

Report to Pensions Committee

2 November 2022

Pension Administration

Report by Director of Finance and Support Services

Summary

On 30 September 2022, the Scheme had 90,664 members and 215 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 35 months). In addition the following are highlighted:

- 38.1% of members have now registered to use the Member Portal which allows access to Annual Benefit Statement, the ability for a member to run retirement estimates and the opportunity to update personal details.
- 73.0% of employers are registered onto Employer Portal which facilitates the submission of data to the team and allows employers to run early retirement estimates for their employees.
- All deferred and 99.4% of active Annual Benefit Statements were published by the deadline of 31 August 2022.
- Based on the end of year returns from employers, no employer was rated red by the administration team for for timeliness, financial control and data quality and sixty employers were green across categories.
- All required Pension Saving Statements were produced (84) by the statutory deadline of 6 October 2022.
- Most data sets have been received from employers to allow the team to update membership records following the McCloud judgement continues. The team have started to load these onto the pension administration system.
- Work is ongoing to adhere with the expected requirements for the Pensions Dashboard from September 2024.

Recommendation:

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.

2 Membership and employer movements

- 2.1 On 30 September 2022 the Scheme had 84,923 members as analysed below.

	30-June-22	30-Sept-22	Movement
Active	25,785	25,353	-1.7%
Deferred	35,368	36,054	1.9%
Pensioner	23,269	23,516	1.1%
Total	84,422	84,923	0.6%

- 2.2 In addition, there are 5,741 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. A project is being scoped to provide options to those with preserved refunds in the Scheme.

- 2.3 On 30 September 2022 the Scheme had 316 employers. During the quarter no employers ceased. Two admissions are in progress with the team.

Employer Status	30-Sept-22
Active	214
No active members	102
Total	316

3 Administration Activity

- 3.1 Appendix A has been included which shows LGPS contributions received over the period (up to August 2022 payroll), casework performance, complaints and portal access.

4 Annual Tasks

End of Year Returns

- 4.1 As reported at the last Pension Committee, all 201 employers who needed to provide an annual return had returned their data. The team continue to engage with the employers who have outstanding queries.

4.2 As in previous years, the administrative team have reviewed employer performance during the annual return process for timeliness (whether the return was received by the deadline of 30 April, by 31 May, or later), financial control (no, minor or major reconciliation issues) and data quality (no, minor or major reconciliation issues).

Timeliness	Financial Control	Data Quality
71% of returns required from employers were received before the deadline of 30 April. (2020/21: 85%)	89% of returns from employers had no reconciliation issues. (2020/21: 88%)	43% of returns from employers had no or very minor data quality issues. (2020/21: 55%)
29% of returns from employers were received between 1 May and 31 May. (2020/21: 15%)	10% of returns from employers had minor reconciliation issues which were quickly resolved. (2020/21: 9%)	33% of returns from employers had some minor data quality issues. (2020/21: 28%)
No returns were received more than a month late (2020/21: 1%)	1% of returns from employers had major reconciliation issues and/or slow/failed to respond. (2020/21: 3%)	24% of returns from employers had major data quality issues (more than 5 queries or 5% of membership). (2020/21: 17%)

4.3 The following points are highlighted:

- There were 1,158 data queries across all employers (2020/21: 1,210 and 2019/20: 3,881).
- One employer had 'significant concerns' in more than one category.
- Sixty employers were given a 'no issues' status across all categories (timeliness, financial control and data quality), which represents 30% of employers (2020/21: 33% and 2019/20: 27%).

Annual Benefit Statements

4.4 By 31 August 2022, all 34,768 deferred and 99.4% active Annual Benefit Statements had been published. Work is ongoing to resolve issues to publish the remaining 173 active Statements before 31 December 2022 if possible.

Pension Savings Statement

4.5 As at the statutory deadline of 6 October 2022, all required Pension Saving Statements were produced (84). The statement is sent to members who have exceeded the annual allowance and shows the growth in a member's pension benefits in the Scheme and test this against the annual allowance.

5 Project Work

McCloud Data Collection

- 5.1 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 summarises progress:

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	204 / 213	179 / 213
% of In Scope Membership	94.1%	93.2%
Loading of Data		
Data Sets Loaded onto Administration System / Required	14/213	0/213
% of In Scope Membership	6.6%	0.0%

Dashboard

- 5.2 At the start of 2022, the Department for Works and Pensions (DWP) consulted on draft Regulations to establish Pension Dashboards. Pension Dashboards will allow individuals to go to a single website and receive details of all the pensions they hold across UK pension providers, including public sector schemes.
- 5.3 By 30 September 2024 the Pension Fund must be able to connect to the dashboard and respond to data requests, although dashboards will not be live and available to individuals until the majority of pension providers have connected. Data requests can come in the form of:
- “find requests” which match dashboard users with a pension membership and are made to all schemes each time any individual uses the dashboard
 - “view requests” which are made if a user is matched to a membership held by the Pension Fund, with pension information then being passed back to the dashboard for the individual to view.
- 5.4 The Annual Benefit Statement information will be sufficient for the majority of “view requests”. However there will be cases where members join in the year and have not yet had a benefit statement produced or no statement has been run because of missing information from employers. These cases will need to be run by the administration team within the 10 day turnaround expectation set by the Regulations. If the reason for the absence of a statement is due to the

employer not having met their responsibility to provide timely and accurate data to the Fund, this turnaround may be challenging.

- 5.5 To facilitate the interaction the Pension Fund will need to connect to the Dashboard via an Integrated Service Provider (ISP). The ISP will hold a copy of the membership data held on the administration system (UPM) in order to provide the Find and View information to the dashboard on demand. There will be a new annual cost, which we will shared by the administration team across all Partners.
- 5.6 The ongoing resource required to support the Fund in meeting its obligations with regards Dashboards cannot be clearly estimated at this point. This is because the technical solutions are still in their infancy and whilst it is anticipated that the data flows will be largely automated, this cannot be guaranteed. It is also not clear what level of take up there will be and therefore how many requests for information are received, given that scheme members currently receive annual information about their benefits.

6 Application of Administering Authority Discretions

- 6.1 The rules of the Local Government Pension Scheme (LGPS) are set out in the LGPS and associated statutory Regulations. However there are some provisions which are discretionary. Discretionary powers allow an Administering Authority, such as the County Council on behalf of the West Sussex Pension Fund, to choose how, or if, they apply certain provisions of the Scheme. No discretions have been applied over the first six months of the year.
- 6.2 In addition there are some administration processes which are not formal discretions but are still disclosed to the Pensions Committee as they are considered to be more exceptional. The Committee received information at its meeting in July 2022 about the checks and processes in place for due diligence when dealing with pension transfer requests. At the time all transfer requests received had been for a Public Sector Pension Scheme, an authorised Master/Trust scheme on the Pensions Regulator's published list or an authorised Money Purchase Scheme. Over the last quarter two requests did not fulfil these initial due diligence checks and were therefore referred to the Director of Finance and Support Services for consideration.

7 Breach Reporting

- 7.1 Since the Committee met in July 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 address. The Pensions Team have been reminded to ensure any outstanding change of address notifications have been updated to a members records before sending out any correspondence.
- 7.2 The compliance with the Statutory deadline to publish Annual Benefit Statements by 31 August each year is being considered in relation to active Statements and whether there is a need to notify the Pensions Regulator.

8 Other options considered (and reasons for not proposing)

- 8.1 N/A

9 Consultation, engagement and advice

9.1 N/A

10 Finance

10.1 N/A

11 Risk implications and mitigations

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

12 Policy alignment and compliance

12.1 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 Activity

Background papers

None