

Pension Panel

25 October 2019

Pension Administration Performance

Report by Director of Finance and Support Services

Summary

Hampshire Pension Services provide Pension Administration, on behalf of West Sussex County Council, to the 79,210 active, deferred and pensioner members participating in the Local Government Pension Scheme.

An Administration Strategy has been agreed and is monitored. Current performance against service standards for key processes has been impacted due to legacy issues following the transfer. Issues identified are being used to inform a data improvement plan and the expectation is that this would reduce the legacy issues and improve the performance.

Annual Benefit Statements were provided to most active and deferred members by 31 August 2019, and were made available to members via the member portal, unless members had elected for a hard copy.

Recommendations

1. That the update on the Administration Performance is noted.
2. That the changes to the Administration Strategy are noted.
3. That the Breaches Policy is agreed.

Background

1. Hampshire County Council now provides the Pension Administration Service for West Sussex County Council. The administration team are based in Winchester and the County Council work closely with Hampshire County Council as our Pension Administration Partner.
2. 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.
3. The table below summarises membership within the Scheme at the end of each month. Membership movements may vary more than expected whilst backlog and cleanse activities are completed.

	July	Aug	Sept
Active	30,038	30,255	29,807
Deferred	27,791	27,749	28,119
Pensioners	20,344	20,422	21,284
Total	78,173	78,426	79,210

Performance

4. The Pension Panel have agreed an Administration Strategy which sets out performance expectations for employers and the Administering Authority. The current performance against service standards for key processes (1 April to 30 Sept) are summarised below, and shown in detail in Appendix A. For the majority of cases the service standard is 15 working days.

	Quarter 1		Quarter 2		YTD	
	Total Cases	% Completed on Time	Total Cases	% Completed on Time	Total Cases	% Completed on Time
Active Retirement	113	98.2%	110	100.0%	223	99.1%
Deferred Retirement	166	89.2%	210	100.0%	376	95.2%
Estimates	417	68.3%	419	83.1%	836	75.7%
Deferred Benefits	274	50.7%	811	55.1%	1085	54.0%
Transfers in / out	18	50.0%	13	92.3%	31	67.7%
Divorce	57	59.7%	28	35.7%	85	51.8%
Refunds	100	92.0%	160	99.4%	260	96.5%
Rejoiners	36	66.7%	51	100.0%	87	86.2%
Interfunds	33	60.6%	38	23.7%	71	40.8%
Death Benefits	99	92.9%	135	98.5%	234	96.2%
Total	1,313		1,975		3,288	

5. It should be noted:

- The team have continued to ensure that processes resulting in payments to members or beneficiaries are prioritised

- The quarterly information includes the processing of 246 leaver forms received in March 2019 but which were not processed due to capacity. The timescales for completing this work is included within the Deferred Benefits performance, which is impacted as a result.
 - The continued 'backlog' and 'data quality' issues has been impacting performance. This was anticipated as part of the transfer and the Hampshire team are working with West Sussex officers on resourcing requirements. Issues identified are being used to inform a data improvement plan and the expectation is that this would reduce the legacy issues and improve the performance.
6. The Administration Strategy has also been updated to correct some erroneous service level timescales (15 working days rather than 10 working days in line with the delegation agreement), to include reference to the charging arrangements for estimates and remove references to the legacy administrator. An extract showing the changes has been included as Appendix B.

Breach Reporting

7. 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.
8. Officers have recently reviewed the breaches policy and a copy of the policy is available at Appendix C. There were no material changes made to the policy, other than to the format, to provide clarity in the process.
9. There has been a breach with regards to the production of annual benefit statements that is currently being investigated as to whether this is constituted as a material breach. More details are set out in the section below.

Key Milestones - Annual Benefit Statement

10. The statutory deadline for production of Annual Benefit Statements (ABS) is 31 August each year. Hampshire County Council produces these on the Funds behalf.
11. The team produced annual benefit statements for most members and these were made available via the member portal, unless members have elected for a hard copy.
12. For those members considered 'transitional' there is a need to work with employers to understand the member status and update the member record accordingly.
13. Since the ABS deadline further statements have been produced.

14. Whilst the Fund has produced all records where it holds the necessary information, the non-production of annual benefit statements constitutes a breach in Regulations. This is being investigated, as to whether it constitutes as a material breach.

Key Milestone - Pension Saving Statements

15. The statutory deadline to produce Pension Saving Statements is 6 October each year. Hampshire Pension Services produce these on the Funds behalf.
16. The team have written to 35 members of the West Sussex LGPS who have exceeded their annual allowance for 2018/19.

Member Portal Access

17. LGPS members can register for a pensions account so that they can see their annual benefit statements online, as well as access and update their personal details. Pensioner members are able to view their payslips and P60s. The table below shows current registrations:

	Number	% of population
Active	6,184	20.8%
Deferred	2,131	7.6%
Pensioner	1,093	5.1%
Total	9,408	11.9%

18. A promotion of the Portal was included as part of the Annual Benefit Statements becoming available. This has seen an increase in registrations.

Katharine Eberhart
Director of Finance and Support Services

Appendices

- Appendix A - Administration Performance
Appendix B - Extract of Amendments to the Administration Strategy
Appendix C - Reporting Breaches of the Law to the Pensions Regulator