

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	15 December 2017
Title:	Governance: Administration update
Report From:	Director of Corporate Resources

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1. Recommendation(s)

1.1. It is recommended that the Panel and Board:

- approve the updated Administration Strategy for publication
- agree employers to sign the Dying to Work charter if they wish to do so
- note the performance information for the first 2 quarters of 2017/18

2. Executive Summary

- 2.1. The purpose of this paper is to update the Panel and Board on pensions administration in the first six months of 2017/18 (together with an analysis of employer performance for the same period), to approve the updated Administration Strategy, and to set out the Dying to Work Charter and agree to publicise it with Fund employers.
- 2.2. Pensions Services met the statutory deadline for producing annual benefit statements for over 50,000 members. Pension savings statements for members who exceeded the HMRC annual allowance were also sent out by the statutory deadline.
- 2.3. At the last meeting, the Panel and Board approved for consultation, an updated Administration Strategy. The consultation closed on 1 December and the Panel and Board are now asked to approve the final Strategy for publication.
- 2.4. Some employers have asked for the administering authority's view on the 'Dying to Work' charter. This is a voluntary commitment from employers which allows them to keep terminally ill staff employed so that their families will benefit from a higher death grant lump sum.

3. Performance against Service Standards (KPIs)

3.1. The KPIs for Pensions evidence the continuing strong performance in 2017/18. The tables below show that service standards were met for 100% of casework in the key areas over the last six months.

Quarter 1 2017/18

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	261	71	67	2	0	0	401	100%
Deferred Retirement	106	124	118	6	0	0	354	100%
Estimate	480	103	235	47	0	0	865	100%
Deferred	372	823	648	58	55	0	1,956	100%
Transfer out	148	61	5	0	0	0	214	100%
Transfer In	74	29	15	2	0	0	120	100%
Divorce	28	50	20	1	0	0	99	100%
Refund	989	175	15	0	0	0	1,179	100%
Rejoinders	133	6	1	0	0	0	140	100%
Interfunds	34	6	1	0	0	0	41	100%
Death	162	26	9	8	0	0	205	100%
Grand Total							5,574	

Quarter 2 2017/18

Type of case	Time to Complete						Total	On target?
	0-5 days	6-10 days	11-15 days	16-20 days	20-40 days	40 days plus		
Retirement	177	92	28	1	0	0	298	100%
Deferred Retirement	88	144	56	1	0	0	289	100%
Estimate	386	100	153	48	0	0	687	100%
Deferred	180	340	563	454	343	0	1,880	100%
Transfer out	132	21	7	0	0	0	160	100%
Transfer In	76	15	16	5	0	0	112	100%
Divorce	45	59	8	2	0	0	114	100%
Refund	1,428	289	29	13	0	0	1,759	100%
Rejoinders	103	27	46	0	0	0	176	100%
Interfunds	57	21	3	0	0	0	81	100%
Death	113	40	12	6	3	0	174	
Grand Total							5,730	

3.2. In addition to the casework, annual benefit statements for 97.5% of members were produced by the statutory deadline of 31 August. The remaining 2.5% of members had an outstanding employer query at the deadline, and approximately 2% of these were subsequently identified as leavers and therefore not due a statement.

3.3. Pension savings statements were produced for all members who exceeded the HMRC annual allowance for 2016/17 by the statutory deadline of 6 October 2017. Following the identification of some errors and feedback on the content of the letters, improvements to the process have been identified and will be implemented for the 2017/18 statements.

4. End of year processes and employer performance

4.1. Employers have to complete an annual return and submit it to Pensions by 30 April. This data is used to update pension records with current pay information and is subsequently used to produce annual benefit statements.

4.2. During the annual return process, employers were measured for timeliness, financial control and data quality. A breakdown is shown below but in summary:

- 95 out of 320 employers were assessed as meeting all 3 areas
- 2 employers were marked as a major fail in all 3 areas.

Annual return – Employer performance summary

	Return received before deadline	Return received between 1 May and 31 May	Return received more than 1 month late
Timeliness	215	90	15
	No reconciliation issues	Minor reconciliation issues/quickly resolved	Major reconciliation issues and/or slow/failed to respond
Financial control	185	123	12
	Data quality good	Minor data quality issues (less than 5% of membership)/quickly resolved	Major data quality issues (more than 5% of membership) and/or slow/failed to respond
Data quality	178	72	70

4.3. Following the end of year process analysis, the following actions have been taken:

- a letter has been sent to the high level contact for all employers who were assessed as red in 1 or more areas, to draw their attention to the failure
- employers who were assessed with 'major data quality issues' have been asked to carry out a 'Data Validation Exercise'. This requires the employer to check the current data held by Pensions against their own records to ensure that they are up to date with notifications or else to put in place actions to correct their position.

- Face to face meetings with all large employers, and with those employers with outstanding queries from previous years, will be held by the end of the year to discuss the next year's return and any known issues.
- 4.4. As part of the data validation exercise, employers are asked to complete a declaration. The comments received from employers on these declarations will be fed back through the next Pension Fund Panel and Board meeting

5. Administration Strategy

- 5.1. At the last meeting, the Panel and Board approved an updated Administration Strategy for consultation with employers. The consultation period ended on 1 December 2017 and one response was received, which was asking for clarification on three minor points. As a result of this response, a minor change has been made in the detail of the employer service standards.
- 5.2. The final version of the Administration Strategy is shown in Appendix 1 (with the additional change in paragraph 5.1 highlighted for information on page 9).
- 5.3. A further additional change is recommended to the Administration Strategy in relation to the delegated authority level for approval of the Administering Authority's discretion in relation to deciding to whom a death grant is paid; this change did not form part of the consultation, but is a change which the Administering Authority is recommending, and is not one which directly impacts Employers.
- 5.4. The proposed change to the delegated authority for determining to whom a death grant is paid is from 'Team Manager - Operations' to 'Head of Pensions'. This change is shown on Appendix C, page 16, discretion number 16. This will provide for additional scrutiny and oversight of the Administering Authority's exercise of this discretion.
- 5.5. The Panel and Board are asked to approve Appendix 1 as the final version for publication alongside the Fund's other statutory statements.

6. Ongoing employer performance

- 6.1. In addition to the analysis of employer performance as part of the annual return process, performance is measured each quarter to identify employers who have not met the standards set out in the Administration Strategy. Employers are asked to provide a comment if they have not met the standards in the quarter. The performance tables for the first two quarters of 2017/18 are shown in Appendix 2
- 6.2. However, some of the limitations of the current monitoring have now been addressed through the changes to the Administration Strategy. The measurement and reporting of performance will be reviewed in light of these changes, with the new version included in the next administration update report.

7. Dying to Work Charter

- 7.1. The TUC have launched a voluntary charter called Dying to Work which sets out the treatment of terminally ill employees by employers. One of the principles of the charter is that employers will continue to employ staff so that their families will benefit from death in service benefits rather than the employee taking ill health retirement.
- 7.2. The charter formalises the approach already taken by most employers who request Pensions to estimate benefits under both death in service and ill health so that they can allow the employee to take the most beneficial option.
- 7.3. A number of employers have approached Pensions Services to ask if they can sign up to this charter, and whether it will impact on their pension contributions. Ill health and death in service costs are shared across all employers in the Fund to maintain affordability and stability of contributions, so signing the charter will not affect individual employers. However it is important that there is a consistent approach across the Fund. It is unlikely that the charter itself will increase these types of costs to the Fund, but this will be assessed at the next valuation.
- 7.4. It is therefore proposed that the Dying to Work charter is publicised in the next employer newsletter so that employers know that they can sign up to it if they wish to do so, with the proviso that the actuary can certify additional contributions if a particular employer's experience is materially out of line with the rest of the Fund.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because: an action is required by the Pension Fund Panel and Board as the Administering Authority for the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

1.1. Equalities Impact Assessment:

1.2. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact.

3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

3.3. No specific impact.

a) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

