

<b>Date:</b>	<b>30 March 2022</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Pension Administration Update</b>
<b>Report of:</b>	<b>Sarah Hay, Pensions Officer People Services</b>
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>Limited</b>

## **1. Executive Summary**

1.1. This report gives an update on the KPI data from Hampshire Pension Services (HPS) from December 2021 to February 2022. Section 2 sets out a summary of our Key Performance Indicators (KPIs) data for the months December 2021 to February 2022. In section 3, I cover some general data / project work and in section 4 a general pension administration update. In section 5 I update the board on an IT issue that HPS had on the 15<sup>th</sup> and into the 16<sup>th</sup> of March.

## **2. KPI Performance**

2.1 I am pleased to advise the Board that the KPI data provided to Westminster in the December, January and February partnership reports by HPS show 100% KPI completion. I have included a copy of the partnership report for each month as an appendix.

2.2 The overall cases processed by HPS has moved up and down but that is not unexpected in these few short months. In December cases were 152, this reduced to 86 in January though there was consistent reduction in cases processed by HPS across all funds in the weeks just after Christmas. In February this increased to 102 and I would expect that our average case processing would be around 100 cases per month to maintain a healthy position with no backlogs.

- 2.5 The partnerships reports also provide a breakdown of the active cases on hold. In December we had 101 cases and then in January this increased to 124 cases. In February this reduced back to 106 cases. 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.
- 2.6 Overall the service with HPS has embedded well and noise from the employers and fund members is very low. We are pleased that 19.43% of the membership has already registered for the new member portal. Our communication with employers and members going forward will aim to increase this percentage slowly.
- 2.7 Complaints are low but reported by HPS in every partnership report. In December no complaints received with one compliment and in January there were two complaints. In February we had no complaints but one compliment. It's nice to see the team getting complimentary feedback.
- 2.8 I looked at the January complaints, the first involved one member whose pension issues had been outstanding with Surrey, this case was complicated because she was claiming additional pensionable service that was not recorded on the administration system. The member had a valid complaint in that we found weekly payslips from 1997 / 1998 that showed she had active membership of the fund which was not recorded on the pension system. HPS have been instructed to update the members record and update the member.
- 2.9 The second January complaint involved someone claiming their pension from deferred benefit status. In this case the member was complaining about the cost of claiming their pension that came with postage, mobile phone and internet costs to them. The cost the member claimed were significantly less than their lump sum and members are expected to complete the retirement declaration form and either post back or complete online.

### **3. Data Work and Annual Returns**

- 3.1 I advise the Board that at the last Pension Committee I was given consent to agree a project with HPS to get a small backlog of approximately 450 cases unprocessed leavers completed with additional resource by HPS. The cost of this work is expected to be about £23,800. HPS have agreed to run the project between April and September although we are hopeful that the majority of outstanding cases would be completed by the end of July. 2022 is a pension fund valuation year so it's important that we concentrate on this work over other areas as this is most likely to impact employer valuation

results. It's also important to remember members have an entitlement to their accurate pension fund information.

- 3.2 The Common data is now 72% and scheme specific data is now 87%. This is a reduction from our previous scores, in part that is because the two different administrators and software systems measure the data quality slightly differently. However as in 3.1 above we do have data work to do. Our initial focus is on what we consider the most impactful work by getting this backlog removed.
- 3.3 I am also looking at further address tracing work with HPS working with Target who are the third party supplier we have worked with previously. We have £6K of agreed funding left over from a prior address tracing project. It's important that we try and locate up to date address records for as many members of the fund as we can so that we can pay members either a pension or pay a refund if due. The issues we have with lost addresses which I believe is common across a number of different funds again highlight why we need to promote people registering for the member portal with their personal e-mail address so we can trace members easily.
- 3.3 As above 2022 is a valuation year. The fund's employers have all been provided with the new end of year template, this is slightly different to the previous return used by Surrey however the information is essentially the same. Returns are expected to be submitted by the 30<sup>th</sup> of April 2022. Following the returns submission HPS will be uploading the returns and reviewing data quality ahead of the valuation. HPS have offered training to employers who want that on the end of year upload process.
- 3.4 McCloud. The Board will want to note that the fund asked all employers to submit their data by the 31<sup>st</sup> of January 2022. The data request is complex because we are asking employers for data back to 2012 and many have had a number of different systems between 2012 and 2022 and retrieving the data may not be easy to do. The response is mixed so far, so for example we have 12 schools that use Prospects for their payroll and 11 of these schools have returned data. For other payroll providers the response rate is not as good although data is slowly coming in. In addition we have just asked employers to provide the final year of McCloud Data i.e 1<sup>st</sup> of April 2021 to 31<sup>st</sup> of March 2022 as this year is just completing and return that by the 30<sup>th</sup> of June.
- 3.5 I am reaching out to support employers in any way I can to complete this data work. It is essential though that they do complete a return because the underpin calculations necessary for us to complete the McCloud work depend on that data.

### **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

8<sup>th</sup> 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 Additionally the Board may like to note that HPS have been certified as meeting the customer service excellence standards as independently assessed. I have included this report as appendix if you wish to read the detail. Hopefully this gives assurance that despite the difficult last few years the fund has made the correct decision to join the HPS partnership.

### **IT Issue Board to Note**

- 5.0 During Storm Eunice, like other areas, Hampshire County Council's data centre in Winchester suffered an interruption to the mains power supply. The emergency standby power systems ensured the data centre remained operational; however, the automated switching did not perform as expected as there were several mains' outages in quick succession. To verify that there were no residual issues with the power switching, Hampshire IT agreed with colleagues in Property Services that a black building test was required to simulate a power failure and observe the automated switching to ensure it performed as expected.
- 5.1 Black building tests are carried out routinely and this week the mains power feed was deliberately interrupted within the building to simulate a loss of power. The advantage of these planned events is that relevant trade specialists (such as electricians and standby power engineers) as well as the responsible IT and Property Services colleagues are onsite to observe and monitor the power systems during the switchover and test and address any identified issues. It is worth pointing out that there have been no similar problems with black building tests in at least the past 15 years.
- 5.2 Importantly, as part of the planning for these tests, Hampshire ensure that no other critical activity is planned over the test period, for example, running payrolls or updating software.
- 5.3 During the black building test on 15 March, a faulty electrical component sent an Emergency Power Off signal to the battery backup during the switchover between mains electricity and the generator which caused an immediate loss of power to all IT systems.
- 5.4 The Emergency Power Off function is a critical life safety circuit which is in place to shut the power off in an emergency – for example, if there is a danger to life (such as electrocution) and to protect equipment in the event of a fire or other emergency scenario.
- 5.5 The cause of the power off signal was not immediately obvious and required additional engineering expertise to identify and subsequently resolve the problem and ensure confidence and integrity in the data centre power systems.

- 5.6 At 1am, following the restoration of power, the data centre was handed back to Hampshire IT from Property Services to start recovery of services. Individual services were returned to operation throughout the morning with most services operational by 1.30pm on 16 March. The Board should note that I have not been advised of any member or employer not being able to access services and it's reassuring to know that recovery and the business continuity programme worked and in this real life exercise.

### **Summary**

- 6.1 The KPIs data is positive since we went live with HPS.
- 6.2 Data work outside of our main projects will centre on completing 450 leavers plus potentially some address tracing work in the next few months.
- 6.3 McCloud data work and supporting employers to provide data will continue to be a focus between now and the end of June 2022.
- 6.4 Our relationship with HPS is positive and I am pleased that they have been independently assessed as meeting the customer excellence standards.
- 6.5 HPS had a real life power outage on March 15<sup>th</sup> and this led to a temporary loss of systems access. As above, access was restored quickly and the Board should be assured that the recovery does show the systems working in real life to ensure service is maintained for members.