

## Pensions Committee

22 July 2020

Part I

### Pension Administration Performance

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

##### Summary

Pension Administration services have been provided by Hampshire County Council since 4 March 2019. 100% compliance with the key performance indicators has continued. The Data Improvement Plan continues to be worked through with an expected completion date of 31 March 2021.

The administration team continue to work remotely in line with government guidance. Employers have been kept up to date about working arrangements and asked to speak with the team about any issues they foresee as a result of their own working arrangements.

##### Recommendation

That the update on the Administration Performance is noted.

##### Background

1. Hampshire County Council provides the Pension Administration Service for West Sussex County Council. The administration team are based in Winchester and the County Council work closely with Hampshire County Council as our Pension Administration Partner.
2. The Pensions Committee has a key objective within its Business Plan 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.
3. At 30 June 2020 the Scheme had 79,924 members as analysed below. It is anticipated that there could be a higher variance over the coming months as a result of the administration team completing end of year work.

	01/04	30/06	Movement
<b>Active</b>	28,851 <sup>1</sup>	28,595	-256 (-0.9%)
<b>Deferred</b>	29,094	29,529	435 (+1.5%)
<b>Pensioners</b>	21,603	21,800	197 (+0.9%)
<b>Total</b>	<b>79,548</b>	<b>79,924</b>	<b>376 (+0.5%)</b>

<sup>1</sup> Amended from Pension Committee report on 4 May 2020. The figure previously published included membership for legacy employers.

## Performance

4. The Pension Committee have agreed an Administration Strategy which sets out performance expectations for employers and the Administering Authority. The current Authority's performance against service standards for key processes (1 April to 30 June) are summarised below and shown in detail in Appendix A. With some exceptions the expectation is that most cases work is completed within 15 working days of receipt of accurate details.

Case Type	Quarter Total Cases	Quarter Completed on Time (%)	12 Month Total Cases	12 Month Completed on Time (%)
<b>Active Retirement</b>	85	100.0%	389	100.0%
<b>Deferred Retirement</b>	198	100.0%	705	99.9%
<b>Estimates</b>	209	100.0%	1,278	95.0%
<b>Deferred Benefits</b>	594	100.0%	3,027	96.1%
<b>Transfers In/Out</b>	24	100.0%	202	98.0%
<b>Divorce</b>	32	100.0%	181	79.0%
<b>Refunds</b>	138	100.0%	676	100.0%
<b>Rejoiners</b>	107	100.0%	320	100.0%
<b>Interfunds</b>	81	100.0%	351	89.2%
<b>Death Benefits</b>	145	100.0%	535	99.6%
<b>Total</b>	<b>1,613</b>		<b>7,664</b>	

5. Financial payments (payments of benefits, retirement processing, bereavement services and refunds to members) continue to be prioritised and arrangements are in place to switch resources if required to ensure that these payments continue. All payrolls have been run without issues. The Pension Fund pays eight pensioners via cheque and continues to request BACS details to facilitate payment.
6. Call volumes and case work remain reduced - however, overall volumes are now starting to increase. There have been no indications that employers are unable to adhere to requirements.

## Breach Reporting

7. There are a number of 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.
8. Further to the May Committee report, the Scheme Manager has notified the Pensions Regulator of a breach of material significance in relation to the statutory publication of 2019 Annual Benefit Statements due to data quality / data availability following the transfer. The breach was reported to the Regulator on 11 May 2020. The Regulator has advised that no further action will be taken at this time. The Authority has been working on the delivery of its data improvement plan and on the production of the 2020 Annual Benefit Statements, which is covered later in this report.

9. Since the Committee met in May there has been one low risk data breach reported relating to correspondence being sent to a previous address, which has been logged through the County Council's IT Security Incident Report.

### **Contribution Receipt**

10. Contribution monitoring is managed by the West Sussex finance team. All LGPS Contributions are expected to be received by the Fund on the 22<sup>nd</sup>. The majority of employers have adhered to this requirement and a clear escalation procedure has been followed where an employer has consistently made late payment. A copy of the contribution monitor is available at Appendix B.
11. Due to the impact of Covid-19, some employers are experiencing a severe impact on their immediate and ongoing revenues. The Fund recognises the challenges this may bring in respect of meeting employer pension costs over the shorter term. Currently the Fund have approved one request for the deferment of employer contributions to 30 June 2020. Employee contributions must still be paid over in line with the timescales set out above.

### **Scheme Changes**

12. Since the Committee met in May the Pension Regulator has updated its guidance for avoiding pension scams. As a result of this guidance the administration team have reviewed their processes and the documentation that is provided to members and included some additional information when communicating with members.
13. A number of guides published by the Local Government Association have been updated to comply with the Public Sector Bodies (Websites and Mobile Application) (No.2) Accessibility Regulations 2018. Where relevant these have been communicated to employers and published on the website.

### **Annual Benefit Statement and Annual Return**

14. At the time of writing this report 98% of deferred member records have an Annual Benefit Statement (ABS) available to be published on the member portal. All ABS's for deferred members will be published and communicated by the end of July. The remaining Statements.
15. The administration team have stated running active member Annual Benefit Statements. There are currently 5,008 active member records which are missing 2020 earnings, the majority (4,250) relating to four employers. The absence of 2020 earnings will result in an ABS not being published. This is considered to be the main substantive item which could impact on the Authority's compliance with the statutory deadline of 31 August 2020. Officers will work with the administration team and employers over the next two months to resolve matters where possible. The current position is summarised below:

	<b>No.</b>
Statements Required	28,595
Statements Produced	23,072
Statements Missing	5,523
Percentage of Statements Produced	80.96%

## Member Portal Access

16. LGPS members can register for a pensions account on the member portal so that they can see their annual benefit statements online, as well as access and update their personal details. Pensioner members can view their payslips and P60s.
17. It is now mandatory for an employer to provide an email address for all new joiners as part of the new starter notification process. This is a change to the process and allows the Pensions Team to promote the member portal as the preferred route of communication. The member portal is also promoted in all deferred and retirement letters, to encourage deferred and pensioner members to use the member portal as a preferred route of communication and notification.
18. Since the Committee met in May there has been a 1.5% increase in registrations. The table below shows current registrations.

	<b>Number</b>	<b>% of population</b>
<b>Active</b>	9,151	32.0%
<b>Deferred</b>	4,291	14.5%
<b>Pensioner</b>	1,702	7.8%
<b>Total</b>	<b>15,144</b>	<b>18.9%</b>

19. As part of the Annual Benefit Statement process the member portal will be promoted. The communication will encourage members to check that their information is correct, and that their address, expression of wish and personal details are up to date.

## Key milestones for the Next Quarter

20. The table below summarises the key activities for the next quarter and how these will be progressed:

<b>Activity</b>	<b>Action</b>
Continued implementation of Business Continuity arrangements as a result of international Covid-19 crisis, communicating with employers and members as necessary and responding to any national guidance relating to Scheme administration.	Service continues to be maintained.
Review of AVC arrangements to support the transfer of member benefits from Equitable Life to Utmost and to consider the best arrangement for Pension Fund members more generally.	Covered Elsewhere on the agenda.
End of Year work to allow Annual Benefit Statements to be published by the 30 August	Administration team liaising with employers on data submissions and queries. Financial or escalation issues will be raised with the Pensions team as required.

<b>Activity</b>	<b>Action</b>
Promotion of Member Portal in advance of Annual Benefit Statements being published by 30 August	Administration team promote the Portal in partnership with the Pensions team.

## **Risks and Mitigations**

21. The table below highlights key risks and potential mitigations:

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Unable to progress certain casework due to guidance on social distancing eg. distribution of Life Certificates where a member is asked to obtain the signature of a witness that they do not live with (370 members).	Consider on case by case basis.
Failure to comply with Statutory requirements	Work closely with the administration team and employers to ensure that key deliverables are resourced and prioritised.
Unable to admit employers into the Fund due to execution requirements associated with Admission Agreements meaning that eligible members are not protected until process completes.	Consideration of authorisation requirements within Agreements.

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**Appendix A** – Administration Performance  
**Appendix B** - Contribution Monitor