

Pension Advisory Board

28 April 2021

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.

Recommendations

- (1)** The update is noted.
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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 its 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 31 March 2021 the Scheme had 81,023 members as analysed below. The movement is in part reflective of the data improvement work completed by the team over the last twelve months.

	31/03/2020	31/03/2021	Movement
Active	28,851	26,764	-7% (2,087)
Deferred	29,094	31,984	+10% (2,890)
Pensioners	21,603	22,275	+3% (672)
Total	79,548	81,023	+2% (1,475)

2 Administration Performance

Business as Usual Activity

- 2.1 The Pension Fund has an Administration Strategy which sets out performance expectations for employers and the Fund. 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 (%)
Active Retirement	118	100%	405	100%
Deferred Retirement	151	100%	667	100%
Estimates	172	100%	895	100%
Deferred Benefits	709	100%	2,947	100%
Transfers In/Out	29	100%	118	100%
Divorce	43	100%	153	100%
Refunds	92	100%	515	100%
Rejoiners	93	100%	333	100%
Interfunds	65	100%	278	100%
Death Benefits	128	100%	555	100%
Total	1,600		6,866	

3 Breach Reporting

- 3.1 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.
- 3.2 Since the Board met in February the breach with regards to the production of the 2020 Annual Benefit Statements has been investigated and has been considered by the Director of Finance and Support Services. The breach was classed as being of material significance (based on the cause, effect and response) and has been reported to the Pensions Regulator. The Regulator has reviewed the matter and advised that there will be no further action at this stage. The Fund is working closely with the administration team and employer to resolve issues which prevented fuller compliance with the disclosure requirements including further data improvement activity and robust end of year processes with employers.

4 Contribution Receipt

- 4.1 All LGPS Contributions are expected to be received by the Fund on the 22nd 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. See Appendix B.

5 Scheme Changes

- 5.1 The report on Scheme Changes considered by the Pensions Committee on 17 March 2021 has been included. See Appendix C.
- 5.2 The deadline for active employers to provide their data to support the remedial work following the McCloud judgement was 31 March 2021. The Fund will chase employers who have not complied. Officers are awaiting guidance from the Ministry of Housing, Communities and Local Government (MHCLG) as to what action to take for those employers who are unable to supply the data.

Status	No.
Provided relevant data	117
Requested Extension	14
No Response	71
Total	202

6 Complaints

- 6.1 The Fund's complaints procedure is published on its [website](#). Complaints received are investigated and responded to by Hampshire Pension Services on behalf of the Fund. All complaints are acknowledged within three working days and responded to within a maximum of 20 working days (although the team aim to respond within ten working days wherever possible).
- 6.2 Hampshire Pension Services report complaints received on a monthly basis to consider lessons learnt and any service improvements to be implemented.
- 6.3 The table below sets out the number and themes of complaints received within the last twelve months.

Complaint Theme	Number of Complaints	Lesson Outcomes	Complaint Response Time
Response times	1	Errors on records caused delay. Team member reminded of the importance of keeping members up to date of any delays.	11 Working Days
Error in pension figures	1	Team members asked to ensure that members are provided with an explanation of decrease in payment if relevant.	10 Working Days

Complaint Theme	Number of Complaints	Lesson Outcomes	Complaint Response Time
Delay in payment of retirement benefits	2	Delays caused by the employer not providing relevant forms In once case there wereFurther delay once information had been provided. Team reminded to keep member up to date of the situation, especially when there are delays.	Average 11 Working Days
Unhappy with greeting wording on the Member Portal	1	Standard wording from software provider (which is consistent with terminology used by other Authorities) and no current business need to request bespoke amendment. No further action taken.	2 Working Days
Loss of investment with AVC, following a transfer into the Scheme from another Local Authority	1	Legacy issue from the previous administrators. Current processes and adopted of a default AVC fund considered sufficient to mitigate a similar event arising. No further action taken.	8 Working Days

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 Over the last 12 months, there has been a 10.4% increase in registrations. This is shown in more detail below. It is now mandatory for an employer to provide an email address for all new joiners as part of the new starter notification and members are encouraged to complete their retirement process online. These are likely to have contributed to the increase, alongside the promotion of the portal in all deferred letters and as part of the Annual Benefit Statement publications.

	31 March 2020 Number	% of population	31 March 2021 Number	% of population
Active	8,258	28.3	13,090	48.9
Deferred	3,599	12.5	6,578	20.7
Pensioner	1,401	6.5	2,224	10.0
Total	13,258	16.7	21,892	27.0

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:

Risk	Mitigating Action (in place or planned)
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.
Cybercrime 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.

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Appendices

Appendix A - Administration Performance Previous 12 Months (1 April 2020 to 31 March 2021)

Appendix B – Contribution Receipts Previous 12 Months (1 March 2020 to 28 February 2021)

Appendix C – Scheme Changes

Background papers

None