



Pension Fund Committee 4 May 2021

Title	Administration Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

This report provides the Pension Fund Committee with a update on the current performance in relation to the administration of the Barnet Pension Fund by West Yorkshire Pension Fund, along with other issues affecting the administration.

Officers Recommendations

The Pension Fund Committee are requested to note the current performance levels and updates on missing member records, the "Remediation Plan", Annual Benefit Statements and GMP reconciliation project.

1. WHY THIS REPORT IS NEEDED

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place.
- 1.2 West Yorkshire Pension Fund (WYPF) took over the administration of the Fund from Capita on 1 November 2020.
- 1.3 In the six months since the transition, WYPF have improved their performance each month despite having experienced difficulties with data and records inherited. As some of these issues still exist, WYPF work with Officers to determine the best course of action, where required.
- 1.4 Officers have received several positive feedback responses from employers and members regarding the service provided by WYPF, which is pleasing. This feedback has been passed to WYPF, who also conduct Member Satisfaction Surveys, where members are asked for their feedback based on their experiences of the service received by WYPF. This is done on a quarterly basis and Officers wait the results of the latest surveys from WYPF.
- 1.5 WYPF continue to actively engage with employers via training webinars and assisting employers with any queries that have been raised. A employers webinar will be held on 29 April 2021 with presentations from Officers, the Actuary and WYPF.

WYPF Performance

- 1.6 In March 2021, WYPF processed **1,393** actual member cases, where performance is measured. There has been a change in measuring the number of processes completed since the last Committee update. The above figure includes only cases completed, along with phone calls taken where an action is required. Previous reports included work undertaken by WYPF where no action was required, such as general telephone and email enquiries.
- 1.7 WYPF work in progress levels remain high, but has started to reduce over the last couple of months. As at 19 April 2021, there were **2,008** outstanding items of work (compared to c2,700 in early February). These figures include cases inherited from Capita which were previous classed as “non-actionable” cases, and cases classified as “pending”, where information is required from a member, employer or other third party.
- 1.8 WYPF performance in March was that **97.71%** of cases were completed within target as set out in the Key Performance Indicators (KPIs). Different work types have different target periods and different KPIs. Detailed reports on performance are provided to the Local Pension Board.

- 1.9 Officers continue to monitor WYPF performance by way of fortnightly meetings and a monthly administration report.

Missing Member data

- 1.10 In the last report to the Committee, it was mentioned that WYPF had identified 47 members who were on the test data received but not included on the “live” data. Following further checks by WYPF, the number of records deemed as “missing” has increased to 59.
- 1.11 Further investigation of these cases confirmed that 46 were deleted for legitimate reasons (duplicate records, records created in error i.e. members left within 3 months and took a refund etc).
- 1.12 For the remaining 13 cases, there is insufficient information to provide a conclusive rationale for deletion, although there are indications are that these were records that were duplicated/created in error.
- 1.13 WYPF have received the records for these members from Capita and any associated image files for the deleted records and are in the process of recreating these records on their pensions administration system.
- 1.14 WYPF will also retain data extracts from Capita’s annual back-up files between 2014 and 2019 in the event any further member queries arise in future.
- 1.15 Officers now deem this matter to be closed with no ongoing implications. It has been reported to both the Information Commissioners Office and The Pensions Regulator.

“Remediation Plan”

- 1.16 Prior to the transfer of administration to WYPF, Capita were working on a “remediation plan” in order to complete outstanding member cases and data updates.
- 1.17 WYPF have provided Officers with a data improvement plan which sets out the data issues identified and their timescales for correcting the data. The priority work is to ensure that the data is correct for the calculation of pension increases due to pension in April 2021 and then the production of annual benefit statements. Officers have offered to assist WYPF where required.
- 1.18 In addition, WYPF have provided a proposed plan for processing a large number of leavers that are outstanding, that were inherited from the previous administrator. Officers are working with WYPF to ensure that these leavers are processed in time for the deadline of annual benefit statement which is 31 August 2021. Again, Officers have offered to assist WYPF where required.

Annual Benefit Statements

- 1.19 At the last meeting, Officers updated the Committee on an issue with 2020 Annual Benefit Statements (ABS) resulting from those members who are paid certain allowances by LBB, such as “Recruitment & Retention (R&R)” payments.
- 1.20 WYPF sent revised ABSs to these members at the end of February.
- 1.21 Work has commenced by WYPF on analysing the data for the 2021 ABSs. Once WYPF consider the data “clean”, they will commence the production of ABSs. It is anticipated that statements will start to be sent to members in late May, up to the deadline of 31 August.
- 1.22 Officers will provide assistance to WYPF where required, to ensure that ABSs are sent to all members, so that a further report to The Pensions Regulator (TPR) will not be required. TPRs response to the 2020 report was “*whilst we do not intend to take action at this time, should you fail to send the ABSs to all relevant scheme members in 2021, we will consider whether regulatory action is appropriate*”.

GMP reconciliation project

- 1.23 Work continues on the project to ensure that members’ Guaranteed Minimum Pensions (GMP) previously held on Capita records reconcile with the figure held by HM Revenue & Customs (HMRC).
- 1.24 GMP’s affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.25 Officers, Capita and WYPF have met to discuss the final actions required on this project and how the process for ensuring WYPF update their records with the correct GMP for members, when advised by Capita.
- 1.26 It is anticipated that this project will be completed in the next couple of months.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Not applicable

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

4.1 Not applicable

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 By monitoring the performance of the pension fund administrators, good management of the Pension Fund is maintained. This is because the cost of providing benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

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

5.2.1 There are no immediate financial implications from the report. However, it is important that performance is monitored to ensure that the Pension Fund is not liable to additional costs resulting from maladministration or poor service.

5.3 Social Value

5.3.1 Membership of the Pension Fund ensures the long term financial health of the contributing employees on retirement.

5.4 Legal and Constitutional References

5.4.1 The Council's Constitution – Article 7 – includes within it the responsibilities of the Pension Fund Committee. It is therefore considered appropriate for the Pension Fund Committee to receive this report.

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 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

- 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 Not required.

5.9 **Insight**

- 5.9.1 Not applicable

6. **BACKGROUND PAPERS**

- 6.1 None