



Pension Fund Committee

Date:	23rd June 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:	£6,000

1. Introduction

- 1.1. This report provides a summary of the performance of Hampshire Pension Services (HPS) with the Key Performance Indicators (KPIs) for the period February 2022 to April 2022. HPS set out their KPI data in a partnership report that is sent to officers monthly. As this is a new committee, I have included the March partnership report as this gives an overview of the period 8th of November 2021 when we moved to Hampshire Pension Services until the end of the last financial year. In Section 3, I have covered some data issues and projects that we are working on to improve our data. I ask the committee if I can commit £6,000 to possible address tracing working with HPS as part of our continued data improvement. I confirm that the annual returns for the year ending 31st of March 2022 have all now been submitted. In Section 4, I advise the committee of the request of two MATs (Multiple Academy Trust) who have asked if they can enter any staff into our pension fund, and I ask the committee to decide. Finally, I request the committee to approve that I be allowed to admit Compass into the pension fund following a TUPE transfer to them from one of our employers in 2018.

2. KPI Performance

- 2.1 The scope of the KPIs in this report have been agreed between WCC and HPS as per our agreement.
- 2.2 This paper covers the period of February 2022 until 30th of April 2022.

- 2.3 KPI performance for each month is within each partnership report. HPS report 100% compliance within the agreed KPI for these months. 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. The vast majority of urgent cases are completed within the first 5-day block. For example, in the March report there were 8 death benefits processed, 7 were completed by day 5 with 1 case in the 10 – 15 day block.
- 2.4 Below I have summarised the cases completed in each category per month.

	Target Days	Feb-22	Mar-22	Apr-22
Active Retirement	15 days	3	0	5
Deferred Retirement	15 days	10	7	23
Estimates	15 days	29	31	30
Deferred Benefits	30 days	20	24	19
Transfers In & Out	15 days	5	2	3
Divorce	15 days	4	0	2
Refunds	15 days	5	3	5
Rejoiners	20 days	1	0	5
Interfunds	15 days	14	20	18
Death Benefits	15 days	11	8	23
Grand Total		102	95	133

- 2.5 It is important to monitor the overall case volumes to help ensure that no work backlogs are collating. HPS also provide is a breakdown of the active cases on hold. In November there were 109 cases on hold. In April, this number was 117 cases reduced from 152 the previous month. We will need to make sure going forward that the number of cases on hold does not slowly increase or this will represent an additional backlog of work.
- 2.6 The fund strategy working with HPS is to increase the interaction the fund has with members via the member portal. At the end of April, we had 20.42% of members signed up to the member portal broken down as below. There is also an employer’s portal which we ask employers to use to send HPS member

Active	29.41%
Deferred	14.62%
Pensioner	19.81%
TOTAL	20.42%

- 2.7 Complaints are low to date but reported by HPS in every partnership report. In February through to April there were no complaints made by members. There was one compliment received by the team in April see below from an anonymous member.

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

- 2.8 Overall I am pleased that HPS have settled in well to providing the administration service to the Westminster pension fund.

3. Data Scores and Annual Returns

- 3.1 As this meeting is the first meeting of the new pension fund committee, I will outline that Pension Regulator requires funds to report two key data scores every year in November. We took our last data scores in November 2021 just following the transfer of service to HPS. The first data we measure is "common data". This will include standard information that all funds hold for members, including address details, date of birth, NI number. The second is "scheme specific" and will include items that only defined benefit schemes have including service lines, Career Revalued Earnings (CARE) pay, whole time pay etc. Our last data scores are set out below.

Common Data	72%
Scheme Specific	87%

- 3.2 The fund is taking action to improve those data scores. Good data is not only good for our members, but it also helps to reduce our long-term administration costs and ensures that the actuarial work required by the fund is minimal. The previous pension committee gave consent to agree a project with HPS to clear down 446 unprocessed leavers that our former administration partner had not managed to process during their contract. This was a key priority for us having completed the transfer to HPS as these cases will have most impact on the members involved and could impact pension fund valuation for the employers involved. To date HPS have confirmed that they have completed work on 61 cases in that backlog. That leaves 385 cases to be actioned, HPS have confirmed that there are 275 requests that have gone out to employers asking them for information to complete the remaining cases. We will be monitoring progress on the project as we move forward.
- 3.3 One of the other data issues that is impacting the data scores above is missing address information. The fund had agreed whilst still with our former administrator to work with a third party called Target to complete a number of address tracing and we successfully traced a large number of people. However as at the date of this report we still have a large number of address records

missing. HPS are working themselves with Target. Costing a tracing exercise is difficult because it depends on the type of trace work that Target need to do in each case see below.

IDV1 Acknowledgement letter	- £1.59
IDV2 verification exercise	- £4.95
Full Trace	- £20.00 no trace no fee

3.4 Below is a brief explanation of what each trace entails:

IDV1 - For those addresses found with a high-grade match to the original address and lots of recent activity there, Target will send a letter letting them know that we have found their new address and will be updating their records in the next 7 days. They have the opportunity to contact Target if they have not found the correct address but the rate of this is very low.

IDV2 - Lower grade match where name and date of birth match records but less activity. These cases will have letters sent to the new address, inviting the member to call in where they will be taken through a level of security before confirming the address details.

Full Trace - Any records that were negative after the Auto Trace or the IDV process would be recommended for a Full Trace. This is a manual investigation to find and verify a new address for your members.

3.5 I am asking the committee to agree that the fund can potentially spend £6,000 on an address tracing project asking HPS to work with Target on behalf of our fund. This is effectively a sum that we had not spent when we closed the previous address tracing project down. Continuing address tracing will also help the fund to look at work to reduce a large number of frozen refunds that we have at approximately 1,241 in April compared to 4,683 active members.

3.6 2022 is a valuation year. I am pleased to advise the committee that as of the date of this report all the funds' employers have submitted their annual returns to HPS. This was the first year we ran the end of year process with HPS, and the fund benefitted from the additional reconciliation service that HPS provide where we now match the contributions on the end of year return with the contributions received by the fund in the year. We picked up a couple of issues during the reconciliation that we managed to resolve with employers after discussion.

3.7 I also advise the committee that the fund did raise its first Pension Administration Strategy (PAS) charges where employers were late and not engaging with the fund on sending in their returns. The return deadline was the 30th April and we gave everyone a couple of additional weeks to send in their data beyond this. We had also to advise a couple of employers that they needed

to correctly authorise their returns by the named contact, or we would raise PAS invoices. I am pleased to advise the employers in those cases did then complete the relevant authorisation.

- 3.8 The next stage will be reviewing queries as a result of the returns. The most urgent are missing leavers and joiner queries. I know that some have been identified and these need to be picked up and cleared reasonably quickly to ensure that no backlog builds up. We do have the Pension Administration Strategy (PAS) and could potentially use that to fine employers. However, my approach will probably start with asking them to send in the missing data and see the response. If we do not get responses, then I may advise employers that the fund will levy charges.

4 Employer Updates

- 4.1 Two of the funds Multiple Academy Trust (MAT) employers have made contact asking if the WCC pension fund would allow them join our fund.
- 4.2 The first MAT is Creative Education Trust. Creative Education Trust do not have any academies in WCC, instead their head office is based in Westminster and is why they are part of our pension fund. I understand that they have 17 academies within the trust. Creative Education Trust has just centralised the payroll for a number of academies, and I understand they are now going to issue centralised employment contracts to new staff no matter where the individual works in the country. From a Creative Education point of view centralising the payroll and contracts will bring efficiencies for them. I need to know if the committee are open to the idea that we would allow Creative Education Trust to use our fund as a default fund going forward or if you object. Creative Education Trust may decide that an alternative fund suits their needs.
- 4.3 The second request has come in from Future Academy Trust. They have four WCC based academies Pimlico Academy, Pimlico Primary, Churchill Gardens Primary, and Millbank. They also have academies in Brixton, Hammersmith, and Hertfordshire. You may want to note that Future Academy Trust was subject to the fine we raised under the PAS for late submission of the annual return. It is possible again that allowing them to effectively apply one employer rate to all their academies and centralise and simplify the terms and conditions that they offer staff throughout the trust will help them meet their employer responsibilities whilst ensuring administration costs are maintained. I need to know if the committee are open to the idea that we could allow Future Academy Trust to enrol all their staff in the future into our fund under a centralised contract.
- 4.4 I understand that the two requests above are now in line with what other MATs are looking to do which is to work towards membership in one LGPS fund. It is possible if the fund agrees to allow them to enter all staff in our fund from an agreed future date that they do not want to go down that route. In addition, if we say no then another fund may become the default fund. From a risk point of view, it is important to note that MATs themselves are underwritten by

Department for Education (DFE) should they be wound up. However, if a MAT outsources a contract including catering services where the new employer is eligible for membership of the fund then that is not going to be the same risk level though we would mitigate risk where possible with bonds and other guarantees.

- 4.5 Finally there is one outstanding employer issue I need to raise with the committee. I understand that one of the schools St John's Wood outsourced a catering contract back in 2018. The fund should have been advised prior to the transfer and this would have allowed the fund to agree an admission agreement with the new employer Compass. I have been liaising with Compass and with the school but to date I have not had the required information to allow me to get actuarial calculations completed or any admission agreement signed off. I have arranged a meeting with both parties on 22nd June to clarify the position to see if I can get both parties to agree key information including who was subject to TUPE transfer in 2018 and the contract length. I understand that Compass have been deducting pension contributions for staff it considers eligible based on the original St Johns Wood employer's rate and holding them pending agreement with the fund.
- 4.6 Normally I would request the committee give consent to admit any new employer into the fund prior to any TUPE transfer or at least as soon after the transfer took place as is reasonable. In this case that has not been possible even to provide this committee with a full breakdown.
- 4.7 At this point in time I think it is essential we get the staff involved set up correctly and any pension entitlement between 2018 and 2022 correctly credited and contributions paid over to the fund. As an exception I am asking the committee that subject to my getting both parties to agree on the members involved and the other relevant details that they agree we can agree a standard closed admission agreement with Compass for those staff only. I will then update the committee in full at the next meeting.

5. Summary

- 5.1 In Section 2, I covered the KPI data for the period February through April 2022 showing 100% within the agreed target. The overall case processing rate seems on track, and we have transparency on ongoing administration position. We are pleased that there are no complaints within the period, and we have one compliment. The member access is slowly increasing and is in line with our continued objectives.
- 5.2 In Section 3, I covered data issues and annual returns. Progress is being made on the backlog project agreed by the previous committee. 61 cases have been cleared at the end of April and chasers are out with employers on 275 of the remaining cases.
- 5.3 In order to further improve our data scores I am recommending that we work with HPS and Target to continue tracing where necessary to update members

records. I am asking the committee to agree £6,000 PO for this work. This is essentially the sum left over from a previously agreed project and will allow HPS to continue to improve our common data.

- 5.4 I am pleased to advise the committee that all of the annual returns for the fund have now been submitted and uploaded to HPS. The next phase will be ensuring that any queries are dealt with in a timely manner.
- 5.5 In Section 4, I covered data issues. I firstly ask the committee if they are agreeable to the idea that two of our funds MAT employers be allowed to enter staff into our fund no matter the actual location that they work. I need the committee decision on this to proceed.
- 5.6 Finally I advised the committee that back in 2018 it appears that one of the schools outsourced some catering staff and should have engaged with the fund over an admission agreement then with the company Compass. I am due to meet with both parties on the 22nd June to hopefully agree the TUPE details and then get the actuarial position and pension admission agreement into place. I am asking the committee to give consent to admit Compass subject to agreement and then I will give full details at the next pension committee meeting. I want to get the pensions positions of the eligible staff sorted as soon as I can.