



Local Pension Board

4 February 2021

Title	Performance Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – West Yorkshire Pension Fund Performance Report for December 2020
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

Summary

This paper provides the Local Pension Board with the West Yorkshire Pension Fund pensions administration performance report relating to December 2020, along with an update on the Annual Benefit Statements issues and remediation plan.

Officers Recommendations

The Local Pension Board are requested to note West Yorkshire Pension Fund's performance levels, along with the update on the Annual Benefit Statement issues and the actions being taken to correct the outstanding issues from the Capita remediation plan.

1. WHY THIS REPORT IS NEEDED

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. It is important that this information is reviewed by the Board.
- 1.2 The report at Appendix A provides an overview of performance of the operational pensions administration service delivered by West Yorkshire Pension Fund (WYPF) up to December 2020.
- 1.3 WYPF took over the administration of the Fund from Capita on 1 November 2020. From 16 October, Capita were unable to process any cases that required an update to the members record as the final “cut” of data was passed to WYPF.

WYPF Performance

- 1.4 The December monthly report shows that WYPF processed **622** cases in December with an SLA attainment of **86.5%**. Different work types have different target periods and different SLAs. These are set out in Section 1 on the monthly report.
- 1.5 For most work types, the SLAs have been met. WYPF initially focussed on getting impending retirement cases processed and paid, along with retirement estimates and ill health cases and the SLAs for these work types have exceeded their respective SLAs.
- 1.6 For the first couple of weeks in November, WYPF had to analyse the work inherited from Capita, and ensure that it was categorised correctly, so it could be processed. Once completed, WYPF started processing cases. In November, 243 cases were processed, which has increased to 622 in December, which included the break for Christmas.
- 1.7 On average, before the transition, Capita were processing c1,400 cases per month. However, as WYPF have been processing the cases, they have found that information or data inherited has raised a number of issues. WYPF have had to “re-process” work (with the additional time that this takes) that had previously been done by Capita to ensure that members are paid the correct benefits. An example of one of the issues identified is highlighted in Section 4(d) of the monthly report.
- 1.8 Officers are assisting WYPF is sorting out these issues, where required. At present, WYPF performance is slightly lower than expected. Hopefully, over the next 2-3 months, WYPF performance will meet the expected levels, as the number of issues found reduce. Officers will monitor the performance levels in January and February, to get a true reflection of WYPF performance. If issues continue to be found, Officers will work with WYPF to ensure performance is not impacted.

- 1.9 As at 12 January 2020, there were a total of c2,700 cases outstanding. Included in this figure are c1,100 cases inherited from Capita which were previously classed as “non-actionable” cases, and included on the Capita remediation plan. In addition, there are another c300 cases that are classed as “pending”, where information is required from a member, employer or other third party.
- 1.10 Officers will be asking WYPF to produce a project plan to get the inherited cases processed.
- 1.11 The ongoing complaints with WYPF are carry over complaints from Capita. WYPF and Officers are jointly working to resolve the issues raised.
- 1.12 Officers will discuss with WYPF the format of the monthly report so that it provides all the required administration to monitor their performance and become a useful document for Officers and the Board.

Regulatory Breaches

- 1.13 **September 2020 breach** – This breach was highlighted in the last report to the Board relating to an overpayment of a pension and lump sum to a member, who has been in receipt of a pension since 2014. The total overpayment was c£45,000.
- 1.14 Officers think this is classified as ‘administrator error’ and are actively seeking recovery from Capita. Officers are also taking legal advice on the likelihood of recovery of the overpayment and the Pensions Ombudsman’s likely opinion, should the member refer a complaint to them.
- 1.15 Officers are unaware of any other regulatory breaches that require to be reported to The Pensions Regulator (TPR), other than that relating to Annual Benefit Statements detailed below.

Remediation/Project Plan

- 1.16 The outstanding remediation work that was not actioned by Capita before the transition is being discussed with WYPF. Officers have asked WYPF to produce a project plan for the completion of this work and this will be shared with the Board at the meeting.
- 1.17 At the time of the transition, the number of cases outstanding in the remediation plan was c2,125. This is in addition to the “non-actionable” cases inherited as mentioned in 1.9 above.

Annual Benefit Statements

- 1.18 The Annual Benefit Statements (ABS) issue resulting from those members who are paid certain allowances by LBB, such as “Recruitment & Retention (R&R)” payments, remains ongoing. Capita Payroll have provided updated salary data to WYPF.
- 1.19 Officers are discussing with WYPF a timetable for the reissue of ABSs for these members, along with a small number of members which have been found to be incorrect. An update will be provided to the Board at the meeting.
- 1.20 There is a total of 220 members affected by this issue.
- 1.21 Capita have confirmed that no members have been affected by this issue when calculating their benefits.
- 1.22 Work to correct and update the data for the 1,114 active members who have not been issued with a 2020 ABS will be included in the project plan agreed with WYPF. However, the time it would take to correct and update the records to allow for the despatch of the 2020 ABSs due for these members is unlikely to be completed much before the end of the first quarter of 2021.
- 1.23 Officers and WYPF have concluded that to ensure that all member records are fully updated to allow for the timely and comprehensive issue of ABS to all members as at 31 March 2021, a 2020 ABS will not be issued to these members.
- 1.24 Similarly, WYPF will be looking at the data for the 1,484 deferred members who were not issued with the aim of issuing 2021 ABSs in the late spring.
- 1.25 A report on all ABS issues has been sent to TPR. Officers informed TPR that we did not intend to issue the missing 2020 ABS’s. TPR have noted this and will “will be in touch again soon.”

Pension Savings Statements

- 1.26 Pension Savings Statements (PSS) must be issued to all members whose “pension savings” in a tax year exceed the standard annual allowance of £40,000. “Pension Savings” for funds such as the LGPS is the difference between the LGPS pension earned at the start of the tax year compared against the pension earned at the end of the tax year
- 1.27 Officers asked Capita to check the “pension savings” for the members affected by the benefit statement issue highlighted above. However, Capita have declined to do this work. Officers are now considering other options. Some PSS’s may need to be reissued (if found to be previously incorrect), whilst other members may now receive a PSS as their higher salaries mean that they breach annual limits. Officers do not expect that this will affect a large number of members.

2. REASONS FOR RECOMMENDATIONS

2.1 Not applicable in the context of this report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 Not applicable in the context of this report.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Not applicable in the context of this report.

5.3 Social Value

5.3.1 Not applicable in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. The Local Government (Amendment) (Governance) Pension Scheme Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.4.2 Under the terms of reference for the Local Pension Board, the role of the Board is to assist with:

- compliance with LGPS Government regulations;
- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify ensure the effective and efficient governance and administration
- ensure the Pension Fund's strategy and policy documents are maintained in

accordance with the LGPS Regulations.

- ensure the Pension Fund's internal Risk Register is reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Where relevant, consultation and engagement is discussed in the paper.

5.9 Insight

5.9.1 Not applicable in the context of this report.

6. BACKGROUND PAPERS

6.1 None