

Report to Pension Advisory Board

09 February 2024

Pension Administration

Report by Director of Finance and Support Services

Summary

The Pension Administration service has been provided by Hampshire County Council since 04 March 2019. There were 89,214 members in the Scheme on 31 December 2023 and 220 employers actively contributing into the Scheme. This is an increase of 1,004 members and a net increase of three employers since 30 September 2023.

99.41% of active benefit statements and 99.98% of deferred benefit statements were produced by the statutory deadline (31 August 2023) and all required Pension Savings Statements were published by the deadline (6 October 2023). Other administration activity is set out in Appendix A. The following are highlighted:

- Over the quarter ending 31 December 2023, 2,164 casework items were completed by the team and a total of 9,157 casework items completed by the administrators over the previous 12 months. All casework items were completed with the service level timescales. On 31 December 2023, 863 casework items were in progress with the team, employers, members or other third parties.
- On 31 December 2023, 43% of members had set up an account on the Member Portal which allows them to update personal details, access to Annual Benefit Statements, run retirement estimates or view their payslips online. On the same date, 163 (74%) of employers were registered onto 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.

Recommendation:

1. That Pensions Advisory Board 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

- 2.1 On 31 December 2023, the Scheme had 88,210 members as analysed below. Membership and movements from 30 September 2023 have been shown as a comparison.

Member Type	30 Sept 2023	31 Dec 2023	Movement No.	Movement %
Active	26,200	26,598	398	2%
Deferred	37,499	37,896	397	1%
Pensioner	24,511	24,720	209	1%
Total	88,210	89,214	1,004	1%

- 2.2 In addition, there are 5,870 records classified as 'preserved refunds' (6,047 on 30 September 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. Work has started to provide options to those with preserved refunds in the Scheme.

3 Administration Activity

- 3.1 Appendix A sets out LGPS contributions received April to December 2023, casework performance, complaints, and portal access during the period to 31 December 2023.

Publication of Annual Benefit Statements

- 3.2 Notification emails to active members informing them that their Annual Benefit Statements were available were sent throughout August. By the statutory deadline of 31 August, 99.41% of statements (25,776) had been produced. The number of outstanding statements at the deadline was 154. This has since been reduced to 60 by the end of December and work is ongoing to investigate on a case-by-case basis with the aim of reducing the number by the end of the year.
- 3.3 By the deadline of 31 August 36,822 deferred annual benefit statements, reflecting 99.98% of the statements required, were published on the Member Portal. The outstanding five statements are being investigated on a case-by-case basis.

4 Employer Management

Employer Movements

- 4.1 On 31 December 2023, the Scheme had 332 employers.

Employer Status	30 Sept 23	30 Dec 23
Active	217	220
No active members	108	112
Total	325	332

The above excludes 30 employers who are in the process of being admitted. These comprise three parish councils, thirteen admitted bodies and fourteen academy conversions.

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.
- 5.2 This is a significant administration task.
- 5.3 On 8 September 2023 the Department for Levelling Up, Housing and Communities (DLUHC) laid The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 and published its response to the most recent McCloud consultation. The regulations implement the McCloud remedy and change the existing underpin to ensure it works effectively and consistently for qualifying members. The regulations came into force on 1 October 2023 and apply retrospectively to 01 April 2014.
- 5.4 No additional returns from employers have been received since the Board last met. Estimations will be required based on pay held on the member record if the data is not provided. The team are currently uploading employer McCloud data where they are able. The position is set out below.

Employer Status	2014/21	2021/22
Returns received	209	206
Returns required	214	214
Returns outstanding	5	8
Returns loaded	197	90

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 original connection deadline for Public Sector schemes was 31 October 2024, but in March 2023, DWP announced delays and a reset of the programme as part of refreshing their delivery plan for a new connection deadline for all schemes of 31 October 2026.
- 6.3 Additional guidance is expected, which should set an expectation of when public sector schemes should connect, rather than waiting until the final deadline. The 'dashboard available point' (DAP) is to be determined but will be communicated 6 months in advance to allow schemes to prepare.

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 One discretion relating to a transfer in has been referred to the Administering Authority decision since the Board last met.

8 Breach Reporting

8.1 Since the last Pension Advisory Board 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 item 6.

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