



Pension Fund Committee 26 July 2021

Title	Administration Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A - Retirement Living Standards
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Summary

This report provides the Pension Fund Committee with an 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, GMP reconciliation project and Retirement Living Standards.

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) have now been the administrators for nearly nine months and Officers consider that there has been an improvement, during this time, in terms of both member and employers experience.
- 1.3 Although some issues do continue to arise, WYPF have been proactive in bringing any new concerns to Officers attention.
- 1.4 WYPF have provided Officers with results of the Customer Satisfaction survey for the period 1 January to 31 March 2021. This showed that for Barnet Fund the overall customer satisfaction score was **91.9%**. This compares favourably with the scores for the other LGPS schemes that WYPF administer which range from 83.6% to 86.8%. This is an encouraging start and underlines the feedback received by Officers.

WYPF Performance

- 1.5 In May 2021, WYPF processed **1,185** member cases, where performance is measured. Officers continue to monitor the number of cases being processed. WYPF also completed **96.33%** of cases within the agreed Key Performance Indicators (KPIs) targets, maintaining a consistent level of above 90%. Where KPIs are not met, these are discussed at regular fortnightly meetings with WYPF. WYPF are currently reviewing some of their KPIs, and these will also be discussed with Officers prior to their implementation.
- 1.6 Detailed reports on performance are provided to the Local Pension Board
- 1.7 WYPF work in progress levels remain high, but continue to reduce. As at 8 July 2021, there were **1,900** outstanding items of work (compared to 2,008 reported in the last report to the Committee). These figures include cases inherited from the previous administrator which were previously classed as “non-actionable” cases, and cases classified as “pending”, where information is required from a member, employer or other third party.
- 1.8 Many these cases inherited from the previous administrator relate to outstanding leaver information. A plan is in place, agreed with Officers, to contact employers for the outstanding details, with the intention that this be completed by the end of the year at the latest.
- 1.9 The number of complaints received by WYPF is low and Officers have worked with WYPF regarding the small number of 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.

- 1.10 Officers have been made aware of two new IDRPs and are waiting for WYPF to provide an update on these cases and respond to these members.

“Remediation Plan”

- 1.11 Prior to the transfer of administration to WYPF, the previous administrators were working on a “remediation plan” in order to complete outstanding member cases and data updates.
- 1.12 WYPF provided Officers with a data improvement plan in March 2021 setting out the data issues identified following the transfer of administration and the timescales for correcting the data.

- 1.13 The table below shows the progress made by WYPF in correcting the data:

	Starting figure	April 2021	May 2021	June 2021	July 2021
Active Members	8,356	2,226	2,239	2,162	2,204
Deferred Members	9,262	7,411	7,050	4,136	1,997
Pensioners	11,161	10,053	10,024	10,022	9,991
Totals	28,779	19,690	19,313	16,320	14,192

- 1.14 The “Starting Figure” shows the total number of data issues that WYPF have identified needs review and correcting, if appropriate. This does not mean that every member has data issues as there may be members who have multiple data issues.
- 1.15 Over the course of the last four months WYPF have made good progress in reducing the outstanding data queries, with over **50%** of the initial data issues reviewed and corrected.
- 1.16 The priority was to ensure that the data was correct for the calculation of pension increases and the production of annual benefit statements. Work will continue correcting the data issues, with a target date for completion of the end of the year.
- 1.17 For active and deferred members, the number of data queries outstanding are mainly the issues that do not affect annual benefit statements production and similarly, the pensioner data queries outstanding did not need updating before the pension increase exercise was concluded. This includes items such as missing dates and Guaranteed Minimum Pension (GMP) figures, which are not vital to calculation of members benefits or increases.
- 1.18 Where numbers have gone up slightly over a month, this is because additional data issues have been identified by WYPF following work on a member who has requested a pension estimate. These cases are very low in number and are corrected quickly, following consultation with the members employer.

- 1.19 In addition, WYPF have provided a proposed plan for processing the **1,465** historic leavers that require processing. These were inherited from the previous administrator. Officers are working with WYPF to obtain the leaver information for these members from employers, so their benefits can be calculated and details sent to the members.
- 1.20 An update on both the data improvement plan and the outstanding leavers will be provided to the Committee at future meetings until completion.

Annual Benefit Statements (ABS's)

- 1.21 On 5 July, WYPF commenced the production process for issuing ABS's to active members. The statements will be uploaded onto the WYPF "member portal" and WYPF will write to members when their statement has been uploaded. Members will be invited to register on the member portal (if they haven't already) or to request a paper copy.
- 1.22 As at 14 July, **1,044** ABS's had been posted onto the member portal, which is approximately 12.6% of the active membership.
- 1.23 As part of the ABS production process, WYPF may need to contact employers for further information. Employers have been requested that they respond to WYPF as soon as possible, so there are no delays in producing their members statements. WYPF have also run webinars for employers explaining what needs to be done, if they receive such a request from WYPF.
- 1.24 Officers are monitoring daily the number of ABS's issued and queries sent to employers. For the latter, Officers will engage with employers where there is a delayed response for the information required.
- 1.25 In addition, Officers are preparing a video presentation on the information shown on an ABS for all council members to view and this will be shared with the other employers, as well.
- 1.26 The ABS's for deferred members started to be issued in the week commencing 12 July. These will also be uploaded to the WYPF member portal and members will be invited to register or request a paper copy. As at 14 July, **1,169** ABS's for deferred members have been issued, representing 11.8% of the deferred membership.
- 1.27 The deadline for issuing ABS's for both active and deferred members is 31 August.

GMP reconciliation project

- 1.28 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).

- 1.29 GMP's affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.30 After discussions with WYPF and the Capita GMP project team, the deadline for completing this project has been set as 30 September. Capita will have then sent to WYPF updated GMP data for the members affected and where pensions will need to be adjusted.

Retirement Living Standards

- 1.31 A member of the Pension Fund Committee identified an article on the Pensions and Lifetime Savings Association (PLSA) initiative called "Retirement Living Standards". Its goal is to encourage participating in work-based pension arrangements. PSLA are encouraging pension funds and employers to use the lifestyle options in scheme communication to members, possibly incorporated into the annual benefit statements and comparing members projected benefits with the various lifestyle costs. Further details are provided with Appendix A. Officers are currently discussing with WYPF the possibility of using these projections in communications with members

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. This includes to monitor the pension administrator. 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