

Pension Fund Committee

Date:	7 March 2024
Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary	None

1. Introduction

1.2 This report provides a summary of the performance of Hampshire Pension Services (HPS) with the Key Performance Indicators (KPIs) for the month of October 2023 through to January 2024. In Section 3 I update the Committee on the ongoing data work and on the fund employer scores that have been produced for the first time this year. Lastly, I update the Committee on fund Pension Administration Strategy (PAS) consultation. The draft PAS is attached as an appendix if required.

2.1 KPI Performance

2.2 The scope of the KPIs in this report have been agreed between WCC and HPS in our agreement.

2.3 This paper covers the period of October 2023 to January 2024.

2.4 KPI performance for each month is within each partnership report. HPS report 100% compliance within the agreed KPI in each month. The majority of our KPIs require cases to be completed within 15 days. HPS do provide a breakdown for each category that shows the number of cases processed in each 5-day block.

2.5 Below I have summarised the cases completed in each category in the month.

KPI	Target Days	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Active Retirement	15 days	11	9	7	4	5
Deferred Retirement	15 days	25	27	29	10	15
Estimates	15 days	57	23	29	33	41
Deferred Benefits	30 days	66	47	41	51	38
Transfers In & Out	15 days	2	4	10	6	4
Divorce	15 days	3	4	5	2	5
Refunds	15 days	5	10	17	24	8
Rejoiners	20 days	2	2	0	2	0
Interfunds	15 days	34	28	23	39	26
Death Benefits	15 days	8	15	20	6	12
Grand Total		213	169	181	177	154
		100%	100%	100%	100%	100%

2.6 The Pension Committee will want to note that the work on hold reported to us jumped from 207 cases at the end of November 2023 to 330 at the end of December 2023. This is not a true increase in cases that HPS are dealing with but rather they were under reporting work on hold previously. This came to light after I queried if all cases were included on the work on hold table as very few if any cases were listed as on hold for 31 days plus. This is not the reality for any administrative partner working on pension cases, as to progress work you are relying on responses from members and other organisations not all of whom reply in 31 days.

2.7 Cases not previously reported included, where a member had claimed previous LGPS service but where the previous fund had not provided information or where a death had occurred, but no beneficiary details had yet been provided were held on different processes. These processes were still monitored internally by HPS but did not feed into the SLA reports for partners. The processes have now been changed so that they are included in the outstanding SLA cases reported. This will now allow us to drill down into cases that have not moved for several months.

2.8 For information as at the end of January 2024, 225 cases are now reported as being 31 days plus in workflow and 163 of these are Interfund (transfers between LGPS Funds). I now have details of some of the older Interfund transfer cases that are part of this work on hold. I have managed to get two of the older cases cleared and I am chasing down responses on another two. I am personally reviewing to see if I can help to move additional cases into the next relevant phase or close them down if appropriate. This will take some time to progress, but I will keep you updated going forward with an aim to reduce the cases that are this old

2.9 The fund strategy working with HPS is to increase the interaction the fund has with members via the member portal. In the last Committee report I updated that

at the end of September 2023 we had 40.19% of members signed up to the member portal. This has now increased to 42.22 % as at the end of September 2023 as broken down below. We are steadily increasing portal access; I am really pleased with the growth in portal access over the summer months. This I believe is particularly linked to the funds promotion to active members to review their annual benefit statement.

Portal	Opted IN
Active	52.44%
Deferred	32.26%
Pensioner	45.77%
TOTAL	42.22%

- 2.10 HPS received one compliment in October 2023, Two in November 2023 and four in January 2024 from our members as below;

“This fully answers my query and explains for me the rationale. Thank you so much to you and your colleagues. I’ve been so impressed with the responsiveness and patience of your service.”

“Very helpful, very satisfied.”

“Prompt Response”.

“Dedication to my individual case from Guy and Heather to name two.”

“Was helpful.”

“You guys are the best ... always so helpful throughout the whole process”.

“Very helpful, polite, clearly speaking with 91 year old caller his name was Matt Trodd. Excellent, result from my questions and needs Thank you.”

- 2.11 There were no complaints received within the period.

3. Data Work

- 3.1 The backlog project is down to the last cases. Of the 611 cases in scope, HPS have completed 607 with 4 remaining as of the at the end of January 2024 and work is continuing between us and HPS to iron out the final issues that are preventing the closure of these final cases.
- 3.2 The Fund received our data scores in November 2023 for our common and scheme specific data scores. Common data includes data that all schemes hold including name, address, date of birth etc. Scheme specific or conditional data includes data that only defined pension schemes need including for example CARE pay. The table below demonstrates how both our common and scheme

specific data have improved since 2021 when we moved to HPS. The improvement is also a demonstration of the impact that the data work we have been doing as a Fund has had. We will be reviewing a breakdown of the errors we still have to see if further action is needed but it may not be feasible to make further improvement at a reasonable cost. For example, some errors don't impact member benefits and therefore it may not be prudent to spend money to clear them up. Also, we still have records without an address, but the Fund has spent money address tracing in the last few years and the majority of records where we did not have address would have been sent for tracing. I don't think another bulk address tracing exercise would be a good use of the Funds resources at the current time.

	21	22	23
Common Data Score	72%	82%	85%
Scheme Specific (Conditional Data Score)	87%	89%	92%

- 3.3 The employer performance letters went out in the Autumn for the first time since we joined HPS in November 2021. Essentially those letters are a measure of the employer's performance following the annual return submissions at the end of April 2023. There are three areas we measure, firstly, Timelines did the employer submit the return on time did they respond to any query without being chased. Second, Financial Control does the return match what was paid to the Fund in the year is the employer deducting and paying the correct contributions on time. Lastly, Data Quality how many errors are in the data, is there missing joiners and leavers identified through the return.
- 3.4 You can see the summary of the employer performance scores in 2022 and in 2023 below although we did not send out the 2022 scores as we concentrated on large scale data work and embedding HPS practice with employers. The main concern for me is that we had ten employers with failing data quality in 2023 and though there is a reduction from the prior year there is still work to be done by the Employers to improve that situation. I advise that all employers did engage to resolve their data queries in the end, and I am pleased to note the improvement to the responses in 2023.

Timeliness	2023			2022		
Return received	30 April or before	Between 1 and 31 May	1 June or after	30 April or before	Between 1 and 31 May	1 June or after
Rating	Green	Amber	Red	Green	Amber	Red
No. of employers	21	13	0	22	13	0
% represented	62%	38%	0%	63%	37%	0%
Financial Control	2023			2022		
	No reconciliation issues	Minor reconciliation issues/quickly resolved	Major reconciliation issues and/or slow/failed to respond	No reconciliation issues	Minor reconciliation issues/quickly resolved	Major reconciliation issues and/or slow/failed to respond
Rating	Green	Amber	Red	Green	Amber	Red
No. of employers	33	1	0	31	1	3
% represented	97%	3%	0%	89%	3%	8%
Data Quality	2023			2022		
	Data quality good	Minor data quality issues, quickly resolved	Major data quality issues and/or slow/failed to respond	Data quality good	Minor data quality issues, quickly resolved	Major data quality issues and/or slow/failed to respond
Rating	Green	Amber	Red	Green	Amber	Red
No. of employers	6	18	10	6	11	18
% represented	18%	53%	29%	17%	32%	51%

- 3.5 Timeliness is measuring if the employers submitted their returns by the deadline that is the 30th of April each year. You will note that there has not been much change in the percentage of employers submitting their returns by the deadline, but I can advise you that those that did send in their returns late generally did so early in May and we did not have to chase as much this year. No one is in the red failure zone for this measure.
- 3.6 Financial Control is measuring if the returns match what the employer paid us in the year and do the rates applied by the employers look correct. I am pleased that this year there were no significant reconciliation issues for us to clear up with fund employers.
- 3.7 Data Quality is measuring how good the data quality is and how quickly employers respond to queries raised by HPS. You will note a significant reduction in employers failing the data quality test although it looks like they have tended to move from red fail to the amber warning zone.

- 3.8 Employers who are in the red zone in 2023 for data quality have been asked to send in a data reconciliation exercise ahead of the 23/24 returns.
- 3.9 We are aiming to ensure that the 455 queries particularly in relation to joiners and leavers is significantly less in 23/24. Our first year with HPS 21/22 we had 775 queries.

4 Pension Administration Strategy (PAS) 2024 Update

- 4.1 At the last Pension Committee meeting I shared a proposed revised PAS that we would consult on with the Fund employers with the aim of adopting the revised PAS from the 1st of April 2024. The new PAS contains a broader range of potential PAS charges for employers and also increases the PAS charges for failure to provide the Fund with basic member data on joiners and leavers which was a major factor in the prior data issues that the Fund had previously.
- 4.2 All the employers were contacted about the revised PAS and chased to respond to the consultation. There was still only one response received from an employer contact who is also someone who sits on our Pension Board. I have included the initial comments in full below. Please note that we have sent the consultation around to payroll providers as well as employers with no additional responses.

“My concern lies with ensuring the various deadlines are met when employers are relying upon payroll providers to get the data to Westminster. I wonder if some of the deadlines might be too ambitious and the fines applied too soon, when we as employers can do little about it? From my perspective, as the business manager of a small employer, I do not have the level expertise with pensions to resolve a number of the issues we might be fined for, nor do I have staff in school that would know either, and I suspect our school is not the only one. I can badger the payroll provider but not much more than that really.

I wonder have any payroll providers working with Westminster academies or schools, been invited to respond to the draft consultation? I feel it might be worth asking if this isn't the case. It could be that they have concerns that we have not been made aware of. If you wish I could ask EPM which provide the payroll services for Grey Coat Hospital and Westminster City School to look at the document. If this has all been organised please feel free to ignore the above”

- 4.3 We have engaged with the respondent who understands that the Pension Fund has obligations to members to ensure that we can provide them with accurate pension information and to ultimately pay them a correct pension. The respondent did not suggest alternative PAS deadlines or charges but is emphasising how difficult it is for the schools in particular to manage the requirements of the PAS as they don't have direct access to the data sent to the Fund by their payroll provider or in many cases to the pension Fund data itself.
- 4.4 We have been met with HPS employer team and reviewed the data sent in by some of the pooled payroll employers for 23/24 to date and compared that to the data sent in for the whole of 22/23. Those checks indicate that it appears that the payroll providers are sending in the data we would expect. Of course, we cannot

know for sure how many joiners and leavers the payroll provider has had so until the annual returns are sent in at the end of April we cannot know 100%.

- 4.5 We have also had a meeting with another school and HPS and following that meeting we are checking their joiners and leavers data for 23/24 against the pension system. That way we can confirm to them, and they can liaise with their payroll provider pre annual returns if there is missing data. We have also offered this service to the respondent above so we can check pre annual returns that their data looks good. We are in the process as I write this report of discussing with HPS is we can offer that check to all the WCC pooled schools and employers where they had data issues last year if they want that as a way to support them to get the data correct pre annual return. If we can resource this we will offer this additional check out to them but it will be their choice if they do this.
- 4.6 I confirm that we do engage regularly with the payroll providers and support them where we can improve. We have met regularly with EPM to clear up issues and now plan to carry on that support. We have recently had a meeting with HR Connect who have taken over the prospect pooled school payroll service and I have explained the proposed revised PAS and warned them that there are higher charges from failure to provide data. HR Connect are in the middle of reviewing data with the Fund in relation to joiners and leavers and we are offering meetings with HPS with a view again to clear up all the issues we can pre annual return. Strictly Education is the other main schools payroll provider who we have engaged reasonably well with in the last couple of years and their data has improved with our increased engagement. Strictly Education though will only provide us with limited responses, and I know that HPS are also engaging with them as administrators for the other Funds that they provide services for.
- 4.7 I also attended a meeting of the Schools Business Managers (SBM) at the end of January and did a joint presentation with the RBKC Pension Manager on the LGPS (Local Government Pension Scheme) and the responsibilities that they have in respect of the Fund. Contact details were provided, and feedback was positive so hopefully the schools do know who to approach if they have any issues.
- 4.8 I would ask the Pension Committee to approve the revised PAS effective from the 1st of April 2024 so that we can confirm this to the employers and hopefully this will encourage employers to seek support from us if they need it. The PAS is going to be an important tool for ensuring that the data improvements detailed above remain in our member data going forward and do not regress.

5. Summary

- 5.1 In Section 2, I covered the KPI data for the period October 2023 through to January 2024 is 100% within the agreed target.
- 5.2 I have updated the Committee that the work on hold numbers as reported has increased significantly due to prior reporting not picking up some categories where responses are not coming in. There is now a significant number of Interfund cases to review going forward to ensure that appropriate action is taking place.

- 5.3 I have updated the Committee in relation to several compliments received in the period.
- 5.4 In section 3, I update the Pension Committee on the good news that our backlog cases have reduced to 4 outstanding as at the end of January 2024.
- 5.5 I update the Pension Committee on the improved Specific and common data scores that the Fund now has.
- 5.6 In section 4 I update the Pension Committee on the response to the Pension Administration Strategy (PAS) consultation and I ask the Pension Committee to approve the PAS effective from the 1st of April 2024.