

## **Pensions Committee**

**04 February 2022**

### **Pension Administration**

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

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##### **Summary**

As of 31 December 2021, the Scheme had 87,773 members.

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with key performance indicators has continued.

The project-based work on historic leaver forms (which was a key deliverable outstanding from the main Data Improvement Plan) was closed on 31 December, at which point 392 cases were outstanding with employers. These will be completed as part of Business-as-Usual activities.

In terms of key projects with the team, as of 31 December 2021,

- 99.6% active member Annual Benefit Statements had been produced by 31 December 2021. As reported previously to the Committee, all deferred member statements were produced by the team in compliance with the statutory deadline of 31 August 2021, with 98.9% of active member statements being published by the same date.
- 201 of 214 data sets have been received to assist the team in completing updating membership records following the McCloud judgement.
- Fifteen meetings were held with employers who the team had concerns with, in terms of performance during the annual return process for timeliness, financial control and/or data quality, and thirty-two employers completed a data validation exercise.

##### **Recommendation**

The update is noted.

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## 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 West Sussex Pensions Team works closely with Hampshire County Council.
- 1.2 The Pensions Committee has a key objective within its Business Plan to build on the improvement journey in relation to the administration and 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 with clear communication and robust reporting.
- 1.3 On 31 December 2021 the Scheme had 87,773 members as analysed below.

	30 September 2021	31 December 2021	Movement
<b>Active</b>	25,696	25,569	-0.5% (127)
<b>Deferred</b>	33,497	34,099	+1.8% (602)
<b>Pensioner</b>	22,663	22,857	+0.9% (194)
<b>Preserved Refunds<sup>1</sup></b>	5,164	5,248	+1.6% (84)
<b>Total</b>	<b>87,020</b>	<b>87,773</b>	<b>+2.0 (753)</b>

- 1.4 Following the onboarding of the pension administration for all members of the London Borough of Hillingdon Pension Fund in September 2021, the administration team have successfully transferred the London Borough of Westminster (go live 8 November 2021). The administration team have recruited additional staff to cover the increase in work. There has been no deterioration in the level of service that is provided to the West Sussex Pension Fund.

## 2. Administration Performance – Business as Usual Activity

- 2.1 The Administration Strategy sets out performance expectations for employers and the Administering Authority. The team continue to deliver 100% compliance against the service standards for key processes.<sup>2</sup> The analysis below shows the timescales for cases being completed over the quarter to provide more detail about the member experience. The green line shows the target number of days for the casework to be completed. Further details are in Appendix A.

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<sup>1</sup> The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG)

<sup>2</sup> The team have delivered 100% compliance against the service standards for the past 26 months.

<b>Case Type</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>31-40 days</b>	<b>Total</b>
Active Retirement	51	22	29	0	0	0	<b>102</b>
Deferred Retirement	33	49	58	0	0	0	<b>140</b>
Estimates	36	52	376	0	0	0	<b>464</b>
Deferred Benefits	50	21	20	54	698	0	<b>843</b>
Transfers In/Out	2	1	24	0	0	0	<b>27</b>
Divorce	11	7	40	0	0	0	<b>58</b>
Refunds	73	41	7	0	0	0	<b>121</b>
Rejoiners	8	3	10	42	0	0	<b>63</b>
Interfunds	5	9	83	0	0	0	<b>97</b>
Death Benefits	55	18	20	0	0	0	<b>93</b>
<b>Total</b>	<b>324</b>	<b>223</b>	<b>667</b>	<b>101</b>	<b>698</b>	<b>0</b>	<b>2,008</b>

2.2 The administration team also report complaints received monthly. This allows officers to consider lessons learnt and any service improvements to be implemented. The table below sets out the number and themes of complaints received within the quarter to 31 December 2021 and the last twelve months.

<b>Theme</b>	<b>No. Complaints (Quarter)</b>	<b>No. Complaint (12 months)</b>
<b>Response Time</b>		2
<b>Error in pension figures</b>	1	2
<b>Delay in retirement benefits</b>		1
<b>Unhappy with cheque payment being stopped</b>		1
<b>Discrepancy between Member portal estimated figures and estimate received</b>		1
<b>Delay in set up of UPM record</b>		1
<b>Enrolment Complaint (Employer)</b>		1
<b>Unhappy with Children's Pensions amounts payable</b>		1
<b>Total</b>	<b>1</b>	<b>10</b>

2.3 The team received one compliment over the quarter, with 10 compliments over the previous 12 months.

#### Contribution Receipt

2.4 All LGPS contributions are expected to be received by the Fund on the 22<sup>nd</sup> of each month following deduction. Most employers have adhered to this requirement. A clear escalation procedure is in place if an employer has consistently made late payments or not provided the relevant paperwork. The contribution monitor is included at Appendix B.

### Promotion of Portal

- 2.5 LGPS members can register for a pensions account on the member portal to view their Annual Benefit Statement and to access and update their personal details. It is now mandatory for an employer to provide an email address for all new joiners and the member portal is promoted in all letters to deferred members and promoted as part of the Annual Benefit Statement process. Pensioner members can also view their payslips and P60s through their portal access. The member portal is promoted in all retirement letters and through the pensioner newsletter. From April 2022 the Fund will stop sending hard copy payslips, P60s and pensioner newsletters and is encouraging pensioner members to register for the portal.
- 2.6 The table below shows the number of members registered on the portal.

<b>Status</b>	<b>30 September 2021</b>	<b>31 December 2021</b>	<b>% of population registered</b>
<b>Active</b>	9,867	10,841	42.4
<b>Deferred</b>	8,544	9,328	27.4
<b>Pensioner</b>	4,519	4,903	21.5
<b>Total</b>	<b>22,930</b>	<b>25,072</b>	<b>30.4</b>

- 2.7 Employers can also register for access to a portal which allows them to submit data (including new starters and leavers) and run their own estimates for early retirements. The portal also includes validations prior to data being submitted to the administration team. It is anticipated that using the portal will streamline notifications from employers, improving consistency, accuracy, and compliance – and therefore improving the quality of data held by the Scheme. At 31 December 2021, 138 employers were set up on the Portal. As reported to the Committee previously, the remaining employers who are not currently registered are those with a low number of members.

### **3. Administration Performance – Project Work**

#### Data Improvement Plan

- 3.1 The main Data Improvement Plan, which comprised issues identified by the administration team following the transfer of the service in March 2019, was closed with effect from 31 March 2021. The remaining work in relation to historic leaver forms has continued and tracked each month. As of 31 December, 392 cases (across 79 employers) remained to be processed under Business-as-Usual activity once information had been provided by employers.

#### End of Year and Annual Benefit Statements

- 3.2 As at the 31 August deadline, 100% of deferred annual benefit statements and 98.9% of active annual benefit statements have been produced. Further work has been completed by the team to publish further active annual benefit statements. The position on 31 December 2021 is summarised below. For active members, most missing statements which are still outstanding are due to missing annual return data from 34 employers. Officers are working with employers to resolve any outstanding issues.

	<b>Deferred No.</b>	<b>Active No.</b>	<b>Active No.</b>
	<b>31 August 2021</b>	<b>31 August 2021</b>	<b>31 December 2021</b>
<b>2021</b>			
Statements Required	31,966	26,764	26,764
Statements Produced	31,966	26,466	26,668
Statements Missing	-	298	96
Percentage of Statements Produced	100.0%	98.9%	99.6%
<b>2020 Comparison</b>			
Statements Missing	18	1,404	631
Percentage of Statements Produced	99.9%	95.1%	97.8%

- 3.3 To support End of Year work for 31 March 2022 and improve compliance, all 39 employers where 'significant concerns' on data quality were identified were written to by the Fund to request that they reconcile the data held by the administration team with their own records to highlight any potential issues. Larger employers were also be asked to complete this data validation exercise, due to the large volume of data involved. As at 31 December, 32 data reconciliations had been received. In addition, 15 meetings were held with employers to review the performance, discuss any issues that that the employers are facing resolving any outstanding queries and steps to be taken to ensure improved performance.

#### McCloud Data Collection

- 3.4 Employers are statutorily required to provide extra data (hours worked and service breaks) for all members in the Scheme between April 2014 up to 31 March 2022 to allow the team to apply legislative changes to member benefits extending the underpin benefits to eligible younger members. As of 31 December 2021, 201 of 214 data sets had been received equating to 24,051 members. The team are in contact with those employers who have outstanding data sets, and delays with information from three employers has been escalated.

#### **4. Cost benchmarking**

- 4.1 Each Administering Authority is required to provide the Department for Levelling Up, Housing and Communities (DLUHC) with information about its administration and fund management for inclusion in the National Accounts (the SF3 Return). This information can also be used as a benchmark on costs, comparing the Pension Fund's costs per member for 2020/21 against other Local Authorities. The analysis below shows how the Fund compares to other Authorities, Hampshire Pension Fund and to the prior year.

	<b>2019/20</b>	<b>2020/21</b>
West Sussex Pension Fund	£14.38 per member	£13.23 per member
Hampshire Pension Fund	£12.30 per member	£12.57 per member
LGPS Average	£23.54 per member	£24.16 per member

## **5. Breach Reporting**

- 5.1 There are several 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.
- 5.2 Since the Committee met in October there has been there have been no data breaches.

## **6. Other options considered (and reasons for not proposing)**

- 6.1 N/A

## **7. Consultation, engagement and advice**

- 7.1 N/A

## **8. Finance**

- 8.1 The Pension Fund has funded data improvement work by the admin team

## **9. Risk implications and mitigations**

- 9.1 Risks associated with this report are covered within the Business Plan agenda item.

## **10. Policy alignment and compliance**

- 10.1 The Pensions Committee has an overarching objective to build on the improvement journey in relation to the administration and 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.

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### **Appendices**

Appendix A - Administration Performance Previous 12 Months

Appendix B – Contribution Receipts Previous 12 Months

### **Background papers**

None

### **Recommended Training**

Hymans LGPS Online Learning Academy – Module 3 – Administration and Fund Management