

PENSIONS ADMINISTRATION MONITORING REPORT

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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 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 Implication
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 GMPs 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

Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

4. Performance and Team Update

- 4.1. The team's output and performance level to August 2021 is attached at **Appendix A**. The chart reports on tasks, either single standalone tasks or tasks that are part of a process. A process holds steps (tasks) for a procedure to be completed. The chart shows that outstanding processes have very slightly increased during the last quarter and outstanding task overall have risen. This trend is also reflected in the number of cases processed over the quarter as this have slightly decreased. The summer quarter is a very busy time with the annual benefit statement project, annual allowance tax checks being undertaken and staff taking leave.
- 4.2. Five permanent staff vacancies have recently arisen within the team. Four of these are new posts and one is due to a resignation. The team are advertising the vacancies at present and hope to fill these vacancies quickly.
- 4.3. The team has provided data to the scheme actuary for work to be undertaken on an interim valuation. The next full scheme valuation is due to take place in 2022/2023, as at 31 March 2022.
- 4.4. Year-end data cleansing was completed by 30 June 2021 following the month 12 submissions from employers. This is done ahead of annual bulk job runs such as annual allowance checks, CARE revaluation and annual benefit statements. Employers are required to submit two year-end forms, giving a reconciliation of contributions deducted and paid over and a compliance statement. The legislative deadline for receiving all year-end forms is 30 June 2021, two employers didn't meet this date, but all forms have since been returned.

- 4.5. The team will be trialling a new reporting tool offered by the pension's administration software supplier, Heywood. The existing reporting functionality is 20 years old and proving to be quite limited compared to this new tool called Insights. It does come with an additional cost but is receiving good uptake from other funds. The team will test the set functionality, as well as bespoke reporting functionality. It also promises to provide various dashboards for real time data analysis.

5. Help Desk Statistics

- 5.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in **Appendix A**. From April 2021, investigation work is being undertaken to identify the additional workload being created through assisting members with 'My Pension Online'; dealing with activation key requests and dealing with member updates. Statistics below, from April, also now include the number of opt out requests each month. More effective reporting of the number of calls received to the general helpdesk number is available due to a change in the telephone system from January 2021.

	May 2021	June 2021	July 2021
Telephone calls received to helpdesk team	824	894	870
% of calls answered	93%	93%	94%
Emails received to pensions@shropshire.gov.uk	766	807	876
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	73	89	109
Member updates made through My Pension Online	667	652	999
Opt out requests directly dealt with by helpdesk	21	27	7
Incoming post received and indexed to the pensions administration system	2,457	2,988	2,884
1-2-1 video appointment's held with scheme members	32	30	36
Users visiting the website	2,116	2,194	2,522

6. Communications and Governance

- 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 available to view on 'My Pension Online' unless a member has requested a paper copy. As at August 2021, a total of 47% active members, 37% of pensioners and 39% of deferred members were registered to view their records on 'My Pension Online'.

- 6.2. Members are reminded that the employers meeting is due to take place on 22 November 2021. It will include an update from the fund actuary on the interim fund valuation and their initial thoughts regarding the next triennial valuation as at 31 March 2022, as well as an update on data and the McCloud project.
- 6.3. The fund issued annual benefit statements to both active and deferred members by the statutory deadline of the 31 August 2021. A total of 33,463 statements have been produced. 15,115 actives and 18,348 deferred statements were released to 'My Pension Online'. 209 active and 344 deferred statements were issued in paper format. Seven active statements were unable to be produced, due to an error within the pensions administration system. Accompanying notes and a newsletter were produced collaboratively with other LGPS funds in a project led by Shropshire. Both the notes and newsletter were qualified for the Plain English Crystal Mark.
- 6.4. In total, 6,606 deferred members and 7,870 active members have an email address on their pension record and received an email informing them that their benefit statement was available. The open rate of the deferred member email was 67% and 58% for active members. To ensure more members can receive the email notification, further work is required to obtain more email addresses for scheme members in the future. Scheme employers have also been asked to notify all their active LGPS members that their statement is available.
- 6.5. A pensions tax information session has been organised with the fund's actuary, Mercer, to provide information to scheme members on annual and lifetime allowance tax limits. The webinar will take place on Friday 8 October 2021 for individuals nearing or breaching the current HMRC limits. A further one to one guidance session is planned for members requiring more information on the limits and protections available. The webinar and guidance sessions will be for information purposes only and no formal advice will be provided. Members will need to purchase this for themselves.
- 6.6. Under regulation 61 of the LGPS Regulations 2013, an administering authority in England and Wales must set out in a written statement its policy concerning communications with

various people (such as members and employers). In particular, the statement should set out the authority's policy on providing information and publicity about the scheme (including the format, frequency and distribution method). Where the authority's policy materially changes, it must revise its statement. Due to the COVID-19 pandemic, officers have reviewed the current version of the policy dated March 2020 and updated the policy to reflect any changes to the fund's communication practices. Members are asked to approve with or without comment the updated policy which can be found at **Appendix B**. The main changes to the policy are to reflect the changes to the communication service provided now that virtual meetings have increased to facilitate the team's communication with scheme members and employers. It is expected face to face meetings will recommence in future, when appropriate.

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 this quarter. 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.

	May 2021	June 2021	July 2021
i-Connect data	94%	98%	99%
Monthly contributions	98%	96.5%	95%
Monthly deficit	98%	95%	98%

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. There is no current data available from Shropshire Council's IT team regarding the number of cyber-attacks for the last quarter.

- 8.3. Over the last quarter, the pensions team have been asked to undertake cyber security training through the Shropshire Council's Leap into Learning portal. This is mandatory training that must be renewed annually.
- 8.4. One of the fund's consultants have issued a "scorecard" to help funds assess their cyber resilience. Further engagement is being undertaken over the rest of this financial year in this area.

9. Minor amendments to Fund policies

- 9.1. In August 2021, two fund policies; the Employer Events Policy and the Funding Strategy Statement required minor amendments and were accepted and authorised by the Pensions Committee Chair through the urgency procedure. The previous versions of these policies were approved at the June 2021 committee, however, following advice from the actuary there were some minor amendments required but no change to the fund's approach within these policies. Amendments were made to clarify the points being made and the fund's default position following the exit of a scheme employer. The updated Employer Events Policy can be found at **Appendix C** and the Funding Strategy Statement at **Appendix D**.

10. Pensions dashboard

- 10.1. As previously reported, the Pensions Scheme Act 2021 provides the legal framework for Pensions Dashboards to introduce the requirement for UK-based pension providers and schemes (or those operating on their behalf) to supply data to the pension's dashboards program.
- 10.2. AS previously reported to support preparations, fund officers have input into a 'call for input' from data providers, which was organised by the Local Government Association. Shropshire Council's IT team were consulted with, to aid the fund's response to the questions raised, with the focus being on data security and IT infrastructure requirements. At present there are still a lot of unknowns for Pension providers around the provision of benefit data to the dashboards and the costs that the fund will incur to do this. Officers are attending any webinars that the Money and Pension Service run to improve their understanding of the expectations on the fund by the government.
- 10.3. To help pension schemes understand the requirements a paper has been produced by AON providing an overview of Pensions

Dashboards and the impact upon Public Service Pension Schemes. This document can be found at **Appendix E**.

11. Prudential service performance

- 11.1. The fund has been notified by Prudential that members with additional voluntary contribution (AVC) arrangements may be experiencing some delays in the processing of investments and claims. Prudential has taken action to ensure that where an investment of contributions has been delayed, the date of processing reflects the date of receipt, rather than the date the processing occurs. This ensures that AVC scheme members are not disadvantaged by the delay. Prudential has also put in place a service recovery plan and is increasing resources to bring service levels back to normal. Prudential has also informed the fund that unfortunately there will be a timing impact on the production of annual AVC statements and year end accounts this year, with delays expected of at least eight weeks. A meeting has recently taken place with a representative from the Prudential to discuss the service issues experienced by the fund.

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

Pensions Committee Meeting 26 June 2021 Pensions Administration Report

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

Appendix A – Performance Chart

Appendix B – Communications Policy Statement

Appendix C – Employer Events Policy August 2021

Appendix D - Funding Strategy Statement August 2021

Appendix E – Public Sector: Pensions Dashboards