

Report to Pensions Committee

27 July 2022

Pension Administration

Report by Director of Finance and Support Services

Summary

On 30 June 2022, the Scheme had 89,992 members and 214 employers actively contributing.

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with key performance indicators has continued (this has been the case for the past 32 months).

The Membership Portal allows access to Annual Benefit Statement, the ability for a member to run retirement estimates and the opportunity to update personal details. To date, 36.3% of members have now registered to use the site.

The Employer Portal facilitates the submission of data to the team and allows employers to run early retirement estimates for their employees. To date, 73.2% of employers are registered onto the site.

Data to assist the team in completing updating membership records following the McCloud judgement continues to be collected for all members in the Scheme between April 2014 up to 31 March 2022. To date 202 of 213 data sets received for the period 1 April 2014 to 31 March 2021, and 123 of 213 data sets have been received for the period 1 April 2021 to 31 March 2022.

All active employers, who need to submit an annual return (201) have returned their annual return. The receipt of this information from employers is a critical milestone in the production of the Annual Benefit Statements. As a result, 99.9% (34,742 out of 34,768) of Deferred Annual Benefit Statements have been produced. Actual Annual Benefit Statements are on track to be published in August. The statutory deadline for both is 31 August.

Recommendation:

That the Pensions Committee notes the report

1 Background and context

- 1.1 Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team work closely with the West Sussex Pensions Team.
- 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 30 June 2022 the Scheme had 84,422 members as analysed below.

	31-Mar-22	30-June-22	Movement
Active	26,394	25,785	-2.3%
Deferred	34,781	35,368	1.7%
Pensioner	23,040	23,269	1.0%
Total	84,215	84,422	0.2%

- 1.4 In addition, there are 5,570 records classified as 'preserved refunds'. Preserved refunds relate to those leaving the scheme (primarily) before reaching a two year 'vesting period' threshold and therefore do not qualify for deferred benefits. As noted previously a project is being scoped to provide options to those with preserved refunds in the Scheme.
- 1.5 On 30 June 2022 there were 214 employers actively contributing to the West Sussex Scheme. During the quarter seven employers were admitted to the Scheme (five of who had a retrospective admission date). No employers ceased.

2 Administration Performance – Business as Usual Activity

Contribution Receipt

- 2.1 All LGPS contributions are expected to be received by the Fund on the 22nd of each month following deduction. Since the Committee last met, all employers have adhered to this requirement. However, the Fund does have a clear escalation procedure, and this has been used to manage any late payments / non provision of relevant paperwork. The contribution monitor is included at Appendix B.

Administration Performance

- 2.2 The Administration Strategy sets out performance expectations for employers and the Administering Authority. The team completed 2,225 cases in scope of the service standards for key processes over the quarter and continue to deliver 100% compliance.¹

¹ The team has delivered 100% compliance against the service standards for the past 32 months.

- 2.3 The analysis below shows the timescales for cases being completed over the quarter to provide more context about the member experience. The bold line shows the target timescale. Longer term analysis is in Appendix A.

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	Total
Active Retirement	39	27	48	0	0	114
Deferred Retirement	34	46	123	0	0	203
Estimates	32	50	481	0	0	563
Deferred Benefits	35	11	51	39	772	908
Transfers In & Out	5	3	11	0	0	19
Divorce	5	7	28	0	0	40
Refunds	19	79	22	0	0	120
Rejoiners	8	5	10	49	0	72
Interfunds	11	30	68	0	0	109
Death Benefits	53	8	16	0	0	77
Total	241	266	858	88	772	2,225

- 2.4 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 seven complaints received in the last 12 months by theme and stage within the complaints process. Over the quarter, three complaints have been received or escalated (denoted on the table below with a *).

		Resolved / Ongoing	Current stage / Stage resolved
Response Time		Resolved	Stage 1
Response Time	*	Resolved	Stage 1
Error in pension figures		Resolved	Stage 1
Unhappy with Children's Pensions amounts payable		TBC	IDRP Stage 1
Enrolment Complaint		Resolved	Stage 1
Unhappy with issues logging into the Member Portal	*	Resolved	Stage 1
Aggregation Complaint	*	Ongoing	IDRP Stage 2

- 2.5 The team received eight compliments over the quarter, with 20 compliments over the previous 12 months.

Promotion of Portal

- 2.6 LGPS members can register for a pensions account on the member portal to view their Annual Benefit Statement, produce retirement estimates and to access and update their personal details. Since March 2022, the Fund have stopped sending hard copy payslips, P60s and pensioner newsletters and are encouraging pensioner members to register for the Member Portal. Employers can also register for access to a portal which allows them to submit data (including new starters and leavers) and run estimates for early retirements. It is anticipated that both sites provide efficiencies for the team and the opportunity to improve the quality of data held by the Scheme. The table below analyses registrations and the number of members who have actively opted-out of online communications by member status.

		31-Mar-22	30-Jun-22
Active	Registered	11,144	11,432
	Opt out of online		169
	No Response		14,184
Deferred	Registered	10,025	10,546
	Opt out of online		193
	No Response		24,629
Pensioner	Registered	7,765	8,672
	Opt out of online	5,591	6,024
	No Response	9,913	8,573
Total	Registered	28,934	30,650
	Opt out of online		6,386
	No Response		47,386
Employers	Registered	144	156
	% of employers	70%	73.2%

3 Administration Performance – Project Work

McCloud Data Collection

- 3.1 Employers are statutorily required to provide extra data (hours worked and service breaks) for all members in the Scheme between 1 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. The team originally requested returns from employers for data to 31 March 2021. This has now been supplemented with a request to cover 1 April 2021 to 31 March 2022. The table below shows the position on both data sets.

Data Set	1 April 2014 – 31 March 2021	1 April 2021 – 31 March 2022
Deadline	30/06/2021	30/06/2022
Data Sets Received / Required	202 / 213	123 / 216
% of In Scope Membership	94.0%	24.1%

- 3.2 West Sussex County Council have been given an extension to provide their data (2021/2022) to 31 July 2022, due to resource pressures. The team continue to engage with all employers who have outstanding data sets for both periods.

End of Year Returns

- 3.3 As of 30 June 2022, all 201 employers, who needed to provide an annual return had returned their data. All annual returns have been reconciled and uploaded to the system resulting in data queries generated for 644 members (88 employers). The receipt of this information from employers is a critical milestone in the production of the Annual Benefit Statements. The team continue to engage with all employers who have outstanding queries.

Annual Benefit Statements

- 3.4 By 30 June 2022, 99.9% (34,742 out of 34,768) of deferred Annual Benefit Statements had been produced. The statutory deadline is 31 August, and the team will continue to work on the outstanding deferred statements
- 3.5 Active Annual Benefit Statements are on schedule to be published in August. As with deferred statements, the statutory deadline is 31 August.

4 Pension Scams – Controls and Reporting

- 4.1 At the April meeting, Committee members asked for information relating to the process in place to prevent Pension Scams.
- 4.2 Since November 2021, the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 requires that all pension providers must carry out certain checks and have processes in place for due diligence when dealing with pension transfer requests. These checks must determine whether the request to transfer meets the conditions to enable a statutory right to transfer, including whether a member is required to receive guidance from MoneyHelper. The checks are as set out below along with the number of pension transfer requests considered at each stage (November 2021 to 30 June 2022). In addition, the administration team have certified to the pledge to combat Pension Scams.

Stage	Action	No. Requests
Check # 1 Whether the receiving scheme either a Public Sector Pension Scheme, an authorised Master/Trust on the Pension Regulator's published list or an authorised Money Purchase Scheme.	If the team are satisfied that the receiving scheme fulfils this criterion then the transfer can proceed. Otherwise, further checks are required (see below).	24

<p>Check # 2</p> <p>If the first check is not met, then additional due diligence is needed. These additional checks include checking employment status, overseas residency and are there any additional amber or red flags².</p>	<p>If the Team are satisfied that there is appropriate evidence, then the transfer can proceed. Otherwise, it is referred to the Scheme Manager (see below).</p>	<p>0</p>
<p>Final decision</p> <p>If the team are not satisfied that they have the appropriate evidence, and that a potential scam has occurred then the case is referred to the Scheme Manager to make a final decision and discuss whether it is appropriate to report as a potential scam.</p>		<p>0</p>
<p>Total Cases</p>		<p>24</p>

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 March there has been two low risk data breaches reported, which have been logged through West Sussex County Council's IT Security Incident Report. These relate to information being sent to an incorrect email address. The Pensions Team have been reminded to use other identifiers before indexing information to a members records and not use autofill when sending emails.

6 Other options considered (and reasons for not proposing)

- 6.1 N/A

7 Consultation, engagement and advice

- 7.1 N/A

² Examples of red flags – The member has failed to provide the required information, The member has not provided evidence of receiving MoneyHelper guidance, someone carried out a regulatory activity without the regulatory rights to do so, the member has been offered an incentive to transfer. Examples of amber flags – The member hasn't shown an employment link or overseas residency, The Scheme charges are high or unclear, Overseas investments are included in the Scheme, High-risk or unregulated investments are included in the Scheme.

8 Finance

8.1 N/A

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

[The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021 \(legislation.gov.uk\)](#)

[January 2021 Pensions Committee Administration Performance Report](#)