

# Pension Fund Board

**Date:** 1<sup>st</sup> February 2023

**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 October 2022 to December 2022 and compliments and complaints received by HPS. In section 3, I cover data updates on the backlog, annual return exercise and address tracing. In section 4 I cover a cyber security incident.

## 2. KPI Performance

2.1 I am pleased to advise the Board that the KPI data provided to Westminster for the period October 22 through to December 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	Oct-22	Nov-22	Dec-22
Active Retirement	15 days	8	7	4
Deferred Retirement	15 days	21	20	19
Estimates	15 days	46	48	40
Deferred Benefits	30 days	56	30	55
Transfers In & Out	15 days	1	1	1
Divorce	15 days	3	1	0
Refunds	15 days	17	13	17
Rejoiners	20 days	3	4	5

Interfunds	15 days	24	14	17
Death Benefits	15 days	13	1	8
Grand Total		192	139	166
		100%	100%	100%

- 2.2 It is important to monitor the overall case volumes to help ensure that no work backlogs are building up. The Board will want to note that overall cases completed per month remain high as responses have fed through from annual return queries, general data improvement exercises and backlog work. When we first moved to HPS case work averaged around 100 cases a month. There were 182 cases on hold waiting for responses at the end of December 2022, this will feed into the BAU work in January 2023.
- 2.3 The fund strategy working with HPS is to increase the interaction the fund has with members via the member portal. This has now increased to 31.09% as at the end of December as broken down below. I am pleased that the portal is being accessed more particularly by active members. There has also been a significant increase in the numbers of pensioner members with access following an exercise that HPS ran to contact pensioner members not registered for the portal.

Portal	Opted IN
Active	38.61%
Deferred	22.02%
Pensioner	35.20%
TOTAL	31.09%

- 2.4 There was one compliment received by HPS in October 2022. There were also two complaints one in October 2022 and one in November 2022, outlined below in 2.5 to 2.6 with the detail of each issue.

October compliment was " Prompt and reassuring reply ".

- 2.5 Complaint responded to in October related to someone who was complaining that they could not access the member portal. The individual had tried to access the portal when it was temporarily closed down. HPS did ask him at that time if they could provide him with any relevant information he required. When the portal went live again, he struggled to access and complained. Someone from the HPS technical team contacted him and the member did regain access to the portal.
- 2.6 In November there was a complaint from a deferred member who was having their pension brought into payment. The complaint was around the wording on the retirement letter that indicated that Consumer Price Index (CPI) increases would only be given from the date of retirement. This is true for people who retire from active employment and take their pension. When someone is deferred though their record is subject to annual CPI increases

and as such they get a full annual CPI award. The member has had it explained that they are not losing out any CPI award by taking their pension part way through a financial year. HPS is changing the deferred retirement letter to make the situation clearer and training their helpdesk staff to ensure they can clarify any member questions in this area accurately. I am discussing the exact wording change with HPS to ensure this situation does not reoccur.

### **3. Data Scores and Data Work**

- 3.1 I am pleased to confirm that we have the latest data scores as at November 2022 and have seen a significant improvement on last year. Each year we have to report our data scores to the Pension Regulator. 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.

#### **November 2021**

Common Data	72%
Scheme Specific	87%

#### **November 2022**

Common Data	82%
Scheme Specific	89%

- 3.3 The backlog project has made significant progress since the last board meeting. Originally the project had 446 historical leavers to be processed that had come from work not processed by Surrey when we transferred to HPS in November 2021. As a result of the 2021/ 2022 annual return exercise the number of historical leavers increased to 611 cases that HPS are working on as part of this project which is additional to our business as usual. As at the end of December 2022, 347 of those cases had been processed and finalised by HPS with 264 cases remaining outstanding.
- 3.4 The original costs for the backlog work agreed with HPS were £23,800 based on 446 cases. We are discussing with HPS revised costing on a proportional basis and the Pension Committee have been supportive of the need to clear the backlog down and resolve all the historic leavers so that the fund can effectively move forward with all employers having a clean slate.
- 3.5 The table below shows, the top 5 employers with outstanding backlog queries. The internal team working with HPS have been constantly chasing

and supporting employers where possible to send in relevant data. The Westminster employer queries have all been responded to and we expect to see those cases fall significantly next month. Both Strictly Education and Ark are responding to queries but sometimes the data quality needs improvement, and this can lead to back and forth discussion to resolve cases. College Park and Queen Elizabeth the second school, are engaged but struggling to provide data, they are being heavily supported by a member of the internal team. St Marylebone has only recently moved into the top 5 employers with outstanding data following the success we have had with other employers resolving their queries. St Marylebone has started to engage following a significant Pension Administration Strategy (PAS) fine issued because of not dealing with their annual return queries. St Marylebone have indicated that they intend to resolve the outstanding queries by 31<sup>st</sup> of January 2023.

<b>Employer</b>	<b>Number of outstanding historic leavers</b>
WCC Maintained Schools (Strictly Edu)	31
Ark - King Solomon Academy	28
Westminster City Council	26
College Park and Queen Elizabeth II (WCC)	25
St Marylebone School (Academy)	21

- 3.6 There has been excellent progress on the annual return queries since the last Board meeting. As a reminder we originally had 775 queries following the upload of the 2021/ 2022 annual returns and that included 300 missing starters and 205 missing leavers plus 215 missing data queries. In the last update provided there were 78 outstanding data items and below that has now reduced to 31 in total. I am further satisfied that the employers involved with those queries are engaged with HPS and to try and resolve the final data issues, but some are slightly more complicated.

<b>Outstanding Queries at 14/10/2022</b>						
<b>Starters</b>	<b>Leavers</b>	<b>Missing Data</b>	<b>Add Conts</b>	<b>Pay *</b>	<b>Other</b>	<b>Total *</b>
34	5	33	0	6	0	78

<b>Outstanding Queries at 18/01/2023</b>						
<b>Starters</b>	<b>Leavers</b>	<b>Missing Data</b>	<b>Add Conts</b>	<b>Pay *</b>	<b>Other</b>	<b>Total *</b>
1	3	27	0	0	0	31

- 3.7 The issuing of PAS charges helped to reduce the outstanding data for the 21/22 returns. The team will continue to try and get responses in for the remaining queries. The focus is now turning to preparation with employers for the 22/ 23 returns that are due in by the end of April 23. The employers are all being advised that the fund will automatically charge for missing joiner and leavers that are identified when the returns are uploaded. Employers have already been asked to ensure that they are providing their data to the fund on a regular basis throughout the year. We will remind them again to check their data in February on the employer portal and ensure that joiners and leavers are up to date.
- 3.8 The Pension Committee had agreed that we could spend up to £22,057.11 with a third party called Target to complete full traces on 750 member records with preserved refund records and deferred benefit members. These two groups had already been subject to initial tracing with a large number found to be living at the old address we held for them. Target had also identified 18 death cases at the initial stage where the fund. The cases that went to full trace had no definite results prior to this exercise. The full trace has identified a further 10 deaths and new addresses for 230 members. There is no identifiable address for 449 members and there is little option at this stage but to mark their records as no known address and note when this tracing exercise was carried out. Target and HPS have recommended that the fund agree to overseas address tracing on 239 cases because they believe there are indications that those members are overseas. No decision has been made on that and the boards input would be welcome to inform the Pension Committee. The cost per overseas address trace is £70 per case.

	<b>Preserved Refunds</b>	<b>Deferred Benefits</b>
<b>Originally Submitted</b>	<b>357</b>	<b>393</b>
<b>Living As Stated</b>	<b>34</b>	<b>2</b>
<b>New Address</b>	<b>116</b>	<b>114</b>
<b>Negative Result</b>	<b>173</b>	<b>276</b>
<b>Deceased</b>	<b>9</b>	<b>1</b>
<b>Overseas Trace Required</b>	<b>25</b>	<b>214</b>

## **4 Cyber Security**

- 4.1 HPS have now appointed a provider to complete cyber security testing every six months specifically on the pension fund system UPM, the member and the employer portals. A software update is due to go live in UPM sometime in January and this is expected to resolve some known risks in the system. As soon as the update is actioned the first testing cycle can be agreed. I will update the Board at the next report.

## **5. Summary**

- 5.1 In section 2, I covered the KPI data for the period October through December 2022 is 100% within the agreed target. The workload remains relatively high because of annual return responses and other data work but the case on hold is reasonable at 182 in December 2022.
- 5.2 In section 3, I updated the Board on our improved data scores particularly the Common data score that has improved 10% in the year. Further I updated the board on excellent progress on both the 21/22 annual return queries and the backlog work where more than half the cases have now been completed.
- 5.3 Additionally in section 3, I update the Pension Board on the address Tracing work. The Board's input on if the fund should look to complete international traces at £70 a case for 239 members is requested.
- 5.4 In section 4, I give a brief update on increased penetration testing being organised by HPS for UPM and the member and employer portals.