



Pension Fund Committee 28th October 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 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 Data Improvement 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) have now been the administrators for a year and, whilst some legacy issues remain outstanding, both the service provided to members and employers, based on feedback received by Officers remains positive.
- 1.3 WYPF have provided Officers with results of the Customer Satisfaction survey for the period 1 April to 30 June 2021. This showed that for Barnet Fund the overall customer satisfaction score was **87.2%**. This score is slightly down from the 91.9% in the previous quarter, but still compares favourably with the scores for the other LGPS schemes that WYPF administer

WYPF Performance

- 1.4 In August, WYPF processed **2,103** cases, with **97%** completed within the agreed Key Performance Indicators (KPIs) targets, continuing a consistent level of above 95%. The number of cases processed is significantly higher than the average number of cases normally completed. The main reason for this is the increased number of enquiries resulting from Annual Benefit Statements (ABS) being issued during July and August.
- 1.5 Detailed reports on performance are provided to the Local Pension Board
- 1.6 WYPF work in progress levels remain high. As at 30 September, there were **2,373** outstanding items of work (compared to 1,900 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. Again, this number is a result of the recent enquiries received from members. WYPF expect this number to be back to normal levels (c500 “business as usual” cases which, as the backlog reduces, should bring the number down to around 1,800 in total) by the end of the year.
- 1.7 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains low.

Data Improvement Plan/Historical Leavers

- 1.8 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.
- 1.9 The table below shows the progress made by WYPF in correcting the data:

	Starting figure	April 2021	May 2021	June 2021	July 2021	August 2021	Sept 2021
Active Members	8,356	2,226	2,239	2,162	2,204	1,725	1,474
Deferred Members	9,262	7,411	7,050	4,136	1,997	2,516	2,481
Pensioners	11,161	10,053	10,024	10,022	9,991	9,767	9,778
Totals	28,779	19,690	19,313	16,320	14,192	14,008	13,733

- 1.10 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.
- 1.11 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.
- 1.13 WYPF provide regular updates on progress to Officers at fortnightly meetings. In addition, WYPF provide monthly updates on both the common and conditional data scores for the Fund These data scores are required by the Pensions Regulator annually. A summary of progress in terms of the TPR data scores is shown below:

Month	TPR score - common	TPR score - conditional
February 2021	95.79%	41.27%
March 2021	95.81%	43.64%
April 2021	95.75%	64.08%
May 2021	96.10%	67.95%
June 2021	96.24%	69.33%
July 2021	96.47%	74.47%
August 2021	96.45%	75.77%
September 2021	96.59%	76.55%

- 1.14 These figures show the presence of data held on members’ records. Common data is data is needed so that a member can be uniquely identified, such as date of birth and national insurance number. Conditional data is used to calculate the member benefits, such as pensionable salary and service information.
- 1.15 In addition, Officers are working with WYPF on the historic leavers, inherited from the previous administrator, that still require processing. These cases will be completed using the information held on the member records, where possible. If this cannot be done, Officers will speak to employers to obtain the missing information.

Annual Benefit Statements (ABS's)

- 1.16 Annual Benefit Statements (ABS) started to be produced for deferred members at the beginning of July and for active members in mid-July.
- 1.17 The statutory deadline for producing ABSs was 31 August. At this date, **92%** of ABS's had been produced for active members and **98.5%** of deferred members had has their statements produced.
- 1.18 As at 7 October, the figures are **94.4%** and **98.7%** respectively. WYPF continue to work on producing the remaining ABSs. The majority of outstanding active ABSs are where a query has been raised with the employer and for deferred members, data issues that WYPF require to correct manually, before these statements can be produced.
- 1.19 Officers have received positive feedback from members regarding their ABSs. WYPF have received several queries generally relating to their pay and service details shown on the statement, which WYPF are querying with the members' payroll providers.
- 1.20 In addition, WYPF will also need to produce ABSs for those members included as "historical leavers", as detailed above.
- 1.21 Officers will also provide an update on ABSs to TPR.

GMP reconciliation project

- 1.22 Work has almost been completed 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).
- 1.23 GMP's affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.24 Capita will shortly be sending the updated GMP data to WYPF for the members affected and where pensions will need to be adjusted.

Retirement Living Standards

- 1.25 At the last Committee meeting, Officers advised that they were awaiting a response from WYPF about the possibility of including the Pensions and Lifetime Savings Association (PLSA) initiative called "Retirement Living Standards" in communication with members.

- 1.25 PSLA are encouraging pension funds to use the lifestyle options included in this initiative in annual benefit statements and other retirement communications.
- 1.26 WYPF have agreed to add the link to the PLSA website detailing this initiative on future correspondence, including ABSs going forward.

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. ENVIRONMENTAL IMPACT

- 6.1 None

7. BACKGROUND PAPERS

- 7.1 None