inefficiencies.
- Internal processes around address changes, signature matching etc, are time-consuming and unhelpful for officers and members.

## Summary of recommendations

### Phase 1 – Short-term

#### Structure

- Split the administration team into three sub-teams covering:
  - Operations – Primarily responsible for processing benefit calculations
  - Data & Systems – Primarily responsible for updating member data, keeping processes up to date and maintenance of the Altair administration system
  - Communications & Contact – Primarily responsible for member communications, employer support and first response to queries
- Ensure the new structure covers areas that currently appear to be missing or are not being completed to a sufficient level, such as:
  - Employer liaison and support
  - Communications (members and employers)
  - Training (officers, members and employers)
  - Technical and regulatory compliance
  - First response to incoming queries
- Allocate team leaders appropriately for each of the three sub-teams (for example, keep the two current Pension Group Leaders as team leaders for the operational sub-team (as this is the largest of the teams), and undertake a recruitment or promotion exercise to find team leaders for the other two sub-teams).
- Add an additional junior officer level into the structure to carry out the more basic tasks and free up time for the more senior officers to focus on other work.
- Delegate operational responsibilities for more junior officers to the lead/senior officers to alleviate some of the pressure on Pension Group Leaders.
- Introduce more regular meetings to improve lines of communication at all levels (e.g. departmental, sub-team, and one-to-one).

## Processes

- Move away from the current paper-based processes by utilising the imaging and member document facilities within Altair.
- Create formal procedure notes for all administration processes and introduce a system for regularly reviewing these to keep them up to date.
- Develop the processes used to monitor casework levels and performance, for example by using Altair Workflow.
- Introduce a formal system for allocating casework to officers.
- Review the current performance measurement information reported to Pension Committee and introduce new KPI targets. As part of this, also measure any breaches and implement a breaches log to record them.
- Consider where internal processes can be made more efficient and effective; for example, the payment sign-off process and signature matching for changes to personal details.

## Phase 2 – Medium-term

### Structure

- Ensure all officers are trained (at the appropriate level) to carry out all the main tasks required within the administration team, to reduce the reliance on certain key people for certain areas.
- Consider how a new team structure could provide more opportunities for career progression and encourage officers to broaden their skillset by moving between roles.
- Provide opportunities and encourage officers to engage with outside bodies such as Heywood, LGA, pension officer groups and other LGPS administering authorities.

### Processes

- Ensure the procured pensions administration system is used to full capacity (e.g. document imaging, workflow reporting, bulk processes).
- Implement an employer data portal to receive monthly employer data and improve data quality.
- Implement a member self service system to provide an improved member experience and reduce some of the routine tasks currently carried out by officers.
- Implement processes to monitor workloads and performance (e.g. by using workflow reporting within the procured pensions administration system).
- Review and update the Fund's Administration and Communications Strategies.
- Review member communications with a view to having all letters produced within the procured pensions admin system and using Fund branding rather than the Council's, as already agreed with the Pensions Committee as part of the Governance Review of the Fund. It is worth noting that the majority of LGPS Funds now have their own branding entirely separate from the host Council.

- Consider changing trivial commutation policy and consider undertaking a bulk trivial commutation exercise to extinguish many of the small pensions already in payment.

# Background information

In this section we set out the background of the review and a brief description of the work undertaken.

## Context

The administration of the Fund is delivered through an in-house administration team. Our review has been carried out against the following backdrop:



Membership has risen by around 36% over the the past ten years from c44,000 in 2013 to c60,000 in 2023.



Employer numbers have increased significantly over the past ten years from 130 in 2013 to 222 in 2023



The longstanding Pensions Administration Manager flexibly retired in late 2022, reducing his hours, and a new Pensions Administration Manager started in March 2023.

## Supporting information

We used the following information and resources to carry out this review and establish our recommendations:

- The current administration team structure chart including a brief list of responsibilities for team roles, provided by the Fund in January 2023 (see Appendix 1)
- Fact finding discussions and process observation sessions with members of the pension administration team in February 2023
- Pensions administration update for Pensions Committee for period to 30 September 2022.

We also drew on the wider knowledge within Aon's public sector team and the significant experience many members of the team have of working at LGPS administering authorities, as well as the results of organisational reviews that we have recently carried out for other administering authorities.



# Administration structure

This section summarises our observations and recommendations in relation to the organisational structure of the Fund's administration team.

## Current structure

The current structure for the Fund is shown in Appendix 1. Based on this, there are currently approximately 21.5 full time equivalent (FTE) roles responsible for administering LGPS, including:

- The recently filled Pensions Administration Manager post
- 2 FTE Pension Group Leader (PGL) roles responsible for the day-to-day management and support of the Pension Administration Team
- Approximately 5 FTE Lead Pension Officer (LPO) roles
- Approximately 11.5 FTE Pension Officer (PO) roles (including three vacant posts which we understand have recently been filled)
  - LPOs and POs are responsible for processing benefit calculations and servicing members
- Approximately 1 FTE role (across two people) responsible for technical, client and quality areas
- The former Pensions Administration Manager who is now involved in specialist projects and assisting the team as required (0.8 FTE)

## Observations

### Positive features

We believe the current structure has a number of positive features based on the conversations we have had with Fund officers:

- A strong team togetherness and collective desire within the team, both at manager level and officer level to improve the Fund's current position and enhance the member experience.
- Staff morale appeared good and, considering the challenges faced, there was clarity on individual responsibilities in terms of both processing and checking of cases.
- The team benefits from having several experienced Pensions Officers with extensive expertise of LGPS administration.
- Officers said they valued the variety of tasks they do within their jobs and would not want to work in role that was too specialised (e.g. only doing retirements, transfers, refunds etc).
- We were informed that internal communication was usually good (e.g. open communication by email from above and communication between officers), although some lines of communication could be improved such as regular meetings and catch ups.

### Information

Most of our areas for improvement highlight the requirement for recommendations to be made to bring the Fund's administration team in line with the more modernised structures that we have observed at other LGPS funds.

LGPS administration has rapidly evolved over the last 10-15 years and our recommendations should enable the Fund to be equipped to manage current and future challenges.

## Areas for improvement

We observed several areas where we believe the structure of the team could be improved, particularly to increase efficiency and mitigate certain risks:

- There is a concentration of expertise in the former Pensions Administration Manager which presents a significant key-person risk. Until his recent flexible retirement, the former Pensions Administration Manager oversaw all areas of the administration of the Fund. This included having a hands-on approach to managing and checking as well as being responsible for strategic, technical, data and systems issues. Whilst we found universal acknowledgement that the manager did an excellent job in very challenging circumstances, there was also a common feeling that there was simply too much for a single person to manage (as well as the significant key-person risk). We appreciate that this has already been partly addressed with the recent appointment of a new Pensions Administration Manager.
- Given the above, there has to date been a lack of strategic and performance management focus (some of which feeds into the processes area later in this report).
- PGLs are needing to spend too much of their time checking and getting involved in cases when they should be spending more time on the 'management' of the teams and strategic areas.
- All line management is currently done by PGLs, which means a lot of time is spent managing a large number of individuals.
- The current structure of the team below the PGL level is very flat (only LPO and PO), which makes it difficult for work to be delegated or escalated and difficult to recognise and reward development or encourage career progression.
- It is our view that in some areas there is too much reliance placed on the knowledge and skills of certain officers (which is exacerbated by a lack of formal and up to date procedure notes). This creates further key-person risks in certain areas.
- Historically the former Pensions Administration Manager has been largely responsible for data and systems, so no specific roles exist for these areas.
- There appears to be little to no dedicated resource for employer liaison and support (although the part-time Client and Quality Officer role profile best matches some of these duties). We believe this impacts on the quality of employer data, which in turn affects the processing of casework by officers and can ultimately result in an inferior member experience. More time is spent by officers trying to resolve data issues and deal with 'difficult' employers than would typically be expected.
- There is currently no dedicated resource covering the Fund's approach to communications.
- There is no dedicated resource responsible for **internal training** (historically this has also fallen to the former Pensions Administration Manager). As a result, the training of officers largely takes place on an ad

hoc basis with limited formal structure, and we were told that typically the most experienced officers are responsible for training new officers (although recently the Fund's actuarial advisors had been asked to assist with administration training). A dedicated internal resource responsible for training and development could help enhance the current skill set and ensure that training needs are met, and that training is delivered consistently (we were told that officers had not always been trained consistently when it came to being shown a new process). The introduction of a training role could allow the focus of the officers to be on processing case work and improving performance levels, rather than training new colleagues.

- There appears to be little or no dedicated resource for ensuring compliance with the various legislation and guidance etc, which is becoming more and more essential in an ever-increasingly complex environment.
- The lack of a dedicated first response team (and the absence of Member Self Service) does not enable members to 'self-serve' and find answers to simple questions themselves, which creates an additional burden on the team. Officers are therefore carrying out a high number of other duties in addition to processing casework. Some of these duties include answering the phones, responding to email enquiries, dealing with incoming post, and scanning and indexing to start or progress a case. The amount of time taken to do some of these duties is considerable and we believe that time would be better spent on processing casework. In our experience, it is common within other LGPS administration team structures for there to be a sub-team, or certain roles, which act as a first point of response and triages work to the rest of the team.

## Recommendations

In this section we have provided some proposed enhancements to the existing structure, which include a restructuring of the team and the creation of additional roles to help the Fund meet its objectives. On the one hand it is clear that to move forward effectively, additional resources are required within the Pensions Administration Team. Typically, an LGPS Fund of around this size might have around 30-40 FTE posts within its Pensions Administration Team, whereas the Gloucester team is operating with significantly fewer than that (despite recent increases in headcount).

However, given the significant changes being suggested across both structure and processes (which will introduce a lot of moving parts / potential efficiencies), and the recent recruitment to the team, we are purposely not commenting on what the exact headcount of the team should be, either in total or in any of the sub-teams. We instead believe that it would be better to start to implement at least the majority of these changes to working practices and to get a feel for how they are working for the Fund, in conjunction with cautiously increasing the headcount appropriately wherever possible. Once most changes have been implemented, it will then be much more appropriate to accurately assess the headcount at that stage, before deciding whether further recruitment is necessary to operate as effectively and efficiently as possible (as, for example, some staff may

naturally transfer from the operations sub-team to the other two sub-teams over time).

### **Phase 1 – Short-term**

- Split the administration team into three sub-teams, with each one being responsible for certain areas of administration:
  - **Operations** – Primarily responsible for processing benefit calculations
  - **Data & Systems** – Primarily responsible for updating member data, keeping processes up to date and maintenance of the procured administration system. It is important to note that this needs to be very specialised and bespoke to the LGPS, and is not something that would be appropriate to be covered by the Council's general IT personnel / helpdesk.
  - **Communications & Contact** – Primarily responsible for member communications, employer support and first response to queries
- Allocate team leaders appropriately for each of the three sub-teams. Our initial suggestion is to keep the two current Pension Group Leaders as team leaders for the operational sub-team, and undertake a recruitment or promotion exercise to find team leaders for the other two sub-teams. We understand that there is already an agreed budget for one new Pension Group Leader for the Communications and Contact sub-team, and this will need to be extended to allow for recruitment of a Pension Group Leader to the Data and Systems sub-team too.
- Add an additional junior officer level into the structure to carry out the more basic tasks and free up time for the more senior officers to focus on other work.
  - Within the Communications & Contact sub-team, this junior role could include dealing with post (including scanning and indexing) and general triage of work to other officers, as well as supporting with basic general member phone and email enquiries – which would free up time currently being spent by officers dealing with member queries.
- Delegate some operational responsibilities from the Pension Group Leaders to the Lead/Senior Pension Officers in each sub-team, to enable the Pension Group Leaders to focus more of their time on strategic issues and performance management.
- Introduce more regular meetings at departmental, sub-team, and one-to-one levels. These do not have to be long meetings, but regular catch ups would help to strengthen the lines of communication and provide officers with a greater awareness of what is happening, both at department level and within their own sub-teams, and promote the sharing of ideas and solutions to problems.

### **Phase 2 – Medium-term**

- Ensure all officers are trained to carry out all tasks required for their job role to reduce the reliance on certain key people – it should not be the case that only certain officers have the knowledge to carry out certain tasks. A formal training process should be developed to ensure that all officers (at a specific level or within a specific sub-team) have the knowledge and skills required to carry out their job role in full.

- Consider how the new team structure could include pathways for career progression. This could be as simple as encouraging officers to broaden their skillset by moving between roles, or by offering more formal career grade progression with links to qualifications or achievements.
- Encourage and enable officers at all levels to engage with outside bodies (including other LGPS administering authorities) to ensure they are aware of developments in the LGPS, the wider public sector, and the national pensions landscape and are able to use that expertise to benefit the Fund. This could include attendance at events such as:
  - National conferences and seminars
  - Regional pension officer group meetings
  - System user groups and working parties
  - National or regional training sessions

## Additional areas to consider

In addition to the observations listed above, our review found that several important areas of LGPS administration only appear to be covered on an informal or ad hoc basis (or occasionally not at all). It is important that any new structure that is implemented covers all areas of administration, particularly those that have become more important in recent years. This could be done by incorporating specific roles into the new structure (e.g. Employer Liaison Officer etc), but there is a risk that this introduces further key-person risk, and it may therefore be better to simply ensure that the areas mentioned below are clearly covered by one or more of the sub-teams and the roles that sit within them.

### **Employer liaison and support**

It is important that the Fund dedicates appropriate resource to liaising with employers (and third-party payroll providers) and supporting them in providing timely and accurate data and fulfilling their other responsibilities. This would enable officers dealing with casework to be more focused on serving members rather than spending time dealing with employers and would reduce the number of cases held up by inaccurate or poor-quality member data.

This resource could also be responsible for processing new admission agreements and employer cessations and allow more focus on employer performance, with the potential to also be responsible for measuring the employer performance targets set out within the Pension Administration Strategy.

### **Communications**

Resource should also be allocated to developing the Fund's communications with both its members and employers. One of the ultimate objectives of developing communications is to ensure that scheme information is easily accessible, clear and up to date, so that members, representatives and employers can rely on that information rather than having to submit queries which take time away from processing casework.

Responsibilities could include reviewing regular letters and forms, overseeing key communications such as annual benefit statements and

newsletters, maintaining the Fund's communications policy, and developing the Fund's online resource (as well as promoting the use of this to members).

Other key areas could involve measuring customer satisfaction (e.g. through surveys and feedback forms) and co-ordinating member roadshows and workshops.

This area would also overlap to a certain extent with the employer support area, through the development of employer communications and arranging events such as annual employer meetings.

### **Training and compliance**

As mentioned above, there appears to be no consistent formal process currently in place for delivering training to new officers, and we understand that this is usually delivered on an informal basis by one of the more senior officers, which creates a risk of training being delivered inconsistently. We therefore feel that a new structure should include some level of resource specifically assigned to delivering training.

This could involve managing internal training, creating training plans and sourcing appropriate training resources (although the actual delivery of training would likely be carried out by an appropriate subject expert).

As well as supporting training for officers, it would also be useful for training to be developed for employers to assist them with providing timely and accurate data and understanding and fulfilling their other responsibilities.

In addition to supporting training needs, resource should be found for ensuring the Fund is compliant with legislative requirements, which could involve keeping processes and other documentation up to date and undertaking compliance reviews to ensure officers are following procedures appropriately.

### **First response**

We believe that, in order for officers to focus more of their time and energy on clearing casework rather than spending so much time dealing with member queries, a first response role should be created within the new structure.

Typically, this role would be quite junior and, as well as dealing with routine member queries, could carry out more straightforward administration tasks too, such as dealing with post, scanning and indexing, and triaging work to other officers. This would maximise the time more senior officers can spend on casework.

# Administration processes

This section summarises our observations and recommendations in relation to the processes within the Fund's administration team.

## Introduction

The purpose of this part of the review is to identify any obvious efficiencies which could be gained by amending current practices, with a view to being better placed to meet the Fund's objectives, as described in the Fund's strategies, and overriding legal requirements.

To carry out this part of our review we spent two days in February 2023 on site discussing and observing processes with officers within the pensions administration team. Further discussions were held with the Head of Pensions and the new Pensions Administration Manager to get their viewpoints on where the biggest areas for improvement may be.

We found that there are many knowledgeable and dedicated officers within the team, who appear committed to delivering an efficient service and are keen to see improvements to streamline their processes and ultimately improve the service to members. We observed a culture where there is a high focus on audit trails (particularly paper based) and accuracy, but we feel that there are opportunities for the team to take a more proportionate and pragmatic approach in certain areas.

At no point during our observations did we get a sense that there were any issues relating to the quality of the work being undertaken. For example, we did not hear of significant numbers of cases needing to be redone, or large volumes of member/employer complaints regarding inaccuracies, over and above the 'normal' amount you might expect when administering a pension scheme for very large numbers of members.

## Observations

### Areas for improvement

We observed several areas where we believe the team's processes could be improved:

- It was immediately evident (and the main point raised by the vast majority of officers we spoke to) that processes are far too paper-based and highly dependent on printing and scanning. This appeared to be causing serious inefficiencies, particularly when officers work from home and are required to scan the paperwork they require before working from home and then undertake printing and scanning when they return to the office. This also means that officers are only able to deal with certain cases when working from home and are often unable to respond to member queries until they return to the office due to not having access to the relevant paperwork. These processes result in officers spending far too much time printing and scanning rather than working on casework,

introduces the risk of files/papers being lost or misplaced, and increases the risk of a potential GDPR breach.

- We found that there is a lack of formal documented procedure notes within the team. While it was clear that many officers (especially the senior officers) knew what they were doing through experience, having no formal procedure notes means there is a significant risk of tasks being carried out incorrectly, inconsistently, or inefficiently. We were also told that the training being given to officers who had recently joined the team was potentially inconsistent too and would naturally be dependent on whoever was delivering the training, which risks individual bad habits being passed on and best practice not being followed. In addition, we were informed that officers are often required to use their judgment in certain circumstances due to a lack of formal guidance – this may be fine for more experienced officers but again has the potential to lead to errors and inconsistencies.
- There currently appears to be no formal process in place for the allocation of casework among officers. Instead, cases are generally held in one central list and officers pick them up from there as and when they need more work. While this process may function adequately in the short term, it has the potential to lead to inefficiencies, unfairness (through cherry-picking straightforward cases and avoiding more complex cases) and a lack of ownership over work.
- The performance monitoring processes we observed seemed unusual, in that the statistics were manually entered by the officer at the end of the task rather than being determined by the information held on the administration system itself, and it was not clear to us that they provide sufficient data for keeping track of the volume and types of cases being processed. Manually entering dates/timescales into a separate database to the Altair system takes time and introduces the risk of data being entered incorrectly (either by accident or deliberately). As well as monitoring the team's overall output, it currently appears to be difficult to monitor the output of individual officers, which should also be an important part of managing resources.
- Linked to the above point, it currently appears to be difficult to monitor the volume and type of cases outstanding at any point in time. One offhand comment we heard was that sometimes the easiest way to know how much work is outstanding is by estimating based on looking at how tall a pile of files is. Being aware of exactly how much work is outstanding, and whether backlogs are building up or being cleared, should also be a key part of managing the team's resources effectively.
- We identified several situations where facilities that are already available within the current Altair administration system are not being used correctly or effectively (e.g. workflow, imaging, member documents and other recent system developments), which leads to inefficiencies and a greater risk of things being done incorrectly.
- We are aware that the i-Connect system is not currently in place for and that an alternative process for regular member data uploads is not in



place. This means that a large number of queries arise at each year-end and member data is potentially unreliable in the meantime.

- We are also aware that the Member Self Service system is not currently in place, which means members are unable to access an online service and carry out simple tasks, such as updating their personal details and producing benefit estimates.
- We were told by several officers that routine processes around fairly trivial things like minor changes to personal details, can actually prove to be quite time-consuming due to internal audit trail requirements (e.g. around signature matching), and that this can lead to more queries and potentially unhappy members. As mentioned previously, this in turn means that officers spend more time dealing with queries than on processing casework.
- Linked to the observations and recommendations we made in relation to the structure, we also feel that the team's processes are negatively impacted by a lack of engagement between the Fund and outside bodies (such as Heywood, LGA, pension officer groups and other LGPS administering authorities) where recent changes, solutions to problems and examples of best practice are often discussed.

## Recommendations

### Phase 1 – Short-term

- Move away from paper-based processes as far as possible by utilising the imaging and member document facilities already available within the Altair system. This would instantly reduce the amount of time officers are spending printing and scanning documents and make the transition from working in the office to working from home much smoother (and reduce the risk of GDPR breaches arising from carrying paperwork/files around).
- Develop formal procedure notes for all administration processes along with a system for keeping these under regular review and updating them whenever necessary. Clearly this will be a significant undertaking and is likely to extend into phase 2, but the key processes which are carried out by officers daily and impact member benefits should be prioritised and documented as soon as possible. Ideally procedure notes should include enough information for a relatively inexperienced officer to follow with minimal assistance or questions.
- Introduce a formal system for allocating casework to officers, such as by alphabetical split or (in due course) by using the auto-allocation facility within Altair. Having an allocation system in place ensures a degree of fairness (by removing any chance of cherry-picking cases) and should improve ownership over casework and result in officers dealing with a greater variety of cases (rather than certain types of case always being picked up by certain officers).
- Linked to the above, we also feel that the processes used to monitor casework completion could be improved. This is very likely to involve making full use of the Altair workflow facility, rather than the piecemeal use that currently appears to be in place. Again, this is likely to be a

longer-term project that will extend into phase 2 but is something that should be started as soon as possible, with the most important/common processes being introduced first.

- Review the current performance measurement information reported to Pension Committee and introduce new KPI targets for all key processes. Having appropriate KPIs and service standards is very important in providing a quality service to members. Not only are there a number of requirements in legislation, the expectation of having appropriate monitoring and service standards is referred to in a range of national guidance, including both CIPFA guidance and the Good Governance Phase III report. KPIs targets should be established for the processes which are most important for the Committee to be receiving feedback on (which are those processes which result in actual payments to members). It might be that performance measures on high priority processes only are taken to Pensions Committee given their other commitments (unless there is a particular problem which needs addressing), with medium and lower priority processes being taken to Pension Board for consideration. Timescales reported should be based on the entire process from start to finish, and performance should be measured both against the Fund's internal targets (which should be agreed by the Pension Committee), as well as against legal deadlines that must be met. A review of the performance targets themselves should be undertaken (KPI targets in the short term might be considered unachievable given the position the Fund is currently in, in which case you might work towards slightly different targets in the short term, moving towards more ambitious 'end-goal' targets in the longer term), and by making use of Altair workflow (in conjunction with the work of the Data and Systems sub-team) it should be possible to report on multiple targets, such as 'in office' time (administration team performance), overall/elapsed time (member experience), and legal deadlines. .
- Linked to the point above, ensure that systems are set up to generate the right level of reporting around breaches and ensure that all identified breaches (across all areas) are recorded in a single breaches log, to allow them to be reported to the Pension Committee on a regular basis as effectively as possible, and to the Pensions Regulator should any material breaches arise.
- Consider whether the process for checking some types of casework could be streamlined in order to take some responsibility for this away from the PGLs. This could involve officers peer reviewing each other's work (or self-checking if amounts are below certain thresholds) with only the particularly complex or unusual cases being passed to the PGLs. Where a case type is peer reviewed or self-checked, spot checks of these cases could be done regularly by a more senior officer to provide reassurance that these are being processed correctly.
- Consider whether internal processes/procedures can be updated to help officers carry out their work more efficiently and effectively and provide an improved member experience. For example, expanding the payment sign-off process so that there is less reliance on one or two key people, and revising processes that involve signature matching.

## Phase 2 – Medium-term

- Ensure that the procured pensions administration system and connected systems are being used to their full capacity. As mentioned above, in the short-term this should include using imaging and member documents, but in the longer-term consideration should be given to implementing the following:
  - **Employer data portal for monthly uploads** – as you will be aware, getting accurate and timely member data from employers is more important than ever, particularly with the arrival of pension dashboards in the not-too-distant future. The majority of LGPS funds have already implemented processes for receiving monthly data or are in the process of doing so. This significantly reduces the volume of queries at year-end and improves data quality, which is an area the Pensions Regulator is particularly interested in. We therefore recommend that the Fund considers implementing the monthly employer data portal used to import data directly from employer payroll systems to the procured pensions administration system each month.
  - **A Member Self Service facility** – as mentioned previously in this report, the lack of a ‘self-serve’ facility means that the volume of member queries is higher than it would otherwise be, and simple tasks such as updating personal details are undertaken by officers rather than being carried out by members themselves. Implementing a member self service system would also see a reduction in the number of requests for estimates, as members would have the ability to produce their own figures online. Having an online portal should also increase overall member engagement and would be in line with the shift to digital being seen right across the financial services sector.
  - **A Payroll system linked to the procured pensions administration system** – our understanding is that all pensioner payroll functions are carried out by the Council’s payroll team and we did not observe any negative views on this. However, in the longer-term the Fund may wish to consider whether implementing a Payroll system linked to the procured pensions administration system and taking responsibility for paying pensions into the administration team would provide efficiencies and a greater degree of control over this area.
- Taking into account all the suggested changes in this report, and the objectives and direction of the Fund, an exercise should be undertaken to review and update the Administration and Communications Strategies to ensure they are clear in setting out how the Fund operates in these areas.
- Linked to the communications area mentioned earlier in this report, we recommend that standard member communications are reviewed in due course, with a view to using Fund branding rather than the Council’s logo to differentiate the Pension Fund and the member’s LGPS benefits from the Council itself.
- We were informed that the Fund currently has a policy of not allowing small pensions to be commuted for a trivial commutation lump sum. We recommend that this policy is reversed to give members the full range of options they are entitled to. This would involve training officers in this

area and changes to current processes but would benefit the Fund by removing the administrative costs of dealing with/paying these small pensions on an ongoing basis. In addition, the Fund may wish to consider undertaking a bulk exercise to commute all eligible pensions currently in payment for a trivial commutation lump sum.

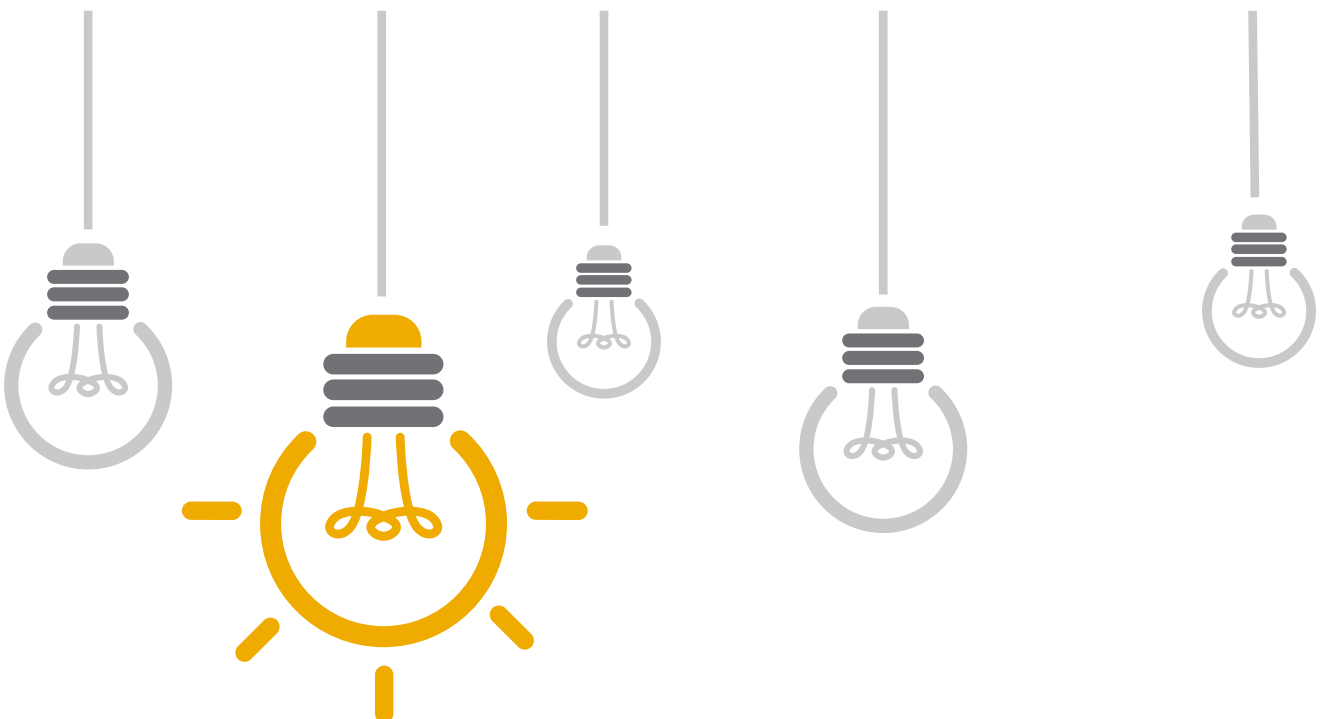
# Summary

Overall, we were impressed by the desire and commitment shown by the team to embark on an improvement journey to enhance internal procedures and to continually look to improve the service they provide to members and stakeholders.

We feel that there are plenty of opportunities to improve the operating structure of the team and to make processes more effective and efficient, team with a mixture of quick win and longer-term changes that will require a shift in culture and mindset.

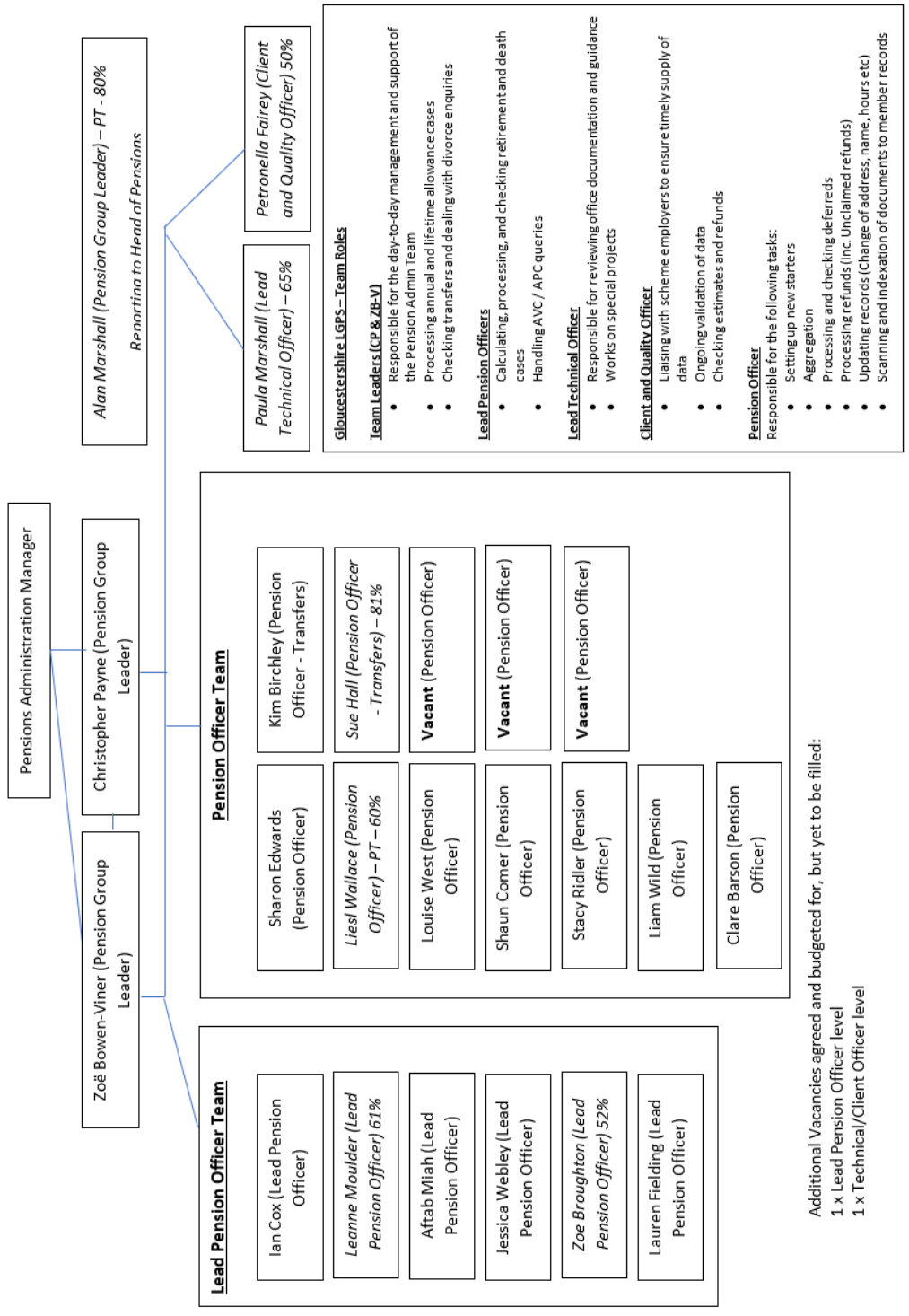
If the recommendations in this report are approved, some will feed into the procurement process for selecting the pensions administration system to be used going forwards.

We would once again like to thank all officers involved in this review and we would be delighted to work with you further to help implement these changes.



# Appendix 1

Current administration team structure chart and brief list of responsibilities for team roles, provided by the Fund in January 2023.





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