
Report to Pensions Committee

25 January 2021

Administration Performance

Report by Director of Finance and Support Services

Electoral division(s): N/A

Summary

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with the key performance indicators has continued. The Data Improvement Plan continues to be worked through with an expected completion date for a substantial number of items identified following the transfer of administration services of 31 March 2021.

Recommendations

(1) The update is noted.

Proposal

1 Background and context

- 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 Pensions Committee 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 At 31 December 2020 the Scheme had 80,144 members as analysed below.

	30/09	31/12	Movement
Active	27,492	26,792	-2.55% (700)
Deferred	30,419	31,211	+2.60% (792)
Pensioners	21,964	22,141	+0.81% (177)
Total	79,875	80,144	+0.34% (269)

2 Administration Performance

Business as Usual Activity

- 2.1 The Pension Committee have agreed an Administration Strategy which sets out performance expectations for employers and the Administering Authority. The current Authority's performance against service standards for key processes are summarised below and shown in detail in Appendix 1. With some exceptions the expectation is that most cases work is completed within 15 working days of receipt of accurate details.

Case Type	Quarter Total Cases	Quarter Completed on Time (%)	12 Month Total Cases	12 Month Completed on Time (%)
Active Retirement	129	100%	382	100%
Deferred Retirement	158	100%	660	100%
Estimates	235	100%	1,049	100%
Deferred Benefits	724	100%	3,036	100%
Transfers In/Out	34	100%	162	100%
Divorce	37	100%	150	100%
Refunds	150	100%	622	100%
Rejoiners	71	100%	303	100%
Interfunds	76	100%	344	100%
Death Benefits	139	100%	556	100%
Total	1,753		7,264	

- 2.2 For the last 12 months, the Pensions Team have been performing at 100% in all areas.

Annual Benefit Statements

- 2.3 The Committee have previously been advised that as at the 31 August statutory deadline, 99.9% of deferred Annual Benefit Statements and 95.1% of active Annual Benefit Statements had been published. In the period to 31 December 2020 a further 774 were published (meaning that 99.94% of deferred statements and 97.79% of active statements have been published).

Employer Performance

- 2.4 As part of the efforts to drive good data improvements, the administration team review Employer Performance for timeliness, financial control and data quality as part of the Annual Return process. Analysis for the 31 March 2020 end of year was provided to the Committee in October 2020 and the Committee were advised that the Director of Finance and Support Services would be writing to 61 employers to request that they reconcile the data held by the administration team with their own records to highlight any potential issues prior to the 2020/21 End of Year work being undertaken. To date 18 employers have completed this exercise.

3 Breach Reporting

- 3.1 There are a number of regulatory 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.

- 3.2 Since the Committee met in October there has been four low risk data breaches reported, which has been logged through the County Council's IT Security Incident Report. The breaches were caused by a member's birth and marriage certificate being returned with a different members documents and retirement options, a new starter letter and dependents letter being sent to the incorrect postal/email address. The cause of each incident has been investigated.
- 3.3 Since the Committee met in October the breach with regards to the production of annual benefit statements has been investigated and is being considered by the Director of Finance and Support Services. In line with the Pension Fund's Breaches Policy this considers the cause, effect, response and wider implications of the breach. If the breach is of material significance the Pensions Regulator will be informed, and the Committee will be updated.

4 Contribution Receipt

- 4.1 All LGPS Contributions are expected to be received by the Fund on the 22nd of each month. 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. The contribution monitor is available at Appendix 2.

5 Scheme Changes

- 5.1 A report on wider Scheme Changes has been included elsewhere on this agenda.
- 5.2 In addition, revised Government Actuary's Department (GAD) guidance has been produced for transfer-ins to accompany the GAD factors that were implemented from 1 November 2020.

6 The Pension Regulator (tPR) Scheme Return

- 6.1 It is a Statutory requirement that a return is provided to the Pensions Regulator by each Local Government Pension Scheme. The return provides details of the Scheme, Pension Board members, membership numbers and common and conditional (Scheme specific) data scoring. This was submitted on 16 December 2020.
- 6.2 Data scores are summarised below. A copy of the Scheme Return is available to from officers.

Data	Context	West Sussex
Common (2020)	Basic member information such as name, date of birth, address.	95%
Common (2019)		95%
Conditional (2020)	Scheme specific such as pay details, CARE pots.	90%
Conditional (2019)		89%

- 6.3 The Fund is in the process of completing an address trace for members who are showing as a 'lost contact'. Once completed this should improve the common data score.
- 6.4 Data Improvement work to date has been focused on setting up new starters, processing leavers etc. Whilst this will not initially impact the common or conditional data score (i.e. the same member information is shown but they are now categorised correctly), it is an important step for the Fund to then develop a strategy for further improvements on an exceptions basis. This should then improve the conditional data score.

7 The Pension Regulator – Pledge to combat Pension Scams

- 7.1 An area of focus from the Pensions Regulator, particularly during the pandemic, has been on pension scams. The Regulator is now asking all pension providers to pledge that they will do what they can to protect member benefits and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice. This would entail the Fund:
- regularly warning members of the risk of scams;
 - encouraging those requesting cash drawdown to call The Pensions Advisory Service for free, impartial guidance;
 - learning the warning signs of a scam and best practice for transfers by completing the new Trustee Toolkit module;
 - taking appropriate due diligence measures and document pension transfer procedures;
 - clearly communicating concerns to members if high-risk transfers must be made;
 - reporting concerns about a scam to the authorities and communicate this with the member;
- 7.3 It is considered that the Fund already has in places processes and practices which support the above, but officers are working to ensure that it can self-certify its compliance with the pledge.

8 Member Portal Access

- 8.1 LGPS members can register for a pensions account on the member portal so that they can see their annual benefit statements online, as well as access and update their personal details. Pensioner members can view their payslips and P60s. It is now mandatory for an employer to provide an email address for all new joiners as part of the new starter notification process. The member portal is also promoted in all deferred and retirement letters and was promoted as part of the Annual Benefit Statement process.
- 8.2 Since the Committee met in October there has been a 2.45% increase in registrations. Current registrations have been tabulated below:

	Number	% of population
Active	12,052	44.98%
Deferred	5,929	19%
Pensioner	2,065	9.32%
Total	20,046	25.01%

9 Other options considered (and reasons for not proposing)

N/A

10 Consultation, engagement and advice

N/A

11 Finance

The Pension Fund has financed the data improvement plan being completed by the administration team and has funded additional work in relation to specific employer work to bring the records up to date.

12 Risk implications and mitigations

The following risks from the Pension Fund's risk register are considered relevant in the context of this report:

Risk	Mitigating Action (in place or planned)
Poor quality data resulting in error and misstatement.	Implement and monitor the Data Improvement Plan to completion. Work proactively with administration team and employers as part of the end of year process.
Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	Proactive engagement with employers.
Cybercrime resulting in personal data for members being accessed fraudulently.	Strong IT environment for administration system and web-based Portals.

13 Policy alignment and compliance

The Pensions Committee has an overarching objective 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, clear communication and robust accounting and reports.

Katharine Eberhart

Director of Finance and Support Services

Contact Officer: Rachel Wood, Pension Fund Strategist, 0330 222 3387,
rachel.wood@westsussex.gov.uk

Appendices

Appendix 1 - Administration Performance Previous 12 Months (1 January 2020 to 31 December 2020)

Appendix 2 – Contribution Receipts Previous 12 Months (1 December 2019 to 30 November 2020)

Background papers

None

Appendix 1 - Administration Performance Previous 12 Months (1 January 2020 to 31 December 2020)

The table below shows performance against the relevant targets. The casework reported 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) and work in progress

	Q4 2019/20	Q4 2019/20	Q1 2020/21	Q1 2020/21	Q2 2020/21	Q2 2020/21	Q3 2020/21	Q3 2020/21	12 Month	12 Month
	No on time	% on time	No on time	% on time	No on time	% on time	No on time	% on time	No on time	% on time
Active Retirement	95	100.0%	85	100.0%	73	100%	129	100%	382	100%
Deferred Retirement	144	100.0%	198	100.0%	160	100%	158	100%	660	100%
Estimates	326	100.0%	209	100.0%	279	100%	235	100%	1,049	100%
Deferred Benefits	798	100.0%	594	100.0%	920	100%	724	100%	3,036	100%
Transfers in / out	73	100.0%	24	100.0%	31	100%	34	100%	162	100%
Divorce	40	100.0%	32	100.0%	41	100%	37	100%	150	100%
Refunds	199	100.0%	138	100.0%	135	100%	150	100%	622	100%
Rejoiners	63	100.0%	107	100.0%	62	100%	71	100%	303	100%
Interfunds	131	100.0%	81	100.0%	56	100%	76	100%	344	100%
Death Benefits	129	100.0%	145	100.0%	143	100%	139	100%	556	100%
Total	1,998		1,613		1,900		1,753		7,264	

The table below shows work in progress as at 31 December 2020. The day count reflects the time from date of receipt of the initiating request. Therefore it includes time whilst cases are on hold with the administration team pending further information. The casework reported does not include work being work on under the historic leavers and interfunds project, which forms part of the data improvement plan.

	Cases in progress 0-5 days from receipt	Cases in progress 6-10 days from receipt	Cases in progress 11-15 days from receipt	Cases in progress 16-20 days from receipt	Cases in progress 21-30 days from receipt	Cases in progress 31 + days from receipt	Cases in progress Total
Active Retirement	7	13	2	1	0	0	23
Deferred Retirement	12	10	7	1	0	0	30
Estimates	25	39	15	7	9	4	99
Deferred Benefits	27	77	95	45	70	0	314
Transfers in / out	0	0	4	2	2	5	13
Divorce	5	3	0	0	0	0	8
Refunds	0	1	0	0	0	0	1
Rejoiners	7	6	1	3	4	1	22
Interfunds	5	7	6	0	3	8	29
Death Benefits	26	4	1	1	0	2	34
Total	114	160	131	60	88	20	573
Total to 30/09/20	257	224	129	98	8	12	728

Appendix 2 – Contribution Receipts Previous 12 Months (1 December 2019 to 30 November 2020)

The table below shows Scheme Employer performance in respect of their statutory responsibilities to paying their contributions to the Fund.

It should be noted:

- One employer was reported as late in both August and September, but contributions have now been received.
- Whilst there were late payments recorded in March, April, May, June, July, August, September and October 2020 the late payments relate to different employers.

	Dec	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sept	Oct	Nov	12 Mth
Late	0	1	0	2	4	1	1	1	1	2	2	0	1
On time	199	199	198	196	193	196	196	190	193	192	194	195	195
% Late of Active Employers	0.0%	0.5%	0.0%	1.0%	2.0%	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%	0.0%	0.64%
Average Days Late	0	2	0	25	19.25	8	79	12	31	11.5	9	0	16
Total Amount Overdue (£)	0	5,165	0	15,278	35,927	651	5,195	2,024	1,054	1,627	72,132	0	11,588
% Late of total contributions	0.0%	0.05%	0.0%	0.14%	0.33%	0.0%	0.5%	0.2%	0.0%	0.01%	0.58%	0.0%	0.14%