

## **Report to Pensions Committee**

**26 July 2023**

### **Pension Administration**

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

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#### **Summary**

The Pension Administration service has been provided by Hampshire County Council since 4 March 2019. The following are highlighted:

- There were 87,240 members in the Scheme on 30 June 2023 and 221 employers actively contributing into the Scheme. This is an increase of 1,171 members and five employers since 31 March 2023 (two Academies, two Parish Councils and a Multi Academy Trust).
- Over the quarter ending 30 June 2023, 2,144 casework items were completed by the team and a total of 8,843 casework items completed by the administrators over the previous 12 months. All casework items were completed with the service level timescales.
- On 30 June 2023, 944 casework items were in progress with the team, employers, members or other third parties. This is an increase of 190 compared to 31 March 2023, primarily driven by deferred benefit calculations and estimates.
- The Member Portal allows members to update their personal details, access to Annual Benefit Statements, run retirement estimates or view their payslips online. On 30 June 2023, 42% of members had set up an account.
- 163 employers, including all employers who have 20 active members or more, are registered onto the Employer Hub. The Hub allows employers to view pension records for active employees, inform the team about changes in membership, notify of leavers / starters and run retirement estimates.
- Work is progressing well to meet the 31 August statutory deadline for publication of Annual Benefit Statements for active and deferred members.

#### **Recommendation:**

The Pension Committee notes the report.

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## 1 Background and context

- 1.1 Hampshire County Council provides the Pension Administration Service for West Sussex County Council, and they work closely with the West Sussex Pensions Team.
- 1.2 The Pensions Committee has a key objective within its Business Plan to continue improvements in relation to the pension administration service provided to all stakeholders and deliver a high-quality administration service.

## 2 Membership and employer movements

- 2.1 On 30 June 2023, the Scheme had 87,240 members as analysed below. Membership and movements from 1 April 2023 have been shown as a comparison.

<b>Member Type</b>	<b>31 March 2023</b>	<b>30 June 2023</b>	<b>Movement No.</b>	<b>Movement %</b>
<b>Active</b>	25,930	25,870	44	0%
<b>Deferred</b>	36,843	37,153	632	2%
<b>Pensioner</b>	23,986	24,217	495	2%
<b>Total</b>	<b>86,759</b>	<b>87,240</b>	<b>1,171</b>	<b>1%</b>

- 2.2 In addition, there are 5,921 records classified as 'preserved refunds' (5,884 on 31 March 2023). Preserved refunds relate to those leaving the scheme 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 June 2023, the Scheme had 324 employers.

<b>Employer Status</b>	<b>31-Mar-23</b>	<b>30-June-23</b>
<b>Active</b>	216	221
<b>No active members</b>	102	103
<b>Total</b>	<b>318</b>	<b>324</b>

Note: The above excludes one employer who is in the process of being admitted. The number of active employers differs to the contribution monitor (219 active employers) following two new admissions during June.

## 3 Administration Activity

- 3.1 Appendix A sets out LGPS contributions received over the twelve-month period to May 2023 payroll, casework performance, complaints, and portal access during the period to 30 June 2023.
- 3.2 Two updates to factors have been provided which impact the discount rate used for divorce, early retirement and transfers in and out calculations – which has allowed paused case work to progress. Updates for divorce and interfund out calculations were provided in June and all except six transfer out calculations were completed by 30 June. New factors for the calculation of non-club transfers in, pension debits and early retirements were provided in early July. Sixty-seven cases were on hold pending the update being completed.

## **4 Annual Tasks**

### End of Year Returns and Publication of Annual Benefit Statements

- 4.1 The team have received information from employers with active members participating in the Scheme between 1 April 2022 and 31 March 2023 to allow them to reconcile the data, update member records and produce Annual Benefit Statements by the Statutory deadline of 31 August 2023. The data provided by employers is also used by the team to produce Pension Saving Statements for impacted members (required by the 6 October 2023 deadline).
- 4.2 To date 36,829 deferred annual benefit statements, reflecting 99.78% of the statements required, have been published on the Member Portal. Notification emails will be sent by late July.
- 4.3 Work to publish active annual benefit statements is ongoing.

## **5 Project Work: McCloud**

- 5.1 Reforms made in 2015 to the judicial and firefighters' pension schemes were found by the Court of Appeal in 2018 to have been unlawful based on age discrimination. This ruling, known as the McCloud judgment, impacted all main public service pension schemes, including the LGPS. As a result, every member active in a scheme before the introduction of the career average revalued earnings scheme will be eligible for the higher of either their final salary benefits or the Care benefits accrued since these were introduced. The final regulations are due to come into force on 1 October 2023 and apply retrospectively to 1 April 2014.
- 5.2 This is a significant administration task.
- 5.3 To date, 209 of the expected 214 returns from employers (which amounts to 170,503 lines of data) have been received. Initial checks have been completed on 208 of these.
- 5.4 Software updates are expected to be implemented in mid-July. These will allow the team to identify the records of members in scope and provide a proposal for estimation, where employer data is not available.
- 5.5 Whilst there will not be relevant data on all records by 1 October 2023, the team continue to collect information from employers on an individual member basis (e.g. on the leaver or estimate form) and the Fund will therefore be able to process retirements and estimates with the remedy underpin.
- 5.6 The team will continue to load data onto records so that they can produce service information with the 2024 annual benefit statements for members to start checking that the new data is accurate. It is considered that this will put the Pension Fund in a strong position to comply with the production of remedial service statements in 2025.

## **6 Project Work: Dashboard**

- 6.1 The Government led "Pension Dashboard" project is intended to allow individuals to go to a single website and receive details of all the pensions they hold across UK pension providers.

6.2 The team are working to a September 2024 connection deadline, although the national implementation has been delayed.

## **7 Application of Administering Authority Discretions**

### Discretion Decisions

7.1 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 and West Sussex as Administering Authority can choose how, or if, it applies certain provisions of the Scheme.

7.2 No discretions have been referred for an Administering Authority decision during the latest quarter.

## **8 Breach Reporting**

8.1 Since the last Pensions Committee meeting, there have been no data breaches notified.

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

N/A

## **10 Consultation, engagement, and advice**

N/A

## **11 Finance**

N/A

## **12 Risk implications and mitigations**

Risks associated with this report are set out in the risk register for the Pension Fund which is part of the Business Plan at agenda xx.

## **13 Policy alignment and compliance**

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