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Committee and date
Pensions Committee

19 March 2020

10.00am

Item

Public

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer Debbie Sharp

Email: debbie.sharp@shropshire.gov.uk

Tel: 01743 252192

1. Summary

1.1 The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Recommendations

2.1 Members are asked to accept the position as set out in the report and;

2.2 To approve, with or without comment, the revised Communications Policy Statement at Appendix B.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

3.2 Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

3.3 Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

3.4 Financial Implications

Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Reconciling the fund's guaranteed minimum pension liabilities (GMPs) with HMRC will have a direct cost for the fund but if this is not undertaken the fund risks taking on

financial liabilities it didn't need to and having its data called into question by the fund actuary. LGPS having to fully index GMP's will increase costs for the fund going forward. Further compliance with TPR code has highlighted areas where further costs could be incurred.

3.5 **Climate change appraisal**

1. Energy and fuel consumption: No effect
2. Renewable energy generation: No effect
3. Carbon offsetting or mitigation: No effect
4. Climate Change adaptation: No effect

4. **Performance and Team Update**

4.1 The team's output and performance level to February 2020 is attached at **Appendix A**.

4.2 This shows that the amount of work currently being processed by the Administration team has been consistent for a while. There is no indication of any significant back logs of work and the team would be unable to increase output without an increase in resources. The chart does not reflect all work undertaken by the team. It indicates the number of measurable calculation processes; for quotations and actual events, that Re undertaken on scheme member records which are recorded through the workflow system. These processes are retirements, deferred retirements, transfers in, transfers out, refunds, deferred refunds, amendments to records, death benefits, and data received from iConnect.

4.3 Communication will be issued this month to employers reminding them of their data requirements and reconciliations needed for the year end 31 March 2020. Revised deficit payment schedules will also be issued for the deficit lump sum amounts due as a result of the 2019 Valuation, from some employers in 2020/21.

5. **Help Desk Statistics**

5.1 The following chart shows the number of queries received through the helpline number.

	November 2019	December 2019	January 2020
Telephone calls received	710	440	919
Queries dealt with by helpdesk at first point of contact %*	88.87%	92.5%	90.53%

Users visiting the Website	1,968	1,597	2,585
Member drop ins	72	70	78

* Where queries have not been dealt with by helpdesk, this will usually mean that the calls have been picked up by the rest of the team.

5.2 The Helpdesk also responds to a number of emails on a daily basis the following table shows these numbers:

	November 2019	December 2019	January 2020
Emails Received	511	391	752
% of emails responded to within 3 working days	100%	100%	100%
Average number per day	24.33	24.44	32.72

6. Communications

- 6.1 The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As at January 2020 a total of 43% active members and 35% of deferred members were registered to view their records on 'My Pension Online'.
- 6.2 The upgrade to My Pension Online was completed with the new system going live on the 7th January 2020. All members registered to use the system have been informed that My Pension Online has a 'new look' and have been encouraged to login.
- 6.3 An employer webinar took place on 22/01/2020. 14 employers registered to attend, and the turnout on the day was 10 employers. A survey was emailed out after the webinar and the results showed that:
- 80% found the webinar helpful.
 - 100% would attend another webinar
 - Topics requested for future webinars include the admitted bodies process, how to calculate pensionable pay and ill-health retirement.
- 6.4 A future webinar is provisional booked in for 25/03/2020. The topic of the webinar is the year end process.

- 6.5 Regulation 61 of the Local Government Pension Scheme regulations states that the Fund must prepare, maintain and publish a written statement setting out its policy concerning communication with;
- (a) members;
 - (b) representatives of members;
 - (c) prospective members; and
 - (d) Scheme employers.
- 6.6 The Fund has updated this policy to better reflect the current communication methods in place and to take into consideration future developments.
- 6.7 The revised Policy is attached at Appendix B. The committee is asked to approve the Policy with or without comment.

7. Employer performance

- 7.1 In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table shows the percentage of employers who have met the deadline over three months to end of February 2020. This table also includes information about employers who make monthly deficit payments. Information about employers who did not meet these deadlines is covered in the governance report.

	December 2019	January 2020	February 2020
i-Connect data	95.65%	96.48%	92.96%
Monthly contributions	94.20%	95.77%	95.07%
Monthly deficit	89.71%	91.18%	95.59%

8. Cyber security

- 8.1 The Data Protection Act 2018, along with guidance from The Pensions Regulator, sets out rules that pension funds must follow to make sure they have good cyber security. Shropshire County Pension Fund takes data security very seriously and works closely with Shropshire Council's IT team and any companies providing pensions software to confirm that the systems holding personal data are protected.
- 8.2 Shropshire Council have policies and processes in place with regards to system security and cyber attacks. All staff are required to do annual training on cyber security and the Council issue statistics where attacks to systems have been blocked. Shropshire Council's IT security officer has confirmed that should any attacks become apparent on any of the Pensions Systems then we would be immediately made aware. To date no attacks to our systems have been reported. There is no update to the Council's statistics since the last report.

9. Mortality and member tracing service

9.1 The fund has been working with a contractor to undertake address tracing and mortality screening to help keep member records up to date. From the start of the contract on 1 August 2019 up until 31 January 2020 there have been 37 deaths identified within the membership which the Fund were not aware of. This figure was made up of:

- 16 pensioners/survivors' records
- 1 deferred record
- 20 frozen refund records

10. GMP reconciliation/rectification update

10.1 At the previous committee meeting on 24 January 2020, we reported that we were unable to write out to members affected by the reconciliation exercise as we had planned. This was due to delays in receiving information from HMRC. This delay has now been communicated to members via an email update and posted on the website. An article is also being drafted for inclusion in the Spring version of the InTouch magazine.

11. McCloud

11.1 At the Scheme Advisory Board (SAB) meeting in February, the Board agreed to create two working groups to help implement the outcome of the McCloud judgment for the LGPS. These will be:

- a small policy group to help MHCLG consider areas of policy not determined by HMT.
- a larger implementation group made up of practitioners, member representatives, actuaries, software providers, employers and representatives from the Scottish and Northern Irish schemes. It will consider the challenges of implementing and communicating the scheme changes.

11.2 A consultation on the LGPS regulation changes is expected in the spring; however, there might be a long delay before new regulations come into force. This will depend on the level of changes to primary legislation. This waiting period could lead to uncertainty for members which might make legal claims against the LGPS and employers more likely. SAB will be issuing communications for employers and scheme members in this period.

12. The LGPS (Amendment) Regulations 2020 – exit credits

12.1 On 27 February 2020, MHCLG published a partial response to the consultation covering changes to the local valuation cycle and the management of employer risk. The response covers the proposals on

exit credits only. MHCLG will submit a further response to the other proposals covered by this consultation in due course.

- 12.2 The response confirms that most respondents supported the proposal to allow administering authorities to take account of an employer's exposure to risk when calculating an exit credit. MHCLG confirms in the response that they will amend the LGPS regulations so that:
- administering authorities may determine the amount of any exit credit payment due, having regard to any relevant considerations
 - the period within which an exit credit must be paid is increased from three months to six months
 - administering authorities will not be obliged to enquire into the precise risk sharing arrangement adopted
 - any exit credits that have not been paid shall only be due if the administering authority exercises its discretion to pay them
 - any exit credits that have already been paid shall be treated as if the administering authority exercised its discretion to pay that amount – an administering authority may not seek to change the amount paid
 - the Pensions Ombudsman has jurisdiction to hear complaints if any dispute is not resolved using the internal dispute resolution process
 - administering authorities should set out their exit credit policy in their Funding Strategy Statement (FSS).

12.3 The Local Government Pension Scheme (Amendment) Regulations 2020 giving effect to these proposals were laid in Parliament on 27 February 2020. They come into force on 20 March 2020 but have effect from 14 May 2018.

12.4 The Shropshire FSS and Employer Events Policy will be amended to take account of this regulation change.

13. 2020 Public Service Pension Scheme (PSPS) Indexation and Revaluation

- 13.1 On 25 February 2020, the Government made a written statement on indexation and revaluation. The statement confirms that the following LGPS benefits will both increase by 1.7% In April 2020:
- pensions in payment, and
 - active member career average benefits.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 24 January 2020 Pensions Administration Report

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – Performance Chart

Appendix B – Communication Policy