

Pension Fund Board

Date: 28th July 2022

Classification: General Release

Title: Pension Administration Update

Report of: Sarah Hay, Pensions Officer People Services

Wards Involved: All

Policy Context: Service Delivery

Financial Summary: Limited

1. Executive Summary

1.1. This report gives an update on the KPI data from Hampshire Pension Services (HPS) from March 2022 to June 2022. In section 3, I cover some Annual returns and data work. and in section 4 a general pension administration update. In Section 5 I give an update on Auto enrolment for the main fund employer WCC. The summary is in section 6.

2. KPI Performance

2.1 I am pleased to advise the Board that the KPI data provided to Westminster for the period March 22 through to June 22 shows 100% compliance with the agreed KPI standards. The table below provides the categories measured, the target days and the number of cases processed in each reporting month.

KPI	Target Days	Mar-22	Apr-22	May-22	Jun-22
Active Retirement	15 days	0	5	4	2
Deferred Retirement	15 days	7	23	17	16
Estimates	15 days	31	30	42	27
Deferred Benefits	30 days	24	19	16	26
Transfers In & Out	15 days	2	3	1	4
Divorce	15 days	0	2	2	2
Refunds	15 days	3	5	7	2

Rejoiners	20 days	0	5	5	1
Interfunds	15 days	20	18	21	15
Death Benefits	15 days	8	23	13	6
Grand Total		95	133	128	101
		100%	100%	100%	100%

2.2 The overall cases processed by HPS has fluctuated. I would expect that our average case processing would be around 100 cases per month to maintain a healthy position with no backlogs.

2.3 The partnerships report also provide a breakdown of the active cases on hold. In March we had 152 cases and then in April this reduced to 117 cases. In May this increased back to 149 cases and remained the same in June. It's important that over the course of six months or a year we make sure that this work on hold does not build up again, so we have clear sight that there are no unseen backlogs going forward.

2.4 Following on from year end returns, administration case queries that are submitted will create some additional work for the pension administration team.

2.6 Overall the service with HPS has embedded well and noise from the employers and fund members is very low. We are pleased that the 23.66% of the membership has already registered for the new member portal. This is a steady increase on the 19.43% that we reported at the last Pension Board. Our communication with employers and members going forward will aim to increase this percentage and we will promote to active members in late August early September so that members can view their pension annual benefit statements.

Portal	
Active	32.62%
Deferred	15.81%
Pensioner	25.31%
TOTAL	23.66%

2.7 Members can opt out of online services including the member portal and electronic communication. In June 594 members had opted out of the portal. This was primarily pensioner and deferred members with one active member.

2.8 There were two complaints in the period. One received in May and one in June. The May complaint was from a member who had opted out of online services in December 2021. He was complaining that he had not received any written confirmation from HPS since he opted out including any P60. The issue seems to have been caused in part by HPS not having the correct

address record for the member record to contact him. The member has been apologised to and HPS have amended their process to check the address *details on the record when they opt someone out of electronic communication*. The June complaint involved a pensioner member who had married recently and sent in their original marriage certificate. The certificate had been noted but then confidentially destroyed rather than returned to the member. This member also complained that HPS had not amended their contact details to a second address. HPS apologised to the member for the destroyed certificate and refunded the member the cost of replacing the document. HPS advised the member that although they had printed their second address at the bottom of the letter that they had sent in advising of their marriage, they had not requested that HPS amend the main contact address to their second home.

- 2.9 There were four compliments over the same reporting period. One in April, two in May and one in June. Details below.

April "The response was swift and written instructions were easy to follow, I am very impressed by my only and first contact"

May "Thank you for sending me a paper copy of my p60 form. This is a big help as I can't access it online. I need to send a copy to Merton Benefits service, so your help is much appreciated"

May "Lady in question Adele Beston, remained helpful and courteous in face of my grumpiness, change the half hour expiry time on e-mailed access codes to take account of e-mail delivery delays. Better still get rid of access codes."

June "Timely way of working and ensuring I've not been forgotten!"

3. Annual Returns and Data Work

- 3.1 I am pleased to confirm that all of the funds' employers submitted their annual returns to HPS. We did levy our first fines under the Pension Administration Strategy (PAS) against one academy group for late submission but otherwise had extended our deadlines and worked with employers who were engaged with the process. This is the first year we have run end of year with HPS and the reconciliation service they provide matching the contributions paid to the data on the employer's returns has been really productive and picked up a few issues with employers that we managed to resolve in time. This added value will give the fund additional security over the long term.
- 3.2 Following on from the submission of end of year returns I advise you that HPS identified the following data issues for our fund. 775 queries in total this is proportionally significant for our fund. With approximately 100 or slightly more cases being processed in an average month you will want to note that

this could cause a further backlog if not dealt with promptly. Please see table below.

Total Queries identified						
Starters	Leavers	Missing Data	Add Conts	Pay *	Other	Total *
300	205	215	0	143	55	775

Outstanding Queries at 12/07/2022						
Starters	Leavers	Missing Data	Add Conts	Pay *	Other	Total *
89	91	187	0	18	20	387

- 3.2 As above the internal team has been working with HPS and the scheme employers to chase up missing data and we have had a good response so far to reduce total queries outstanding to 387. I would expect that number to again reduce significantly in the next few weeks. We are working with employers and trying to encourage them to send in data regularly to reduce numbers. Where employers are not so engaged, we will consider charges under the Pension Administration Strategy (PAS).
- 3.3 I can confirm that data for valuation purposes has now been run and provided to the actuary Hymans on the 15th of July 2022 as per our agreed timescale.
- 3.4 The ongoing project with HPS for them to pick up 446 leavers that had not been completed by the former administrator prior to our transfer, is now underway. As per June's partnership report the number of outstanding cases had been reduced to 352. HPS have sent a number of fund employers requests for 260 of the remaining members and responses are not forthcoming. thus far. The internal team again will start to chase employers with significant data outstanding in the coming weeks when we can move on from chasing annual returns and new queries because of those returns. Again, our approach will be to try and get employers to send data into the fund in blocks so cases can start to be processed. Where we get no engagement, we will need to consider charges under the PAS.
- 3.5 I can confirm additionally that HPS has commenced a new tracing project with Target a third-party provider on our behalf. The Pension Committee agreed that we could spend up to a maximum of £6000 on tracing work and

we consider this a vital step in improving our overall data quality and the data scores that we must annually report to the pension regulator. We are concentrating on two groups initially, 1025 preserved refund records and 1026 deferred benefit members. I will update the board in the next report on the progress of the tracing project.

- 3.6 McCloud work continues. The table below outlines the funds position for data returns for the period April 2022 to March 2021. Twenty employers have sent in their data although not all checks are yet complete on the returns received. The proportion of members this data covers is only 17.36% primarily because the largest employer WCC has not yet returned. Diana will give you a more detailed update in her paper on our internal progress.

Number of employers submitted data collection	20
Number of returns expected	37
Proportion received	54.05%
Total Members	4331
Members received	752
Members received %	17.36%

- 3.7 The table below provides an update on the April 2021 to March 2022 data. This is the easiest data for employers to return as it will be on the most recent systems. The internal team have been chasing employers to send in returns however we did prioritise end of year work as this impacts member entitlement and valuation more immediately.

Number of employers submitted data collection	15
Number of returns expected	39
Proportion received	38.46%
Total Members	4777
Members received	640
Members received %	13.40%

- 3.8 We will be working with employers and chasing data to ensure returns are made in line with other data we are also following through.. The biggest challenge though is for Westminster to ensure we can retrieve our internal data to increase the percentage of members we have data for significantly. We have now started a monthly meeting with HPS

HPS General Admin update

- 4.1 I am pleased to advise the board that our continued experience of working with HPS from the point we agreed to move our service to the date of this report has been a positive experience for Westminster. From go live on the

8th of November, HPS have been supportive and generally responsive to our members. We will be having monthly partnership meetings with HPS to address any issues, and these will continue until such time we are satisfied that the service is meeting our expectations.

- 4.2 There are several audits planned in the coming year of HPS. There is currently a transfer audit underway the results of which will be made available to the board when they are published.
- 4.3 The board may want to note that regulations governing pensions transfers strengthened in November 2021 to try and limit the possibility that people could be duped into transferring their pension pots into scam schemes. As a fund we could now potentially refuse to proceed with a transfer if we believed that the transfer raised certain flags. This was a significant change as previously members had an absolute entitlement to transfer despite our concerns. HPS do have a transfer process that would include escalation to the fund in certain circumstances. To date no case has been escalated to WCC and I would only expect this to happen on a very rare basis. The audit above should be ensuring that any flags are being highlighted by HPS.
- 4.4 Additionally from 1st of June 2022 we are required for anyone looking at transferring their AVC pot to nudge them towards taking advice from the "Pension Wise" service. People can opt out of the service, but we have to encourage them to do this action. HPS have picked this up within their processes and are recording this data going forward for relevant members.
- 4.5 The fund has warnings for members on pension scams on our fund website and additionally we signed the Pension Regulators pledge to combat scams.

Auto Enrolment

- 5.1 WCC, the funds main employer reaches it's auto enrolment date on the 1st of August 2022. There has been an agreed communication plan developed by the Pension Project Manager. This includes advertising via the internal WIRE, Teams company communicator message, presentation to staff via the weekly loop live session. Additionally, we have contacted areas that don't have access to the WIRE including Westminster Adult Education Service (WAES) and Sayers Croft (Activity Field Centre) and ensured that staff are advised of auto enrolment before the 1st of August
- 5.2 There has been some contact from people not wanting to be auto enrolled and some from those in the 50 50 scheme who will enrolled back into the main scheme but in general people now seem aware of what they need to do. We are advising people that they cannot opt out prior to being auto enrolled and that any opt outs will be processed in September with refunds paid or adjustments made if people opt to re-join the 50 50 scheme.
- 5.3 Other fund employers are likely to also be going through auto enrolment at a similar time or in the next few months. We will review fund membership

going forward and engage with employers to ensure new starter information is provided as well to ensure we do not have another build-up of missing starters when we run next year's annual returns.

Summary

- 6.1 The KPIs data is positive since we went live with HPS.
- 6.2 Annual returns for all employers have been submitted with queries generated as a result. At the time of this report 387 remain outstanding and work will continue to reduce these. The data for valuation has now been sent to the actuary.
- 6.3 Data work outside of our main projects will centre on the backlog cases and the tracing project which is now underway.
- 6.3 McCloud data work continues to be difficult for both WCC and some employers. We have now booked in a monthly meeting with HPS to pick up on McCloud issues and so we can more actively chase missing data.
- 6.4 Our relationship with HPS is positive.
- 6.5 The board will want to note that the fund has tightened the transfer process because of new legislation and will be pointing those wanting to divest an AVC towards Pension Wise advice.
- 6.5 WCC will reach its auto enrolment date on the 1st of August 2022. We will keep an eye on the scheme membership numbers but I would not expect a significant change.