

Staff and Pensions Committee

12 September 2022

Pensions Administration Activity and Performance Update

Recommendation

That the Committee endorses and comments on the report.

1. Executive Summary

- 1.1 This report updates the Committee on the key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

2. Financial Implications

- 2.1 All financial implications are dealt with in the body of this report.

3. Environmental Implications

- 3.1 None

4. Member Self Service (MSS) and Annual Benefit Statements

- 4.1 MSS went live in April and Annual Benefit Statements have been made available via MSS, rather than sending paper statements out. Any member who cannot access MSS can opt to receive a paper copy. Making the statements available online will also help with the Council's target for reducing its carbon footprint.
- 4.2 Currently 20% of eligible scheme members have signed up, with 20% of Active Members and 19% of Deferred Members having registered. Pensioner roll out will commence alongside the move to e-payslips later in the year.
- 4.3 18,135 Deferred (members not currently contributing) and 17,393 Active Annual benefit statements were sent out to members by 6th August 2022. There were approximately 302 statements that were not produced because of issues with the data supplied by the member's employer. This is in comparison with approx. 600 errors that were picked up last year and over 3000 that were picked up the year before. The reduction in queries has been

led by the use of I-connect and data quality work that the team are completing.

- 4.4 The move to MSS has meant that we were able to produce and publish the statements to a much shorter timescale this year, as we have not produced paper statements.

5. Key Performance Indicators (KPIs)

- 5.1 Appendix 1 shows the KPI performance for the period 1 April 2022 to 30 June 2022. Nine out of fourteen KPIs are meeting their targets and three of the remaining five are close to meeting their targets. KPIs where a payment is to be made are treated as highest priority.

- 5.2 For KPIs that are not being achieved:

- KPI 1 Letter dealing transfer in quote (target: 95% within 10days)
KPI has increased from 52.56% last year to 63.97% this year. More staff are being trained to be able to provide quotes in order to improve this KPI.
- KPI 2 Letter dealing transfer out quote (target: 95% within 10 days)
KPI performance fell this month due to staff holiday. More staff are being trained to be able to provide quotes in order to improve resilience.
- KPI 4 Letter - estimate of actual retirement benefits (target: 95% within 15 days)
Long term staff sickness and holiday during June 2022 meant the team had to prioritise work where payments were being made and consequently performance here has dipped slightly below target. However, the introduction of MSS allows scheme members to obtain retirement estimates via self-service, should they so choose.
- KPI 8 Initial letter death of a member (target: 95% within 5 Days)
This KPI is marginally below target. A process issue has been identified which was impacting on performance and this has now been remedied.
- KPI 9 Letter notifying amount of dependents' benefits (target: 95% within 10 days).

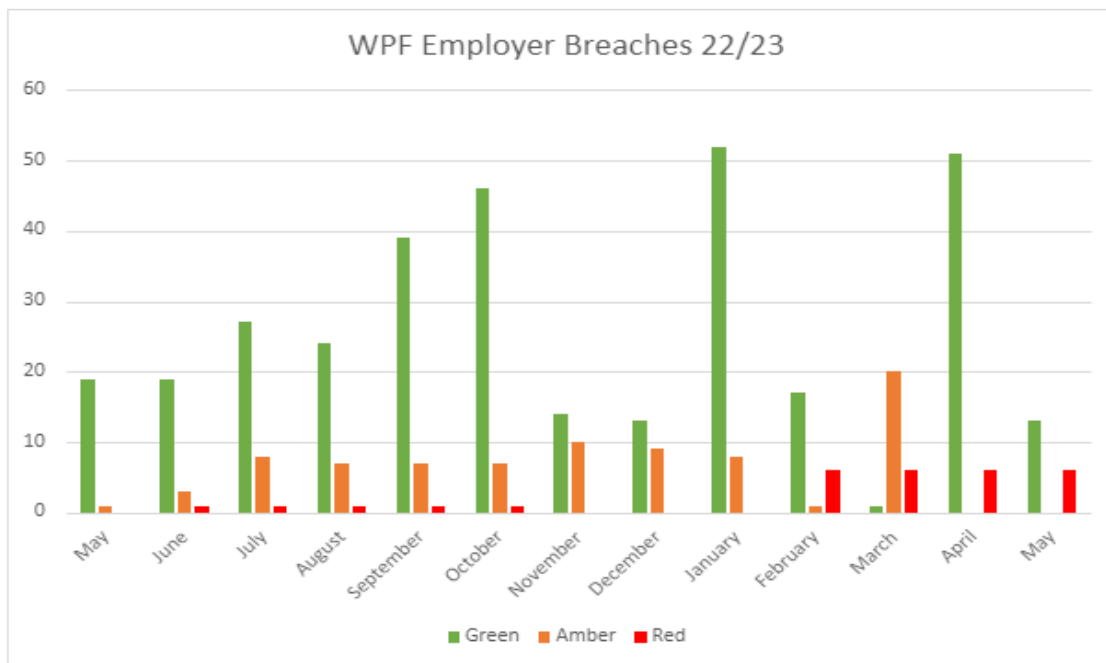
These are complex cases which sometimes involve the retrieval of files from offsite storage, meaning that delays can occur. Consideration is being given to the scanning of paper records currently held in storage.

6. Workloads

- 6.1 The PAS has been monitoring the tasks outstanding and completed by the service since 1st April 2020.
- 6.2 Current figures indicate that there were 3548 live tasks as of 30 June 2022 with 18275 tasks Having been completed. The level of work in progress is stable with no major resourcing issues at present.

7. Breaches

- 7.1 In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.



- 7.3 A Multi Academy Trust in the fund is currently on Red breach status. The trust consists of 6 schools and has not provided member data in the format required. There have also been inconsistencies with the data provided. Year-end data was either incomplete or sent to the Fund late and payment of contributions was not made on time. We are working with the Trust to ensure data quality issues are addressed and that the submission of data and payments are on time. This breach has been reported to The Pensions Regulator in accordance with the Breaches Policy.

8. McCloud Project

8.1 The McCloud Project is continuing, however the Government's response to the consultation for the Local Government Scheme has now been delayed further until Autumn/end of this year.

8.2 The LGA have provided the following information with regard to timescales:

*Alongside the Government response, we intend to publish an updated version of the draft regulations implementing the McCloud remedy. The updated draft regulations will reflect the new powers in [Chapter 3 of Part 1](#) the 2022 Act governing the statutory underpin, as well as technical feedback we received at the 2020 consultation and any changes in policy. To ensure the updated draft regulations are accurate in light of the changes made, they will be subject to a further period of consultation early in 2023. At that time, we will also consult on other aspects of the McCloud remedy which did not feature in our original consultation (for example, compensation and rates of interest). **The regulations will be made later in 2023 and will come into force on 1st October 2023.** We intend to issue statutory guidance on the implementation of McCloud in 2023 following a period of consultation.*

This approach will ensure that the regulations, when made, will reflect all aspects of the remedy and have been appropriately scrutinised. We would encourage LGPS administrators to begin taking steps towards the implementation of McCloud remedy following the publication of the Government response and will shortly be holding a meeting with software suppliers to discuss the implementation of the McCloud remedy to this timetable.

8.3 The PAS is continuing to prepare for the implementation of the McCloud remedy in accordance with the LGA's advice.

8.4 The Pensions Ombudsman (TPO) has a factsheet that sets out its views on what affected members and schemes can do now and TPO's present approach to dealing with McCloud complaints.

8.5 TPO's general starting position is that it would not investigate McCloud complaints. This is because it acknowledges that the Government is taking steps to address the discrimination with retrospective effect. TPO will, however, carefully look at the facts of each case before deciding whether to investigate. The factsheet sets out examples where TPO may decide to investigate a McCloud complaint now.

9. Internal Dispute Resolution Procedure (IDRP)

9.1 The Fund currently has no outstanding IDRP cases.

- 9.2 Responses to two stage 1 cases have been issued and 1 case has been referred to the Pensions Ombudsman as it was deemed out of time for the IDR process. This case relates to a transfer out.

10. Valuation

- 10.1 2022 is a valuation year for The Local Government Pension Scheme. Both the PAS and Pensions Investment teams have been working to improve data quality ready for this year's valuation. The introduction of I-Connect and improved processes have helped to improve our data quality and reduce the number of queries that are returned by Hymans, the Fund's actuary.
- 10.2 The Fund has collated all membership, cashflow and investment data and submitted this to Hymans in July. Hymans have commenced their assessment of this data and the valuation results will be available shortly.
- 10.3 Employer forums are being arranged, so that each employer will have the opportunity to discuss their results with Fund officers and Hymans.

11. Pensions Dashboards Programme

- 11.1 Pensions dashboards will enable individuals to access their pensions information online, securely, and all in one place, thereby supporting better planning for retirement.
- 11.2 The scheduled go live date for the public sector schemes has been deferred from April 2024 to September 2024 to mitigate the impact of the McCloud remedy implementation.
- 11.3 The PAS are considering the potential increase in contact from members once the dashboard goes live and how this will be resourced. The PAS is identifying issues that can help to reduce the number of queries and addressing these in preparation before the go live date. There will also be costs relating to the IT technical architecture that will be required to connect member information held by Warwickshire to the dashboards.
- 11.4 The Pensions Dashboard programme released a consultation regarding, standards, specifications, and technical requirements, which closed on 30th August 2022. The Fund has not responded on an individual basis as it supports the response from both the LGA and pensions software provider, Heywood.

12. Timescales associated with the decision and next steps

None

Appendices

Appendix 1 – KPI chart 01/04/22 – 30/06/22

Background Papers

1. <https://www.pensions-ombudsman.org.uk/sites/default/files/publication/files/Mcloud%20factsheet%20July%202022%20v3.pdf>

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The report was circulated to the following members prior to publication:

Local Member(s): none

Other members: Cllrs Peter Butlin, Bill Gifford, and Andy Jenns

Appendix 1 – KPI chart 01/04/22 – 30/06/22

