

# Public Document Pack

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27 April 2020

Dear Member,

## **Pensions Panel - Monday, 4 May 2020**

Please find enclosed the following documents for consideration at the meeting of the Pensions Panel on Monday, 4 May 2020 which were unavailable when the agenda was published.

- | <b>Agenda No</b> | <b>Item</b>  |
|------------------|--|
| <b>5.</b>        | <b>Administration</b> (Pages 3 - 12)                   |
| <b>9.</b>        | <b>Funding and Employer Management</b> (Pages 13 - 18) |
| <b>10.</b>       | <b>Investment Matters</b> (Pages 19 - 34)              |

The reports were unavailable at the time of the main agenda dispatch due to work pressures in the current situation.

Yours sincerely

Tony Kershaw  
Director of Law and Assurance

**To all members of the Pensions Panel**

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## Pensions Panel

4 May 2020

### Administration

#### Report by Director of Finance and Support Services

##### Summary

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. The end of year analysis show 100% compliance with the key performance indicators in March 2020 and strong full year performance. Data improvement issues continued to be worked through by the team and will continue for the next six months.

Since late March 2020 the administration team have been working remotely to reflect government guidance. Employers have been kept up to date about working arrangements and asked to speak with the team about any issues they foresee as a result of their own working arrangements. At the time of writing key performance indicators for April remained strong.

##### Recommendation

The Panel note the update.

#### 1. 31 March 2020 – Position

##### Membership

- 1.1 At 31 March the Scheme had 79,779 members (29,082 active, 29,094 deferred and 21,603 pensioners).

##### Performance

- 1.2 Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The Pension Panel has a key objective within its Business Plan to deliver a high quality administration service to all stakeholders with processes and procedures to ensure that the Fund receives all income due and payments are made to the right people at the right time and has agreed an Administration Strategy which sets out the performance expectations for employers and the Administration Authority. The current performance against service standards for key processes is shown on the following page:

<b>Case Type</b>	<b>Quarter Total Cases</b>	<b>Quarter Completed on Time (%)</b>	<b>Full Year Total Cases</b>	<b>Full Year Completed on Time (%)</b>
Active Retirement	95	100.0%	417	99.5%
Deferred Retirement	144	100.0%	672	97.2%
Estimates	326	100.0%	1,486	86.3%
Deferred Benefits	798	100.0%	2,707	81.6%
Transfers In/Out	73	100.0%	196	92.9%
Divorce	40	100.0%	206	68.9%
Refunds	199	100.0%	638	98.6%
Rejoiners	63	100.0%	249	96.8%
Interfunds	131	100.0%	303	81.2%
Death Benefits	129	100.0%	489	98.2%
<b>Total</b>	<b>1,997</b>		<b>7,363</b>	

Contribution Receipt

- 1.3 Contribution monitoring is managed by the West Sussex finance team. All LGPS Contributions are expected to be received by the Fund on the 19th of the Month or 22nd if the payment is being made electronically. The majority of employers have adhered to this requirement and a clear escalation procedure has been followed where an employer has consistently made late payment.
- 1.4 Risk associated with future contribution receipts are discussed within the Funding and Employer Management agenda item.

Breaches

- 1.5 There are a number of statutory requirements within the Local Government Pension Scheme (LGPS) for which there is a statutory duty to report to the Pensions Regulator if a material breach occurs. Since the Panel met in January, there have been two low risk data breaches reported, which have been logged through the West Sussex County Council IT Security Incident Report. The investigation in relation to the 2019 Annual Benefit Statements has been completed and will be referred to the Scheme Manager.

Scheme Changes

- 1.6 During the quarter there have been annual changes to the lifetime allowance limit and the taper annual allowance limit, employee contribution bandings and auto enrolment earnings bands, the maximum amount of additional pension a member can buy (in line with the cost of living). Annual revaluation increases for certain pension benefits have also been provided (Consumer Prices Index for pension in payment, deferred pension and Career Average Revalued Earnings, Retail Prices Index and Guaranteed Minimum Pension). These have all been communicated and applied.

## **2. International Covid-19 crisis**

- 2.1 Business Continuity plans have been actioned with regards to the Pensions Administration with both the West Sussex and Hampshire teams being fully operational via remote working.
- 2.2 Financial payments (payments of benefits, retirement processing, bereavement services and refunds to members) are being prioritised and arrangements are in place to switch resources as required to ensure that these payments continue, should this be required due to staff absence. The March and April payrolls have been run without issues, having been tested previously. The Pension Fund pays eight pensioners via cheque and continues to request BACS details to facilitate future payments.
- 2.3 All employers have been provided with an update on the current working arrangements.
- 2.4 Call volumes and case work have reduced but there is no indication that employers are unable to provide the relevant forms and communication to the team.
- 2.5 Nationally,
- The Scheme Advisory Board and the Local Government Association have published various Covid-19 updates including a statement to members to reassure that both their contributions and their pension, whether in payment or built up to date, will be unaffected by current market volatility. These have been linked to from the Pension Fund's website.
  - The Local Government Association has requested that all Authorities consider their Administering Authority Discretion in relation to abatement, in the context of staff returning from retirement to assist with the national Covid-19 response. The Fund no longer applies abatements and a response was provided to confirm this approach.
  - The Local Government Association and Scheme Advisory Board have been liaising with the Ministry for Housing, Communities and Local Government and The Pensions Regulator about the potential for easement in Regulatory demands to prevent unavoidable breaches of the law and scheme Regulations and have requested comments from Administering Authorities about issues in terms of resources, the ability to process data, the situation of scheme employers and any local challenges to service provision. The Fund responded noting that it did not consider there to be risks currently in relation to payment of benefits or processing of casework.
  - The Pensions Regulator have published guidance on key issues including critical processes, reviewing processes and the increased potential for scams and are temporarily suspending their regulatory initiatives to allow Schemes to focus on immediate risks. These have all be considered by the Fund and reflected in work planning and processes.

### 3. Key activities for the next Quarter

3.1 The table below summarises the key activities for the next quarter and how these will be progressed:

<b>Activity</b>	<b>Action</b>
Continued implementation of Business Continuity arrangements as a result of international Covid-19 crisis, communicating with employers and members as necessary and responding to any national guidance relating to Scheme administration.	Current service being maintained by administration team with agreed protocol for providing updates or escalations.
Review of AVC arrangements to support the transfer of member benefits from Equitable Life to Utmost and to consider the best arrangement for Pension Fund members more generally.	Initial review completed by Hymans Robertson. Delegation of the decision regarding AVC fund options to the Director of Finance and Support Services, in consultation with the Chairman of the Pension Panel agreed at January 2020 meeting.
End of Year work to allow Annual Benefit Statements to be published by the 30 August	Administration team liaising with employers on data submissions and queries. Financial or escalation issues will be raised with the Pensions team as required.
Promotion of Member Portal in advance of Annual Benefit Statements being published by 30 August (currently 16.7% of members have access to the Portal – 28.3% of active members, 12.5% of deferred and 6.5% of pensioners).	Administration team to develop promotion of the Portal in partnership with the Pensions team.

### Factors taken into account

#### 4. Consultation

4.1 None

## 5. Risk Implications and Mitigations

Risk	Mitigating Action (in place or planned)
Unable to progress certain casework due to guidance on social distancing eg. distribution of Life Certificates where a member is asked to obtain the signature of a witness that they do not live with (370 members).	Consider on case by case basis.
Failure to comply with Statutory requirements	Work closely with the administration team and employers to ensure that key deliverables are resourced and prioritised.
Unable to admit employers into the Fund due to execution requirements associated with Admission Agreements meaning that eligible members are not protected until process completes.	Consideration of authorisation requirements within Agreements.

## 6. Other Options Considered

6.1 N/A

## 7. Equality Duty

7.1 N/A

## 8. Social Value

8.1 N/A

## 9. Crime and Disorder Act Implications

9.1 N/A

## 10. Human Rights Implications

10.1 N/A

### **Katharine Eberhart**

Director of Finance and Support Services

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### **Appendices**

Appendix A - Administration Performance 1 April 2019 – 31 March 2020

Appendix B - Contributions Monitor 1 April 2019 – 31 March 2020

**Background Papers**

Annual Allowance - <https://www.hants.gov.uk/hampshire-services/pensions/local-government/news/budget-changes-annual-allowance>

LGA Update 31/03 - <http://lgpslibrary.org/assets/bulletins/2020/196%20.pdf>

SAB Update Covid 19 - <https://lgpsboard.org/index.php/structure-reform/covid19>

TPR Update Covid 19 - <https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/covid-19-an-update-on-reporting-duties-and-enforcement-activity>



## Administration Performance 1 April 2019 – 31 March 2020

The table below shows performance against the relevant targets for the three months during the quarter.

The table does not include:

- Periodic tasks such as the triennial valuation, publication of the Annual Benefit Statements, End of Year processes or notification of changes to Regulations.
- Response times to enquiries made by members (which has a five working day expectation, but with a requirement to keep members or employers informed if it will take longer to resolve) or change of member details.

	Q 1	Q 1	Q 2	Q 2	Q 3	Q 3	Q 4	Q 4	Full Year	Full Year
	Total Cases	Completed on Time	Total Cases	Completed on Time	Total Cases	Completed on Time	Total Cases	Completed on Time	Total Cases	Completed on Time
<b>Active Retirement</b>	113	100.0%	110	98.2%	99	100.0%	95	100.0%	417	99.5%
<b>Deferred Retirement</b>	166	100.0%	210	89.2%	153	99.4%	144	100.0%	672	97.2%
<b>Estimates</b>	417	84.7%	419	68.3%	324	100.0%	326	100.0%	1,486	86.3%
<b>Deferred Benefits</b>	274	85.4%	811	50.7%	824	100.0%	798	100.0%	2,707	81.6%
<b>Transfers in / out</b>	18	100.0%	13	50.0%	92	95.7%	73	100.0%	196	92.9%
<b>Divorce</b>	57	46.4%	28	59.7%	81	71.6%	40	100.0%	206	68.9%
<b>Refunds</b>	100	100.0%	160	92.0%	179	100.0%	199	100.0%	638	98.6%
<b>Rejoiners</b>	36	100.0%	51	66.7%	99	100.0%	63	100.0%	249	96.8%
<b>Interfunds</b>	33	23.7%	38	60.6%	101	91.1%	131	100.0%	303	81.2%
<b>Death Benefits</b>	99	98.5%	135	92.9%	126	100.0%	129	100.0%	489	98.2%
<b>Total</b>	<b>1,313</b>		<b>1,975</b>		<b>2,078</b>		<b>1,997</b>		<b>7,363</b>	

The table below shows the days outstanding of work as of 31 March 2020. The time outstanding reflects the time from date of receipt of the initiating request, so includes time whilst cases are on hold pending further information;

<b>Type of Case</b>	<b>0-5 days</b>	<b>6-10 days</b>	<b>11-15 days</b>	<b>16-20 days</b>	<b>21-30 days</b>	<b>31+ days</b>	<b>Total Cases</b>
<b>Active Retirement</b>	11	2	1	0	0	0	14
<b>Deferred Retirement</b>	26	33	7	0	0	0	66
<b>Estimates</b>	30	31	14	3	5	2	85
<b>Deferred Benefits</b>	87	73	85	63	0	0	308
<b>Transfers In &amp; Out</b>	9	3	1	2	3	4	22
<b>Divorce</b>	5	1	1	0	0	0	7
<b>Refunds</b>	1	1	0	1	1	3	7
<b>Rejoiners</b>	6	2	4	0	1	10	23
<b>Interfunds</b>	7	4	0	0	0	0	11
<b>Death Benefits</b>	30	7	1	0	1	0	39
<b>Total</b>	<b>212</b>	<b>157</b>	<b>114</b>	<b>69</b>	<b>11</b>	<b>19</b>	<b>582</b>

Please note this table excludes all work being work on under the historic leavers and interfunds project, which forms part of the data improvement plan.

## Contributions Monitor 1 April 2019 – 31 March 2020

The table below provides a monthly review of the Scheme Employers performance in respect of their statutory responsibilities when paying their contributions to the Fund:

NOTE: Analysis for March 2020 payroll not available at time of publication.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
<b>Late</b>	1	1	0	0	1	1	0	0	0	1	0		0.5
<b>On time</b>	191	190	190	192	191	191	192	193	194	194	193		191.3
<b>% Late of Active Employers</b>	0.5	0.5	-	-	0.5	0.5	-	-	-	0.5	-		0.3
<b>Average Days Late</b>	29	17	-	-	9	15	-	-	-	2	-		9
<b>Total Amount Overdue (£)</b>	546	188	-	-	28,081	645	-	-	-	5,165	-		3,683
<b>% Late of total contributions</b>	0.01	-	-	-	0.26	0.01	-	-	-	0.05	-		0.03

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