

## **Report to Pensions Committee**

**23 October 2020**

### **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 for a substantial number of items identified following the transfer of administration services 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.

#### **Recommendations**

- (1) The update is noted.
- 

#### **Proposal**

##### **1 Background and context**

- 1.1 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.
- 1.2 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.

- 1.3 At 30 September 2020 the Scheme had 79,875 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.

	30/06	30/09	Movement
<b>Active</b>	28,595	27,492	-3.86% (1,103)
<b>Deferred</b>	29,529	30,419	+2.93% (890)
<b>Pensioners</b>	21,800	21,964	+0.75% (164)
<b>Total</b>	<b>79,924</b>	<b>79,875</b>	<b>-0.06% (49)</b>

## 2 Administration Performance

### Business as Usual Activity

- 2.1 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 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>	73	100%	380	100%
<b>Deferred Retirement</b>	160	100%	654	98.85%
<b>Estimates</b>	279	100%	1,138	100%
<b>Deferred Benefits</b>	920	100%	3,136	100%
<b>Transfers In/Out</b>	31	100%	220	98.93%
<b>Divorce</b>	41	100%	194	95.21%
<b>Refunds</b>	135	100%	651	100%
<b>Rejoiners</b>	62	100%	331	100%
<b>Interfunds</b>	56	100%	369	95.95%
<b>Death Benefits</b>	143	100%	543	100%
<b>Total</b>	1,900		7,616	

- 2.2 For the last nine months, the Pensions Team have been performing at 100% in all areas.

### Annual Benefit Statement

- 2.3 As at the 31 August statutory deadline, 99.9% of deferred statements and 95.1% of active statements had been published, as summarised below.:

	Deferred No.	Active No.
<b>2020</b>		
Statements Required	29,093	28,595
Statements Produced	29,075	27,191
Statements Missing	18	1,404
Percentage of Statements Produced	99.9%	95.1%
<b>2019 Comparison</b>		
Statements Missing	1,697	6,750
Percentage of Statements Produced	93.9%	77.0%

- 2.4 The 18 deferred members which remain without a statement are complex cases which require reworking. The Pensions Team continue to work on these. For active members, the reasons for the statements not being produced are shown below. Work has continued with

chasing employers for the missing information. Cases, where appropriate have been escalate to the Pension Fund.

<b>Cause</b>	<b>Impact No.</b>
Missing Current/Previous Earnings	1,267
CARE pension missing/incomplete	114
Service/Other data error	23
<b>Total</b>	<b>1,404</b>

### Pension Savings Statements

- 2.5 As at the statutory deadline of 6 October 2020 100.0% of Pension Saving Statements were produced. The Statement is sent to members who are close to or have exceeded the annual allowance and shows the growth in a members pension benefits in the Scheme and tests them against the annual allowance. the position is summarised below:

	<b>No.</b>
Statements Required	85
Statements Produced	85
Statements Missing	-
Percentage of Statements Produced	100.0%

## **3 Employer Performance**

- 3.1 To ensure the Administering Authority can ensure compliance of the statutory regulations, timely and accurate information is necessary from Scheme Employers, this includes a timely Annual return being needed by Employers. As part of the efforts to drive good data improvements, the administration team now review Employer Performance for timeliness, financial control and data quality as part of the Annual Return process. As a result of their activities, Hampshire Pension Fund have seen improvements in both the quality and timeliness of data provided by their employers.

3.2 The definition of the performance categories are shown below along with the number of employers in each section:

	<b>Timeliness</b>	<b>Financial control</b>	<b>Data quality</b>
<b>No issue</b>	The team received <b>162 (82%)</b> of returns before the deadline of 30 April	<b>161 (81%)</b> returns had no reconciliation issues	There were no or very minor data quality issues (below 2% of active membership) for <b>99 (50%)</b> of employer returns
<b>Minor concern</b>	The team received a further <b>32 (16%)</b> of returns between 1 May and 31 May	<b>32 (16%)</b> of returns had minor reconciliation issues and quickly resolved	There were some data quality issues (between 2 and 5% of active membership) for <b>34 (17%)</b> of employer returns
<b>Significant Concern</b>	The remaining <b>4 (2%)</b> of returns were received more than a month late	The remaining <b>5 (3%)</b> had major reconciliation issues and/or slow/failed to respond	The remaining <b>65 (33%)</b> of employers had major data quality issues (more than 5 queries or 5% of membership, whichever is higher) and/or slow/failed to respond

3.3 The following points are highlighted:

- The total amount of data queries (across all employers) was 2,381 (against a total active membership of 29,002). This is 8% of total membership. This compares with 7,254 in 2018/19 (26% of total membership).
- No employer was red across all criteria and 67 employers were green across all criteria (33%).
- 69 employers are rated as red in one or more areas.

3.4 As this is the first year of adoption by the West Sussex fund the Director of Finance and Support Services will write to all employers rated 'red' on data quality to request that they reconcile the data held by the administration team with their own records to highlight any potential issues prior to the 2020/21 End of Year work being undertaken.

## 4 Breach Reporting

- 4.1 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.
- 4.2 Since the Committee met in July there has been two low risk data breaches reported, which has been logged through the County Council's IT Security Incident Report. The breaches were caused by a member's retirement letter being sent to the wrong email address and a member's P60 being double enveloped with the P60 for another member.
- 4.3 There has been a breach with regards to the production of annual benefit statements that is currently being investigated as to whether this is constituted as a material breach. In line with the Pension Fund's Breaches Policy a recommendation, taking into account the cause, effect, response and wider implications of the breach will be considered by the Director of Finance and Support Services. If the breach is considered to be of material significance the Pensions Regulator will be informed and the Committee will be updated.

## 5 Contribution Receipt

- 5.1 All LGPS Contributions are expected to be received by the Fund on the 22<sup>nd</sup> of each month. 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. The contribution monitor is available at Appendix B.

## 6 Scheme Changes

- 6.1 A report on wider Scheme Changes has been included elsewhere on this agenda.
- 6.2 In addition, revised Government Actuary's Department (GAD) factors have been produced for Divorce, Transfers in and out of the Scheme and Trivial Commutation. Officers are liaising with the Pensions Team to ensure compliance to the changes from 1 November 2020.

## 7 Member Portal Access

- 7.1 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.
- 7.2 It is now mandatory for an employer to provide an email address for all new joiners as part of the new starter notification process. Employers are engaging with this new requirement, however some do not have staff email addresses available and will require a change to their internal processes. 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 and was promoted as part of the Annual Benefit Statement process.
- 7.3 Since the Committee met in July there has been a 3.66% increase in registrations. Current registrations have been tabulated below:

	<b>Number</b>	<b>% of population</b>
<b>Active</b>	10,880	39.58%
<b>Deferred</b>	5,289	17.39%
<b>Pensioner</b>	1,850	8.42%
<b>Total</b>	18,019	22.56%

## 8 Other options considered (and reasons for not proposing)

N/A

## 9 Consultation, engagement and advice

N/A

## 10 Finance

The Pension Fund has financed the data improvement plan being completed by the administration team and has funded additional work in relation to specific employer work to bring the records up to date.

## 11 Risk implications and mitigations

The following risks from the Pension Fund's risk register are considered relevant in the context of this report:

<b>Risk</b>	<b>Mitigating Action (in place or planned)</b>
Poor quality data resulting in error and misstatement.	Implement and monitor the Data Improvement Plan to completion. Work proactively with administration team and employers as part of the end of year process.
Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	Proactive engagement with employers.
Cyber crime resulting in personal data for members being accessed fraudulently.	Strong IT environment for administration system and web-based Portals.

## 12 Policy alignment and compliance

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.

Katharine Eberhart

**Director of Finance and Support Services**

**Contact Officer:** Rachel Wood, Pension Fund Strategist, 0330 222 3387,  
rachel.wood@westsussex.gov.uk

## Appendices

Appendix A - Administration Performance Previous 12 Months (1 October 2019 to 30 September 2020)

Appendix B – Contribution Receipts Previous 12 Months (1 September 2019 to 31 August 2020)

**Background papers**

None