

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Pension Fund Panel & Board |
| Date: | 14 December 2018 |
| Title: | Governance: Administration performance update |
| Report From: | Director of Corporate Resources – Corporate Services |

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1. Recommendations

1.1. It is recommended that the Panel and Board:

- approve the updated Communication Policy Statement
- note the performance information for the first two quarters of 2018/19.

2. Executive Summary

2.1. The purpose of this paper is to update the Pension Fund Panel and Board on pensions administration in the first six months of 2018/19 (together with an analysis of employer performance for the same period and to seek approval for the updated Communication Policy Statement.

3. Performance against Service Standards (KPIs)

3.1. The KPI tables for Pensions evidence the continuing strong performance in the first two quarters of 2018/19. However, there were 6 divorce estimate cases which missed the 15 day service level agreement by between 1 and 2 days. The team are running the monitoring reports daily to ensure that no further cases miss the target.

Quarter 1 2018/19

| Type of case | Time to Complete | | | | | Total | On target? |
|---------------------|------------------|-----------|------------|------------|------------|--------------|------------|
| | 0-5 days | 6-10 days | 11-15 days | 16-20 days | 20-40 days | | |
| Retirement | 148 | 51 | 10 | 0 | 0 | 209 | 100.00% |
| Deferred Retirement | 232 | 153 | 41 | 0 | 0 | 426 | 100.00% |
| Estimate | 124 | 181 | 291 | 0 | 0 | 596 | 100.00% |
| Deferred | 86 | 198 | 350 | 201 | 226 | 1,061 | 100.00% |
| Transfer out | 0 | 4 | 22 | 0 | 0 | 26 | 100.00% |
| Transfer In | 35 | 5 | 13 | 0 | 0 | 53 | 100.00% |
| Divorce | 12 | 34 | 62 | 4 | 0 | 112 | 96.43% |
| Refund | 129 | 242 | 36 | 16 | 0 | 423 | 100.00% |
| Rejoinders | 21 | 17 | 94 | 80 | 0 | 212 | 100.00% |
| Interfunds | 6 | 16 | 30 | 0 | 0 | 52 | 100.00% |
| Death | 157 | 33 | 18 | 14 | 0 | 222 | 100.00% |
| Grand Total | | | | | | 3,392 | |

Quarter 2 2018/19

| Type of case | Time to Complete | | | | | Total | On target? |
|---------------------|------------------|-----------|------------|------------|------------|--------------|------------|
| | 0-5 days | 6-10 days | 11-15 days | 16-20 days | 20-40 days | | |
| Retirement | 129 | 92 | 105 | | | 326 | 100.00% |
| Deferred Retirement | 59 | 72 | 223 | | | 354 | 100.00% |
| Estimate | 39 | 52 | 307 | | | 398 | 100.00% |
| Deferred | 46 | 123 | 52 | 49 | 1,510 | 1,780 | 100.00% |
| Transfer out | 2 | 0 | 19 | | | 21 | 100.00% |
| Transfer In | 50 | 19 | 14 | | | 83 | 100.00% |
| Divorce | 9 | 21 | 44 | 2 | | 76 | 97.37% |
| Refund | 172 | 167 | 18 | | | 357 | 100.00% |
| Rejoinders | 13 | 21 | 58 | 148 | | 240 | 100.00% |
| Interfunds | 14 | 14 | 24 | | | 52 | 100.00% |
| Death | 188 | 35 | 16 | 11 | | 250 | 100.00% |
| Grand Total | | | | | | 3,937 | |

- 3.2. In addition to the casework, 57,877 annual benefit statements were produced for active members by the statutory deadline of 31 August, covering 99.27% of the membership. Of the remaining 424 members who did not receive a statement, over 50% did not have CARE pay provided for the year and are likely to be leavers that have not yet been notified to Pensions by employers.
- 3.3. Deferred benefit statements were produced for 99.24% of the membership by the statutory deadline, with 38 statements requiring follow up due to data issues on the record.
- 3.4. Pension savings statements were produced by the statutory deadline of 6 October 2018 for the 188 members who exceeded the HMRC annual allowance in 2017/18. Of these members, 39 had a tax charge. The number of statements required has doubled from the previous year, as more members start to exceed the reduced annual limit.

4. End of year processes and employer performance

4.1. Employers have to complete an annual return and submit it to Pensions by 30 April. This data is used to update pension records with current pay information and is subsequently used to produce annual benefit statements.

4.2. During the annual return process, employers were measured for timeliness, financial control and data quality. A breakdown is shown below but in summary:

- 96 out of 327 employers were assessed as meeting all 3 areas
- 4 large employers are still red in some areas but all of these have improved significantly since 2017
- There were no employers with a fail in all three areas
- The total amount of queries (across all employers) was 2,435. This compares with 5730 for the 2016/17 year end.

Annual return – 2018 Employer performance summary (2017 comparison shown in brackets)

| | Return received before deadline | Return received between 1 May and 31 May | Return received more than 1 month late |
|--------------------------|---------------------------------|--|---|
| Timeliness | 260 (215) | 58 (90) | 9 (15) |
| | No reconciliation issues | Minor reconciliation issues/quickly resolved | Major reconciliation issues and/or slow/failed to respond |
| Financial control | 208 (185) | 107 (123) | 12 (12) |
| | Data quality good | Minor data quality issues (less than 5% of membership)/quickly resolved | Major data quality issues (more than 5% of membership) and/or slow/failed to respond |
| Data quality | 176 (178) | 93 (72) | 58 (70) |

4.3. 75 employers were identified as red in one or more areas and so their high level contact was sent an annual return employer performance letter. Of these, 58 employers have been asked to complete a data validation return by 15 December 2018.

5. Ongoing employer performance

- 5.1. In addition to the analysis of employer performance as part of the annual return process, performance is measured each quarter to identify employers who have not met the standards set out in the Administration Strategy. Employers are asked to provide a comment if they have not met the standards in the quarter. The performance tables for the first two quarters of 2018/19 are shown in Appendix 2.
- 5.2. Following the changes to the Administration Strategy in December 2017 and feedback from Scheme Employers, the way in which employer performance is measured has been amended. Performance now is measured against the leavers received and processes set up in the quarter, which allows impacts from actions employers have taken from previous reports to feed through more quickly.

6. Feedback from Annual Employer Meeting

- 6.1. Employers were contacted after the AEM held on 12 October to provide feedback on the event. 28 responses were received, with a further 7 responses specifically about the stands which were available outside of the meeting room. The results were largely positive:
 - 96% of employers who completed the questionnaire found out what they wanted to know
 - 93% rated the information pack available on the day as good or excellent
 - 100% rated the venue as good or excellent
 - 96% rated the speakers as good or excellent

The Data Quality session delivered by Karen McWilliam and the update from AON were highlighted as the most interesting sessions. For those employers who visited the stands and provided feedback, they rated them as good or excellent, with specific praise for the Civica demonstration of the new Member Portal.

7. Member Portal

- 7.1. LGPS members can register for a pensions account so that they can see their annual benefit statements online, as well as access and update their personal details. Pensioner members are able to view their payslips and P60s.
- 7.2. The web software used to provide this online access has been upgraded to provide a more robust platform and user friendly experience. The new member portal is being rolled out to LGPS users at the end of January 2019. Feedback from employers who have been shown a demonstration of the new look site has been very positive.
- 7.3. The key improvements include a much quicker registration process, with activation codes being sent by email rather than a letter to home address

and the ability for members to change their death grant expression of wish details online. In addition the look of the site, and its navigation are much clearer and user friendly. Further developments for the available functionality are planned for 2019/20 as part of the plan to improve online information for members.

8. Communication Policy Statement

- 8.1. A review of the Communication Policy Statement has been carried out and the document has been updated to reflect the focus on providing more information online and via the Member Portal.
- 8.2. The revised statement is attached as Appendix 1. The key changes are found on pages 2 and 3.

9. Pension Regulator

- 9.1. For the first time this year the Pension Regulator required schemes to report on the presence and accuracy of common data (information about the individual and basic retirement information) and conditional data (required to calculate specific scheme benefits) as part of the annual return.
- 9.2. The score is based on a pass/fail approach for each member against all data items. This means that if an individual has a single piece of data missing then the individual will count as a fail (even if all other data is present and accurate).
- 9.3. AON were commissioned to report on the quality of the conditional data for the LGPS, based on the information supplied as part of the valuation exercise. The results of this provided a score for conditional data of 87%. The score for common data was measured as 94%.
- 9.4. Pensions have established a data cleansing programme to identify and correct data issues throughout the year, as well as being part of bulk data exercises such as running pension increase or annual benefit statement calculations. This work will be supported by the implementation of a data reporting module which provides a daily assessment of key data items. This is expected to be installed by the end of the year.

10. West Sussex administration onboarding

- 10.1. The project to take on the administration of the West Sussex local government and fire schemes is ongoing, and on track to go live in early March.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

| | |
|---|----|
| Hampshire maintains strong and sustainable economic growth and prosperity: | no |
| People in Hampshire live safe, healthy and independent lives: | no |
| People in Hampshire enjoy a rich and diverse environment: | no |
| People in Hampshire enjoy being part of strong, inclusive communities: | no |
| OR | |
| This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because the Pension Fund Panel and Board are required to review the Pension Fund's Statutory Statements on an annual basis. | |

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?