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Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	£

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 September 2023 through to December 2023. In section 3 I give an update on the ongoing data projects, our latest data scores and the scoring of the employer performance monitoring for 2023. In Section 4 I give a brief update on the Pensions Increase, The Pensions Regulator Code and a general cyber update.

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 September 2023 to December 2023.

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

- 2.6 The Pension Board 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 December 2023, 211 cases are now reported as being 31 days plus in workflow and 124 of these are Interfunds (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 am personally reviewing to see if I can help to move them 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 through the member portal. I am pleased to advise the Pension Board that as at the end of December we now have 41.15% of the Funds membership registered for portal access. The plan is this year to ask HPS to breakdown the active member access via Fund employer so we can reach out to those employers specifically with lower take up rates of the portal and ask them to promote to their members.

Portal	Opted IN
Active	50.81%
Deferred	31.46%
Pensioner	44.67%
TOTAL	41.15%

2.10 HPS received one compliment in October 2023, Two in November 2023 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”

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 605 with 6 remaining as of the 31st December 2023. This actually should be reduced to 4 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 employers 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 The Pension Board will want to note that the proposed new PAS as covered in the last meeting, with increased potential charges for employers has gone out for consultation. At the time of writing this report no responses have been received but we have just chased in case anyone has feedback.
- 3.6 The production of Annual Benefit Statements (ABS) has continued with 99.71% Active member benefit statements now produced with 14 outstanding. All the preserved benefit statements have been produced. This is excellent production rates and does indicate the overall quality of our member data. We are continuing to work with HPS to make sure that those 14 ABS get produced.

4 Pensions Increases, Cyber Security and The Pensions Regulator Code

- 4.1 The Fund has been advised that the pension increase to be applied in April is 6.7% and this is being actioned to our pension payroll by HPS.
- 4.2 I can confirm that in line with increased cyber protection measures a full systems penetration test was carried out on the pensions software system in November. HPS are addressing issues with the supplier that come up because of testing to improve the security of the system. I cannot share details in this report which is publicly available. You should be assured that HPS will be doing full tests at least twice a year to identify and address issues.
- 4.3 The Pensions Regulator (TPR) has now published a single code of practice to include defined benefit schemes, defined contribution schemes and personal pension schemes. The code of practice amalgamates several previously separate codes but additionally enhances some requirements as well. I would recommend members of the Pension Board read the new code to be aware of the requirements in the code. We will be reviewing our policies going forward in line with the code and will update the Pension Board further in later meetings.
- 4.4 Additionally in line with the above points the Pension Board may want to note that TPR has published its regulatory intervention report in relation to a cyber breach at Capita last year. This was in relation to Capita's pension administration service that it offers to a number of pension Funds. The Pension Board may want to read the report themselves as a point of learning. We will be developing a cyber statement and a plan for our fund in conjunction with our administration partner HPS. We will update the Board in due course.

5. Summary

- 5.1 In Section 2, I covered the KPI data for the period September 2023 through to December 2023 is 100% within the agreed target.
- 5.2 In section 3, I update the Pension Board on the continuing data work projects.
- 5.3 I update the Board on the improved common and specific data scores for 22/23.
- 5.4 I update the Pension Board on the employer performance scores for 2023.
- 5.5 I have updated the Board on the Pension Increase (PI) being applied in April.

5.6 I have advised the Board of the new TPR single code and suggested that members may want to review the code. I have also updated the Board on a published update on the Capita cyber breach as published by the regulator.