

## Pension Panel

27 January 2020

Part I

### 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 80,031 active, deferred and pensioner members participating in the Local Government Pension Scheme.

An Administration Strategy has been agreed and is monitored and performance has improved since the Panel met in October. Legacy issues are being worked through and are used to inform a data improvement plan.

Contribution Monitor for the year to date is included as Appendix 2 and provides details of the Scheme Employers performance regarding the monthly contribution payments.

#### Recommendation

That the update on the Administration Performance is noted.

## 1. Background

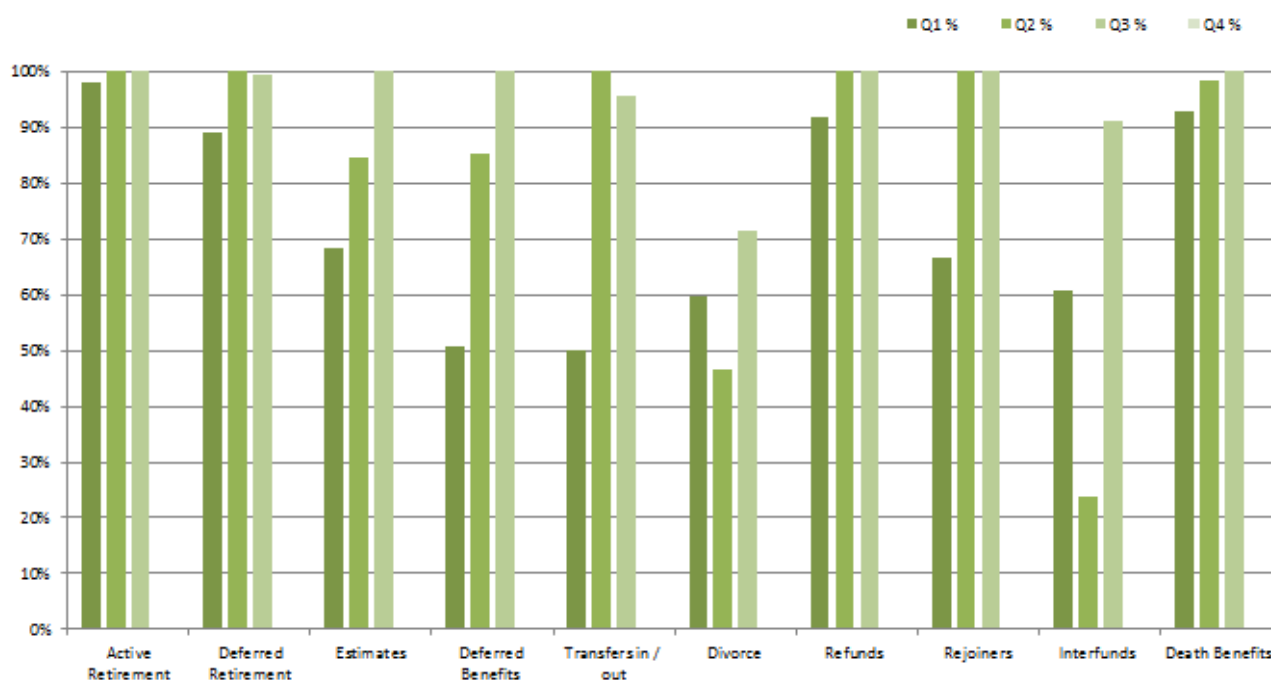
- 1.1. Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team are based in Winchester and the County Council work closely with Hampshire County Council as our Pension Administration Partner.
- 1.2. The Pension Panel has a key objective 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.
- 1.3. The table below summarises membership within the Scheme.

Membership as at quarter end			
	30/06	30/09	31/12
<b>Active</b>	29,439	29,807	30,021
<b>Deferred</b>	27,844	28,119	28,585
<b>Pensioners</b>	17,864	21,284	21,425
<b>Total</b>	<b>75,147</b>	<b>79,210</b>	<b>80,031</b>

Note: The membership movements may vary more than expected as the team complete backlog and cleanse activities

## 2. Performance

2.1. 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 July to 31 Dec) are illustrated below with date for the latest quarter and year to date shown in the table. Appendix 1 provides the full year performance.



Case Type	Quarter 3		Year to Date	
	Total Cases	Completed on Time (%)	Total Cases	Completed on Time (%)
<b>Active Retirement</b>	99	100%	322	99%
<b>Deferred Retirement</b>	153	99%	529	96%
<b>Estimates</b>	324	100%	1,160	83%
<b>Deferred Benefits</b>	824	100%	1,909	87%
<b>Transfers In/Out</b>	92	96%	123	89%
<b>Divorce</b>	81	72%	166	63%
<b>Refunds</b>	179	100%	439	98%
<b>Rejoinders</b>	99	100%	186	94%
<b>Interfunds</b>	101	91%	172	70%
<b>Death Benefits</b>	126	100%	360	97%
<b>Total</b>	<b>2,078</b>		<b>5,366</b>	

2.2. It should be noted:

- a. The team have continued to ensure that processes resulting in payments to members or beneficiaries are prioritised.
- b. Some work resulting from legacy issues has been ring-fenced to ensure that performance on new work items meet the SLA targets.
- c. As was expected quarter 3 saw a continued high volume of leavers due to the end of the school year. The timescales for completing this work is included within the Deferred Benefits performance, which all cases were completed within the service level agreement.

### 3. Contributions

3.1. All LGPS Contributions are expected to be received by the Fund on the 19<sup>th</sup> of the Month or 22<sup>nd</sup> if the payment is being made electronically. As part of this monthly process a Contribution Monitor is maintained this can be found as Appendix 2. The Fund has a clear escalation procedure if the situation were to arise where an Employer was consistently making late payment.

### 4. Member Portal Access

4.1. 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	Number	% of population
	30/09	31/12	
<b>Active</b>	6,184	7,334	24.43%
<b>Deferred</b>	2,131	3,257	11.39%
<b>Pensioner</b>	1,093	1,288	6.01%
<b>Total</b>	<b>9,408</b>	<b>11,879</b>	<b>14.84%</b>

### 5. Data Improvement Plan

5.1. The Pension Fund has been aware of the need to undertake some data improvement work once the transfer had been completed with Hampshire.

5.2. A data improvement plan has been agreed between the Pension Fund and its administrators based on legacy matters identified following the transfer and other data scoring. There are a number of work items required relating to:

- How the data is held on the two administration system, or the Fund's accounting system

- The completeness of some member records (including the necessity of keeping paper files for some members)
  - Administrative tasks not being applied or completed
- 5.3. All work has been reviewed and prioritised and given a completion date of 31 March 2020, 30 June 2020 or 31 October 2020 deadline.
- 5.4. There will be a charge by the administration team to complete a number of the work items. Other elements will be covered by Hampshire as part of their ongoing work, or resourced by the West Sussex team.

## **6. Breach Reporting**

- 6.1. 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.
- 6.2. The materiality of the breach with regard to the production of Annual Benefit Statements is under investigation.

## **7. Pension Scams**

- 7.1. There have been an increased risk of pension savers being persuaded to transfer their entire pension savings, or to release funds from it, by scammers making attractive-sounding promises they have no intention of keeping. This follows reforms offering greater flexibility in the way that individuals aged 55 and over can access their defined contribution (DC) pensions. As the LGPS is a public sector defined benefit Scheme this 'Freedom of Choice' reform does not apply to it directly. However members do have the right to transfer their pension rights out of the LGPS to a DC arrangement prior to their retirement.
- 7.2. The Pension Ombudsman has recently upheld a case (Ref PO-21489) relating to a scam where a LGPS Administering Authority (Hampshire County Council) was required to reinstate the member's pension due to maladministration (on a case which dates back to 2013). In response the Local Government Association (LGA) updated the standard transfer forms, which have been adopted by the administration team.

## **8. McCloud**

- 8.1. Whilst there has not been a remedy for the McCloud and Sargeant judgement the County Council is working with the administration team as the issues around any potential remedy become clearer, including resourcing. This has been informed by the first tribunal judgments providing a remedy for the Police Pension Scheme and Firefighters Schemes.

## **Factors taken into account**

## 9. Consultation

9.1. n/a

## 10. Risk Implications and Mitigations

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Inaccurate and/or incomplete data retained by the Pension Fund.	All employers participating in the scheme are provided with Administration Guide and Employer Guide which sets out their roles and responsibilities whilst participating in the Scheme and understand what member data are required and the process for supplying it. Liaise with Hampshire Pension Services regarding the quality of data and how this can be improved. Liaise with the Actuary to ensure expectations are understood.
Employers either don't pay contributions, pay incorrect amount or don't provide required information	Clear employer guide in place setting out responsibility of employers regarding provision of information and contributions. Regular monitoring and reconciliation of contribution payments received with clear escalation process. Liaise with Actuary to ensure he is aware of any issues.
Failure to comply with changes to LGPS Regulations and/or Inland Revenue Rules	All consultation papers issued by the DCLG, Revenue & Customs, and other bodies are commented on where appropriate. Officers to review all relevant regulation changes. Liaise with professional advisors and Hampshire Pension Services as required.

## 11. Other Options Considered

11.1. n/a

## 12. Equality Duty

12.1. n/a

## 13. Social Value

13.1. n/a

## 14. Crime and Disorder Act Implications

14.1. n/a

**15. Human Rights Implications**

15.1. n/a

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**Appendix 1** – Administration Performance

**Appendix 2** – Contribution Monitor