



## Local Pension Board

24 June 2021

<b>Title</b>	<b>Administration Performance Report</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – WYPF Monthly Report (for May 2021)
<b>Officer Contact Details</b>	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 May 2021, along with an update on the data remediation plan and the production of the 2021 Annual Benefit Statements.

### Officers Recommendations

The Local Pension Board are requested to note West Yorkshire Pension Fund's performance levels, along with the actions being taken to correct the Fund data issues and the update on the issuing of 2021 Annual Benefit Statements.

## 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 in Appendix A provides an overview of performance of the operational pensions administration service delivered by West Yorkshire Pension Fund (WYPF) up to May 2021.

### WYPF Performance

- 1.3 The May monthly report shows that WYPF processed **1,185** cases in May 2021 with **96.33%** of cases being completed within the agreed Service Level Agreement (SLA). The number of cases processed is slightly below the average normally completed. WYPF have advised that over the past month there have undertaken more complex cases, which take more time to process, as well as working on the backlog cases. Officers continue to monitor the number of cases being processed.
- 1.4 Different work types have different target completion periods and different SLAs, usually depending on the nature/priority of the item of work (for example, death cases should be processed within 5 working days, whereas transfer out quotations are processed within 20 days). These are shown in Section 1 in appendix A.
- 1.5 For most work types, the SLAs have been met. Where SLAs are not met, these are discussed with Officers at regular fortnightly meetings. WYPF are currently reviewing some of their SLAs, and these will also be discussed with Officers prior to their implementation.
- 1.6 As at 10 June 2021, WYPF have **412** “business as usual” cases outstanding. In addition, WYPF are working on the backlog of cases inherited from the previous administrator, which currently total **1,493**. The original number inherited was **2,230**. WYPF continue to work on these “backlog” cases by processing all similar case types together. For example, they have recently processed all the outstanding transfer in cases included in the “backlog” list.
- 1.7 The majority of the outstanding “backlog” cases relate to potential leavers where a leaver form has not been received by the administrator. Officers are working with WYPF to chase employers for outstanding leaver forms, so members benefits can be processed. An update on progress will be provided to the Board at subsequent meetings.
- 1.8 The number of complaints received by WYPF is low and Officers have worked with WYPF regarding the small number of ongoing Internal Dispute Resolution Procedure (IDRP) cases. Officers have agreed to pay compensation to three members where there have been delays and/or potential maladministration in processing their benefits. Each member was paid £500 and this is in accordance with guidance published by the Pensions Ombudsman.

- 1.9 The number of members who have registered for the WYPF “Member Portal” is increasing slowly. Members accessing this portal can update personal details (such as a change of address) and will soon be able to view their 2021 Annual Benefit Statement (ABS). Officers have asked employers to promote this portal to members and WYPF will also be contacting members when the ABS’s are ready to be issued. The secure WYPF member portal can be accessed on mobile phones and tablets, as well as on laptops.

### **Regulatory Breaches**

- 1.10 **September 2020 breach** – This breach has been previously reported to the Board and relates 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.
- 1.11 Officers are seeking recovery from previous administrator. Officers have taken 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. As at 10 June 2021 this matter is still unresolved.

### **Prudential**

- 1.12 WYPF have informed Officers that they have reported a breach to The Pensions Regulator (TPR), relating to delays in obtaining information and/or disinvestments from Prudential regarding members Additional Voluntary Contributions (AVC) funds. This has impacted on WYPF’s ability to supply members with accurate and detailed retirement options.
- 1.13 Prudential have developed a new administration system, which following going “live” has had issues that have delayed the processing of members payments. Initially, these issues were meant to be resolved by April, then moved to May and the current position is that they are *“they are hoping to ‘stabilise’ by the end of June”*.
- 1.14 Several members have had delays with obtaining information from Prudential and they have been offered to opportunity to raise a formal complaint by completing an IDRP. Officers have also investigated a case where the incorrect procedure was followed by Prudential, when a member wanted to commence AVC payments.

### **Data Improvement Plan**

- 1.15 Following the transfer of the administration to West Yorkshire Pension Fund (WYPF), Officers requested WYPF produce a Data Improvement Plan to correct and update members’ records where there were data issues inherited from the previous administrator.

- 1.16 In March, following a review of the data inherited, WYPF produced their Data Improvement Plan. This includes the timescales for correcting the data.
- 1.17 The priorities were agreed with Officers, firstly, to ensure that the data was correct for the calculation of pension increases due to pensioners in April 2021. The focus is now on correcting data for the production of ABS's. Officers have offered to assist WYPF where required.
- 1.18 The data improvement plan sets out 18 areas where data needs to be updated by WYPF. In addition, to back up the Data Improvement Plan, WYPF provide monthly Data Quality Update Reports, which gives the number of data items within the data improvement plan that need updating. The initial number of data items that required review and updating was **c28,500**. This has reduced to **c19,000** and should reduce significantly more over the next couple of months before ABS's are issued.
- 1.19 WYPF provide regular updates on progress to Officers at fortnightly meetings. In addition, WYPF have agreed to run an update on both the core and conditional data scores that were last run in December 2020 (and are generally only provided annually). These data scores are a method for measuring the quality and quantity of data and are reported to The Pensions Regulator in the Scheme Return (usually completed in November).
- 1.20 Further updates will be provided to the Board at each meeting until the data remediation plan is completed.

### **Annual Benefit Statements (ABS)**

- 1.21 WYPF are progressing with the production of the 2021 ABS's. They are currently analysing the data returns received from each employer. They anticipate that they will be able to start ABS production from the beginning of July.
- 1.22 Producing ABS's involves running the ABS calculation in their pensions administration system, UPM, and, then checking that the figures are correct. If so, then the ABS will be produced.
- 1.23 The ABS's will be uploaded onto the WYPF member portal and members will receive a communication from WYPF advising that they can view their ABS on the portal, if they register/have previously registered. Members will be given the option to receive a paper copy of their ABS, if they request.
- 1.24 If the ABS calculations require further investigation, WYPF may request further information from the employer. Officers will ask that they respond to any such queries, as a matter of urgency.
- 1.25 Deferred member statement production will also commence in early July. WYPF have made good progress in tracing members where an address was

not held on their records, having made contact with over 60% of these members.

- 1.26 Officers will be able to check daily from July on the number of the ABS's issued.

## **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

### REPORT CLEARANCE CHECKLIST

*(Removed prior to publication and retained by Governance Service)*

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