

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Panel:</b>	Pension Fund Panel and Board
<b>Date:</b>	28 July 2022
<b>Title:</b>	Governance: Administration performance update
<b>Report From:</b>	Director of Corporate Operations

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### Purpose of this Report

1. The purpose of this report is to update the Panel and Board on administration performance for 2021/22 and developments affecting the pension scheme in the first part of 2022/23.

### Recommendation(s)

2. It is recommended that the Panel and Board:
  - note the strong performance of Pension Services in 2021/22
  - note that the cost per member will increase in 2022/23 due to the work three statutory projects; McCloud, Pension Dashboards and GMP rectification
  - agree in principle to the approach set out in paragraph 61 in relation to GMP rectification.

### Executive Summary

3. Pension Services have performed well against the four key measures of good administration in 2021/22:
  - Cost per member
  - Internal and external audit
  - Customer Service Excellence
  - Performance against service standards.

4. Employers have provided their annual returns to Pensions which provides information on active members and is used to produce annual benefit statements and valuation data. All these returns have been uploaded onto the pension administration system, although there has been a higher level of queries raised this year due in part to employers experiencing resourcing pressures.
5. 43% of pensioners have now registered for the Member Portal, with a further 28% choosing to opt out of electronic communications. A new reporting facility has been developed so that use of the Portal can be monitored to inform future developments and communications.
6. The McCloud remedy project has continued with the large majority of employers having provided data for the period 1 April 2014 to 31 March 2021. Returns for the period 1 April 2021 to 31 March 2022 have in the main been delayed as employers have prioritised end of year queries.
7. Work on reviewing cyber security has continued over the last six months with the results of the first annual vulnerability assessment now with the software supplier and Hampshire IT for consideration. No critical, high or urgent vulnerabilities were identified by the exercise.
8. Preparations for the Pension Dashboards programme have commenced with officers attending webinars and training sessions to understand the statutory requirements for this project. Civica are undertaking their preparatory work to be able to connect the system with dashboards in line with the defined project timescales.
9. The rectification stage of the GMP reconciliation project has started with the aim of correcting any under or over paid pension payments in April 2023.

### **Administration performance**

10. As at 31 March 2022, there were 350 active employers paying into the Hampshire Pension Fund (HPF), and a total of 191,426 members. The table below provides a detailed breakdown of the membership by employer type:

Employer Type	Employers	Member type		
		Active members	Deferred members	Pensioner members
Scheduled	192	59,108	80,061	45,166
Resolution	56	308	230	241
Admitted	73	1,506	1,174	1,211
Community admitted	10	52	294	392
Transferee admitted	19	70	274	254
<b>Active employers total</b>	<b>350</b>	<b>59,000</b>	<b>78,502</b>	<b>44,808</b>
Councillors (no active members)	10	0	84	134
Ceased (no active members)	52	0	229	638
<b>Grand total</b>	<b>412</b>	<b>61,044</b>	<b>82,346</b>	<b>48,036</b>

Hampshire Pensions Services (HPS) administer the Hampshire LGPS and have performed well against the four key measures of good administration in 2021/22:

- Cost per member
- Internal and external audit
- Customer Service Excellence
- Performance against service standards

These are covered in more detail in the following sections of this report.

### Cost per member

11. One of the key external measures of administration performance is cost per member. The 2021/22 administration cost per member was £12.82 (£12.57 in 2020/21). The increase in cost from the previous year was due to the work on the McCloud remedy for which the Fund's share was £62,000 (32p per member). There will be further costs of the McCloud remedy over the next two to three years. Further details are contained in paragraphs 33 to 35 of this report. In addition, the Fund will also incur costs in 2022/23 on two further projects; pension dashboards and GMP rectification. These are described in more detail in paragraphs 48 to 63 of this report.
12. Comparative costs for all LGPS Funds are reported annually in the Sf3 return, and Hampshire is always reasonable for the size of the Fund. The latest available Sf3 data is for 2020/21 on which Hampshire was the 4th largest Fund by membership and, at £16.75, had the third lowest combined administration

and governance cost per member out of the 83 English and Welsh Funds on the return. The average cost per member across all Funds was £35.62.

### **Audit reports**

13. The annual internal audit opinion for Pensions has been presented to the Panel and Board in a separate report. Pensions have received good reports for the reviews completed during the year with substantial assurance given for the annual pensions payroll review and the triennial review of pension starters and pension leavers. The audits planned for 2022/23 (pension transfers, member deaths, accounting for pension receipts) are part of the ongoing risk based programme to cover all key processes over a three year cycle, along with the annual assurance on retirements through to pension payments.

### **Customer Service Excellence**

14. HPS comply with the requirements for the national standard for excellence in customer service (CSE), which considers how the service delivers against over 50 criteria in five key areas:
  - Customer insight
  - Culture of the organisation
  - Information and access
  - Delivery
  - Timeliness and quality of service
15. HPS have held the Customer Service Excellence (CSE) standard since 2009, and following a full assessment in April 2021, underwent a year 2 interim assessment in January 2022, with compliance plus passes in six areas:
  - There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
  - We can demonstrate how customer facing staff insights and experiences and incorporated into internal processes, policy development and service planning.
  - We make our services easily accessible to all our customers through a provision of a range of alternative channels.
  - We monitor and meet our standards, meet departmental and performance targets and we tell our customers about our performance.
  - We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate

- We identify any dips in performance against our standards and explain these to customers together with action we are taking to put things right and prevent further recurrence.

### Performance against service standards (KPIs)

16. The KPIs for HPS evidence the good performance in 2021/22 with 100% achievement against service standards for all key processes.
17. The tables below show the performance for the second two quarters of 2021/22. All casework was measured against a 15 day standard, apart from re-joiners which have a 20 day standard, and deferred benefits which have a 30 day standard.

#### Q3 2021/22

Type of Case	Time to Complete						Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days	31+ days		
Active Retirement	82	50	91	0	0	0	223	100.00%
Deferred Retirement	75	113	199	0	0	0	387	100.00%
Estimates	63	102	1,219	0	0	0	1,384	100.00%
Deferred Benefits	53	9	26	78	1,985	0	2,151	100.00%
Transfers In & Out	18	12	66	0	0	0	96	100.00%
Divorce	4	8	42	0	0	0	54	100.00%
Refunds	203	131	37	0	0	0	371	100.00%
Rejoiners	11	1	35	154	0	0	201	100.00%
Interfunds	13	30	139	0	0	0	182	100.00%
Death Benefits	139	45	30	0	0	0	214	100.00%
<b>Grand Total</b>	<b>661</b>	<b>501</b>	<b>1,884</b>	<b>232</b>	<b>1,985</b>	<b>0</b>	<b>5,263</b>	<b>100.00%</b>

#### Q4 2021/22

Type of Case	Time to Complete						Total	% completed on time
	0 – 5 days	6 – 10 days	11 -15 days	16 – 20 days	21 – 30 days	31+ days		
Active Retirement	39	29	36	0	0	0	104	100.00%
Deferred Retirement	144	80	229	0	0	0	453	100.00%
Estimates	52	106	931	0	0	0	1,089	100.00%
Deferred Benefits	56	56	184	384	1,257	0	1,937	100.00%
Transfers In & Out	11	11	36	0	0	0	58	100.00%
Divorce	3	37	65	0	0	0	105	100.00%
Refunds	444	50	8	0	0	0	502	100.00%
Rejoiners	17	5	14	140	0	0	176	100.00%
Interfunds	17	26	152	0	0	0	195	100.00%
Death Benefits	165	22	54	0	0	0	241	100.00%
<b>Grand Total</b>	<b>948</b>	<b>422</b>	<b>1,709</b>	<b>524</b>	<b>1,257</b>	<b>0</b>	<b>4,860</b>	<b>100.00%</b>

18. The performance for 2021/22 is summarised in the table below.

**Hampshire LG summary 2021/22**

Area of work	Service standard	Number of cases	% cases completed against service standard			
			Q1 - 21/22	Q2 - 21/22	Q3 - 21/22	Q4 - 21/22
			%	%	%	%
<b>Retirement</b>	15 days	962	100.00	100.00	100.00	100.00
<b>Deferred Retirement</b>	15 days	1,774	100.00	100.00	100.00	100.00
<b>Estimate</b>	15 days	4,755	100.00	100.00	100.00	100.00
<b>Deferred</b>	30 days	6,827	100.00	100.00	100.00	100.00
<b>Transfers In and Out</b>	15 days	330	100.00	100.00	100.00	100.00
<b>Divorce</b>	15 days	369	100.00	100.00	100.00	100.00
<b>Refund</b>	15 days	1,405	100.00	100.00	100.00	100.00
<b>Rejoiners</b>	20 days	623	100.00	100.00	100.00	100.00
<b>Interfunds</b>	15 days	631	100.00	100.00	100.00	100.00
<b>Death benefits</b>	15 days	952	100.00	100.00	100.00	100.00
<b>Total key casework processed</b>		<b>18,628</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

19. A total of 2,935 Scheme members retired during 2021/22, with an average retirement age of 62 years. Of this number, 1,393 (47.5%) took some form of early retirement including 124 ill health retirements and 1,176 members choosing to take a reduced pension.

The number of retirements in the year differs from the number of retirements processed in the year, because of timing differences i.e. a retirement processed in March 2022 with a retirement date of June 2022 would show as processed in 2021/22 but as a retirement in 2022/23).

20. The average annual pension paid in 2021/22 was £4,927 (£5,042 in 2020/21).

21. The annual exercise to apply the statutory pensions increase to pensions in payment and deferred payments was completed as planned. Deferred annual benefit statements for all except 9 members had already been produced by the end of June, ahead of the statutory deadline of 31 August.

**Timeliness of contributions**

22. All employer contributions due for 2021/22 have been received. The last contribution payment was received on 3 May 2021; this delay was due to a change in the employer's financial systems.

23. A total of £0.366m was paid late (£0.591m in 2020/21) which was 0.18% of the total contributions received. The average delay on all late payments received during 2021/22 was 15 days (9 days in 2020/21). Receipt of contributions is reviewed monthly to determine if any action is required. No late payment interest was charged for 2021/22.

## Mortality screening and National Fraud Initiative

24. Pension Services run a monthly mortality screen to ensure that all deaths are reported promptly to the Fund and to minimise overpayments of pension. Overpayments are recovered by the Fund by invoice to the estate, or, with permission from the beneficiary, from a death grant or dependant pension. The table below shows the breakdown of how overpayments were recovered by the Fund.

<b>Recovered From</b>	<b>Number</b>	<b>Total value</b>
Death Grant	73	£17,202.43
Dependant Pension	176	£81,097.54
Invoice	341	£125,990.82
Write Off	55	£1,442.08
<b>Total</b>	<b>645</b>	<b>£225,732.87</b>

25. The Fund also participates in the bi-annual National Fraud Initiative (NFI). The most recent NFI exercise in 2021 identified four deaths with a total potential recovery of £1,634.

## Annual returns

26. Employers are required to provide an annual return by 30 April containing details of all employees who contributed during the year. The full detail of employer performance against the annual return process is reported to the Panel and Board as part of the December administration update, after the exercise has been completed.
27. There has been a noticeable decrease in the timeliness and the quality of the annual returns provided by employers this year. This is due in large part to the late pay award which meant many employers could not resource the production of the end of year information until much later than planned. More generally, employers are also reporting resourcing issues within their payroll sections which is impacting on their ability to prioritise pension work.
28. 279/340 returns were received by the deadline, with 58 of the remaining 61 returns received by the end of May 2021. The final 3 outstanding returns were received by 13 June. All returns have been uploaded and 2,358 queries have been raised with employers, which is an increase of 43% from 2020/21. However a significant part of this increase is due to one large employer who, having changed their payroll system in the year, is now experiencing issues extracting pensions information. The Employer Services team is meeting weekly with the employer to ensure that priority is given to the urgent queries and focus is maintained on improving the new system to allow the employer to meet their administration responsibilities.

29. Once the end of year data has been uploaded and as many queries as possible cleared by 30 June, valuation data is extracted from the system across all membership records. This data is on track to be with the Fund Actuary by the end of July.

### **Member Portal**

30. Scheme information for members is provided on the HPS website. Members can view their own record including their annual benefit statement via the secure member self-service portal, as well as update personal details and run estimates. 73,275 members (37.6%) had registered for the Member Portal by 30 April 2022 (68,614 by 30 April 2021).
31. In March 2021, pensioners were given a year's notice that they would no longer automatically receive a paper payslip and P60 but would have to view this via the Member Portal unless they opted out of electronic communication. A reminder letter was sent to all pensioners in January 2022 with an enclosed opt out form for pensioners to return. At the end of March 2022, 12,632 pensioners (28%) had opted out and therefore received a paper payslip showing their annual increase. 19,254 pensioners (43%) had registered on the Portal. This means that 29% of pensioners have neither opted out or registered and consideration will be given to a further communication exercise with this group later in 2022/23.
32. During 2021/22 a new reporting facility was developed which shows the number of members logging into the Member Portal. The table below shows the number of log ins, by membership type for Q4 2021/22.

	<b>Member Portal log-ins</b>			
<b>Membership type</b>	<b>Jan-22</b>	<b>Feb-22</b>	<b>Mar-22</b>	<b>Total</b>
Active	3,902	3,997	4,562	<b>12,461</b>
Deferred	2,840	2,724	3,081	<b>8,645</b>
Pensioner	4,851	4,157	4,358	<b>13,366</b>
<b>Total</b>	<b>11,593</b>	<b>10,878</b>	<b>12,001</b>	<b>34,472</b>

### **McCloud**

33. There has been confirmation that the draft regulations detailing the requirements for implementing the McCloud remedy in the LGPS have been delayed until the autumn. These were previously anticipated prior to the summer recess. It is not expected that the deadline for implementation will be changed, therefore there will be increased pressure on administration staff



and system suppliers to deliver the required changes to the system and processes.

34. The team has continued to gather data from employers for the main part of the McCloud period (April 2014 to March 2021). The table below shows the progress to date.

Number of employers requested to provide data		337
Number of completed Data Collection templates received		327
Initial checks completed on templates received	327	
Employers ready for upload (all queries resolved)	275	
Number of Data Collection templates outstanding		10

Employers also had a deadline of 30 June to provide the final year of information. However employers were allowed to give priority to end of year returns and queries and as a result only 15% of the required information is ready to upload into UPM. The team will resume working with employers once the end of year queries have been resolved.

35. Civica have issued a more detailed plan to their clients for providing the changes to the software which will allow the underpin calculations to be performed, as required by the remedy. The first key deliverables are due to be released for sites to test at the end of January 2023. The costs of the software, and of the project team, are being shared as a proportion of membership by the four LGPS Funds administered by HPS. HPF has 60% of the total membership and therefore will pick up the largest share of the costs. The combined software and team costs are anticipated to be £102,000 in 2022/23.

### **Pension scams**

36. Pension scams continue to be a high risk for Funds and HPS are continually reviewing processes to ensure that all required steps are in place to limit the risk of members falling for a scam.
37. In November 2021, new regulations came into effect which require Funds to take additional precautions with requests to transfer out. As part of the changes, all requests for a transfer (other than to a public service scheme or to a limited number of schemes approved by the Pensions Regulator) have to meet a new set of conditions. If any conditions are not met, the case will be reviewed by a senior manager and if, after taking further steps such as requiring the member to seek independent advice, the issues cannot be resolved, the transfer may be refused. From November 2021 to June 2022, 7 transfers were reviewed with additional steps being taken in some cases to establish the legitimacy of the transfer. No transfers have required refusal.

38. As well as having to take extra steps to ensure that current transfers out of the Fund are legitimate, the Fund is also having to review a number of transfers out of the LGPS which took place between 8 – 10 years ago before pension liberation was as widely known as a threat, and before the Pension Regulator issued its landmark 2013 Action Pack. The February 2013 guidance marked a sea change in the pensions industry approach to the developing concerns regarding pension liberation, scams and for how administrators and pension providers should consider and process transfers out. The change was significant and administrators had considerable work to do to update their processes and documents. Transfers which took place in 2013 and 2014 before this work could be fully implemented are vulnerable to a maladministration claim.
39. These cases are often raised by financial advisers on behalf of former members, and most are speculative and without reasonable grounds. Advisers raise these cases under the guise of a data subject access request (DSAR) to which the Fund is obliged to respond. A DSAR is a request to a public body to provide all information held on an individual member and is used by the adviser to check that the Fund followed all necessary steps in processing the transfer. Providing the information required by a DSAR and then the defence of any subsequent maladministration claim is causing additional pressure on the administration team.
40. No cases against the Fund have been referred to the Pensions Ombudsman since the high profile ruling in 2019 on the 'Mrs H' transfer, which resulted in the Fund having to reinstate the members' benefits. However, around 250 transfers took place in the early days of new requirements coming in and it is expected that DSARs for members who have subsequently lost their pension benefits will continue to come into the Fund.

### **Cyber security**

41. A cyber report was presented to the Panel and Board at the December 2021 meeting, with an action plan for making improvements to the controls in place. An updated plan is contained in Appendix 1 but in summary:
- Training has been provided to Panel and Board members on cyber security for the HPF, and all staff have completed their annual data protection and acceptable use training. Cyber training will be included on training plans for Panel and Board members, as well as officers.
  - Use of facial recognition technology to verify the eligibility of overseas pensioners to their pensions will be in place by the summer. (Overseas pensioners are higher risk because they are not covered by the monthly mortality screen)
  - The administration system was extensively tested for vulnerabilities, by an external cyber specialist with areas for improvement shared with Civica.

The updated cyber compliance statement and action plan will be provided to the Panel and Board for approval at the December 2022 meeting.

42. As part of the cyber arrangements now in place, HPS requested that IT Services organise and facilitate the penetration testing of the Universal Pensions Management (UPM) application provided by Civica. The penetration testing was comprised of three distinct elements -
  - External Penetration testing
  - Internal Penetration testing
  - Application Penetration testing
43. These elements were spread across two engagements with 2-Sec, the vendor chosen to undertake the work. The first engagement was to meet the External Penetration testing aspect. We were able to facilitate this as part of Hampshire's annual penetration testing of our external facing infrastructure. The second engagement was created directly to meet the other two aspects, the internal testing and application testing.
44. Predominantly the aim of the penetration testing is to identify vulnerabilities within the UPM solution. Vulnerabilities within systems expose a solution to threats, ranging from data loss to external actors taking over the system. The higher the severity of the vulnerability the more likely it is to be exploited and the higher the impact is on the business if exploitation is achieved.
45. The feedback report from Hampshire IT set out that *'the overall security position for UPM appears to be good at this point in time. Although a number of medium and low vulnerabilities were found within the solution, no high, critical or urgent vulnerabilities were identified. This is unusual for a solution the size and complexity of UPM.'*
46. *Using Hampshire's internal vulnerability assessment scoring system (VAS) none of the issues identified warranted adding to the Hampshire IT vulnerability management register (VMR) long term, nor did any of them require escalation to the Hampshire IT Information Security Management Forum (ISMF) or risk management boards.*
47. *No significant remediation work has been required, but improvements have been identified, which will be taken forward with Civica and internally by IT.'*

### **Pension Dashboard Programme**

48. At the start of 2022, the Department for Works and Pensions (DWP) consulted on draft regulations to establish Pension Dashboards. Pension Dashboards will allow individuals to go to a single website and receive details

of all the pensions they hold across UK pension providers, including public sector schemes.

49. As with auto-enrolment, all schemes will be given a date by which they must be able to connect to the pension dashboard, with the largest funds going first. For HPF this date will be 30 September 2024. By this staging date, HPF must be able to connect to the dashboard and respond to data requests, although dashboards will not be live and available to individuals until the majority of pension providers have connected. A further consultation which closed on 19 July suggests that providers will be given three months notice of dashboards going live.
50. There are two types of data request with which Funds will have to comply; Find and View.
  - Find requests match dashboard users with a pension membership and are made to all schemes each time any individual uses the dashboard
  - A view request is made if a user is matched to a membership held by HPF, with pension information then being passed back to the dashboard for the individual to view
51. View data giving details of the pension benefit has to be no more than 13 months old and for the vast majority of members, this will be achieved by supplying annual benefit statement information. However there will be cases where members join in the year and have not yet had a benefit statement produced or no statement has been run because of missing information from employers. These cases will need to be run by the administration team within the 10 day SLA set by the regulations, which may be challenging if the reason for the absence of a statement is due to the employer not having met their responsibility to provide timely and accurate data to HPF.
52. HPF will need to connect to the dashboard via an Integrated Service Provider (ISP). Although HPF could choose to connect directly to the dashboard, this would mean that all data requests would be made directly into the pension administration system, UPM. The volume of Find requests will be significant as a request will be generated anytime a user logs onto a dashboard, regardless of whether or not they do have an HPF membership. Using an ISP reduces the load on UPM and ensures that 24/7 online provision can be delivered. The ISP will hold a copy of the membership data held on UPM in order to provide the Find and View information to the dashboard on demand.
53. There will be a large number of ISPs in the marketplace, including Civica who supply UPM to HPF. Regardless of which ISP is chosen, Civica will need to provide the interface between UPM and the ISP (for which there will be a new annual cost, which we will share across all Partners).

54. It would be logical to contract with Civica for its ISP service as this will:

- ensure an end to end service with a single supplier
- reduce the risks associated with engaging another 3rd party supplier in particular ensuring connectivity and ensuring the ISP is in sync with the data structure and optimised to link to UPM.

However, before a final decision can be made the procurement route needs to be assessed. Civica have indicated an annual charge for their ISP service, which will need to be compared with other providers to ensure value for money, albeit weighed against the risks of engaging a 3<sup>rd</sup> party supplier.

55. The ongoing resource required to support the Fund in meeting its obligations with regards Dashboards cannot be clearly estimated at this point. This is because the technical solutions are still in their infancy and whilst it is anticipated that the data flows will be largely automated, this cannot be guaranteed. It is also not clear what level of take up there will be and therefore how many requests for information are received, given that scheme members currently receive annual information about their benefits.

56. Further information on the progress of the pension dashboard project and likely costs for the Fund, in terms of both the ISP and likely resourcing impact will be brought to the Panel and Board's December meeting.

### **GMP reconciliation**

57. In December 2019, the Panel and Board were updated on the progress of the GMP reconciliation project for the Fund which was nearing completion of the first, reconciliation, stage. The project was then paused while Civica developed the required software solution for importing the matched GMP values into UPM. Following the completion of the 2022 pension increase, the project can now move to the second stage; rectification. This stage involves calculating and correcting the under and over payments which have occurred due to the discrepancy in the GMP values held by HMRC compared to those held by the Fund. A background to the project is attached in Appendix 2.

58. GMP values need to be corrected for all membership statuses, however the key group is pensioner and beneficiary members who are currently receiving pension payments from the Fund. Intellica have passed the data through their system to get an initial indication of the under and over payments, but results were banded and not at the individual level. This is summarised in the table below.

<b>Description</b>	<b>Number</b>	<b>Next steps</b>
Run through bulk solution without error	2,983	QA results and confirm analysis. Correct those within agreed tolerances
Member is in receipt of pension relating to more than one employment	1,218	Agree logic for applying rectification and then run through bulk solution
Potential data issues	408	Need to investigate issues then run through bulk solution
Post 2016 SPA	1,956	Fund now responsible for full PI so likely no further action required

59. The initial data pass suggests that just under 35% of the group are currently being overpaid because the GMP held on the member's record is incorrect. The total overpayment (i.e. the total of all overpayments since the pensions for affected pensioners have been in payment) is approximately £2.2m. Once these records are corrected, the Fund will reduce its ongoing liabilities. Conversely it is anticipated that the Fund has underpaid pensions by around £400,000 in total and these pensions will be increased, with the increase backdated from when the pension came into payment. Intellica have indicated that HPF is in a good position compared with other Funds in terms of the over and under payments, suggesting that the HPF data was of relatively good quality.
60. It is technically within the Fund's discretion as to whether overpayments are recovered. However the Pension Ombudsman has been clear that it would be inappropriate to claim overpayments in situations where members would have been unaware they were being overpaid. This approach has been applied by the DWP, Civil Service, Teacher's and NHS in relation to their GMP discrepancies. GMP is not easily understood and it is very unlikely that any member could have known they were not due the pension that was being paid to them. Likewise it is standard industry practice that underpayments are corrected with interest due on previous year's amounts. However there are a group of pensioners for whom the underpayment is less than £1 on their annual pension.
61. The correction of pensions which are higher than they should be will be done so that the reduced pension comes into payment in April 2023. This is the same pay period in which pensioners will receive their annual increase (albeit calculated on the lower amount) which will minimise the impact of the reduced pension on the individual. All affected pensioners will be written to in advance of the reduction.

62. The Panel and Board are asked to agree in principle that:

- all records will be corrected to show the correct GMP value
- all underpayments greater than £1 per annum will be repaid to the member
- if the underpayment is less than £1 per annum, the record will be corrected but no contact will be made with the member
- no attempt will be made at recovering overpayments

The Panel and Board are asked to delegate authority to the Director of Corporate Operations to consider any special cases which may emerge when the detailed assessment of the records is made. This may include requesting an individual member to re-pay an amount of pension where individual circumstances mean it is unreasonable for the Fund to write off the total overpayment or conversely considering hardship cases where the correction of the overpayment needs to be managed over a longer period of time.

63. The costs of the rectification stage of the project are being charged on a time and materials basis. Intellica have estimated that the first stage of rectification, covering the re-matching following 2022 PI, initial analysis from the bulk solution and production of a detailed breakdown of required rectification to cost up to £48,000. The actual implementation of the rectification is currently estimated to be up to £180,000 depending on the volume of cases which need to be assessed manually rather than through the bulk calculation. However this estimate will be reviewed at the end of the first phase of rectification once more information is available. Based on an extrapolation of the initial data pass it is anticipated that the overall impact of the exercise for HPF taking into account the under and over payments will be an annual saving of between £124,000 and £220,000 per annum.

### **Climate Change Impact Assessments**

64. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

65. The climate change and carbon control mitigation tools were not applicable for this report because the decisions in this report relate to the in-house management of the administration of the pension scheme and therefore have a neutral impact on climate change.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes/no
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes/no
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes/no
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes/no
<b>OR</b>	
<b>This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because the Pension Fund Panel and Board need to approve the principles for the GMP project and delegate authority to the Director of Corporate Operations to consider any special cases as they arise.</b>	

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<b>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</b>	
<u>Document</u>	<u>Location</u>
None	



## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by the information in this report as it affects all scheme members.