

Report to Pensions Committee

26 April 2024

Pension Administration

Report by Director of Finance and Support Services

Summary

The Pension Administration service has been provided by Hampshire County Council since 4 March 2019. There were 90,047 members in the Scheme on 31 March 2024 and 219 employers actively contributing into the Scheme. This is an increase of 3,288 members and a net increase of four employers since 1 April 2023.

Administration activity is set out in Appendix A. The following are highlighted:

- Over the quarter ending 31 March 2024, 2,106 casework items were completed by the team and a total of 9,022 casework items completed by the administrators over the previous 12 months. All casework items were completed with the service level timescales. On 31 March 2024, 1,243 casework items were in progress with the team, employers, members or other third parties.
- On 31 March 2024, 45% 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, 178 (81%) 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.

In terms of employer management, the following are highlighted:

- There have been five admissions in the quarter and six employer have ceased contributing to the Fund either through their contract ending, the last member leaving or a decision by the employer to cease participation.
- Two of the employers who have ceased active participation in the Fund will require an exit calculation in line with the published Funding Strategy Statement.

In terms of project work, the following are highlighted:

- On 1 October, changes to the Regulations to facilitate the McCloud remedy became effective. Data has been received and loaded for 403 out of 428 required returns. The Fund is processing retirements and estimates with the underpin.

- The new connection date for the Pension Dashboard Programme is 31 October 2025. The team continue to work to implement the required software integration and ensure data quality.

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, and they work closely with the West Sussex Pensions Team.
- 1.2 The Pensions Committee has a key objective within its Business Plan to deliver a high-quality administration service.

2 Membership, Employer and Administration Activity

- 2.1 Appendix A sets out LGPS contributions received relating to payrolls run by employers for April 2023 to February 2024, with March 2024 contributions not due until after the publication of this report. Casework performance, complaints and portal access is shown to the period 31 March 2024.

3 Employer Management

End of Year Employer Performance

- 3.1 At their meeting in November 2023 the Pensions Committee received an update on employer performance during the end of year data collection and reconciliation exercise. As part of the report to the Committee a number of actions were identified, which have now been completed:
 - A letter was sent to 78 scheme employers who had been rated red in one or more of the three areas that employers are benchmarked against. These areas are timeliness of submitting the annual return, financial control (reconciliation between contributions received and those submitted with the annual return) and data quality. The letter requested that they review their processes to ensure improvement in future years.
 - Meetings were arranged with 23 employers who had received a red data quality rating over three consecutive years. The objective of the meeting was to discuss action which could be taken to address the ongoing issue.
 - The administration team have engaged with external payroll providers to support their understanding of the requirements of the returns and throughout the year.
 - Communications have been issued to all employers through the regular newsletter setting out the importance of keeping the administration up to date throughout the year.

- Employer training content has been reviewed to ensure key issues are highlighted for checking/completion before submission. Training arranged specifically relating to the 2024 End of Year process was attended by 26 employers, representing 77% of the active membership population.

4 Project Work: McCloud

- 4.1 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.
- 4.2 This is a significant administration task.
- 4.3 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 1 April 2014.
- 4.4 Since 1st October 2023, the administration team have been correctly applying the McCloud underpin calculation in all deferred, retirement and death calculations; and have increased benefits in a limited number of cases within this cohort where the underpin has had this effect
- 4.5 The team will continue to load data onto records so that they can produce service information and be in a strong position to comply with the production of remedial service statements in August 2025.

	Data covering FY2014-21	Data covering FY2021-22	Total data required
Returns Due	214	214	428
Returns Received	209	198	407
Returns Useable	207	196	403

- 4.6 A final reminder will be sent to employers by the West Sussex team. In the absence of data being received – or workable – the administration team will estimate service based on pay held on the record.

Teachers Excess Service

- 4.7 As part of the McCloud Remedy for the Teachers Pension Scheme, some teachers with excess service in the Teacher Pension Scheme are eligible for membership of the LGPS. The Teachers Pension Scheme has started to contact schools / Academies to notify them of the members identified as in scope and request additional information. This will allow LGPS Authorities to request contributions for any LGPS linked service.

4.8 For the West Sussex LGPS, 25 employers have been contacted by the TPS.

5 Project Work: Dashboard

5.1 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.

5.2 The new connection date for Public Sector schemes is 31 October 2025.

5.3 The administration team's focus in 2024 will be to work with the software provider (Civica) to implement all the necessary software.

5.4 The administration team will also be cleansing the specific data items required to comply with dashboard regulations.

6 Project Work: Data Cleansing

6.1 There are 5,861 records classified as 'preserved refunds'. Preserved refunds relate to those leaving the scheme before reaching a two year 'vesting period' threshold and therefore do not qualify for deferred benefits.

6.2 A project is underway to provide options to those with preserved refunds in the Scheme.

7 Complaints

7.1 During the year, seven formal complaints were received. In each case the team have reflected on any lessons learnt to improve the service or communication with members going forwards. The majority of complaints specific and different issues but where the complaint related to delays to member benefits being processed (two cases) the team have been in contact with the relevant employer to understand appropriate escalation routes.

7.2 During the year, two complaints were received under the Internal Dispute Resolution Procedure. One was considered by the Director of Finance and Support Services (Stage 1). One related to a Scheme Employer decision and was therefore considered by the Director of Law and Assurance (Stage 2).

7.3 During the year, an opinion by the Adjudicator for the Pension Ombudsman was made relating to benefit information provided to a member. The complaint was partially upheld.

8 Application of Administering Authority Discretions

Discretion Decisions

8.1 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.

8.2 Two cases relating to the payment of a death grant have been referred for an Administering Authority decision during the latest quarter, and one case relating to a transfer in of benefits.

9 Breach Reporting

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

10 Other options considered (and reasons for not proposing)

N/A

11 Consultation, engagement, and advice

N/A

12 Finance

N/A

13 Risk implications and mitigations

- 13.1 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.

14 Policy alignment and compliance

- 14.1 The Pensions Committee has an overarching objective 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, clear communication and robust accounting and reports.

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Appendices

Appendix A – Member, Employer and Administration Activity

Background papers

None