



Local Pension Board

6 December 2021

Title	Administration Performance Report
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – West Yorkshire Pension Fund (WYPF) Monthly Report (for October 2021) Appendix B - Percentage of My Portal registrations per employer
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Summary

This paper provides the Local Pension Board with the West Yorkshire Pension Fund pensions administration performance report for October 2021, along with an update on the data improvement plan, production of the 2021 Annual Benefit Statements, administration issues and a Finance update.

Officers Recommendations

The Local Pension Board are requested to note West Yorkshire Pension Fund's performance levels, along with the continuing actions being taken to correct the Funds data issues and historical leavers, along with the update on the 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 October 2021.

WYPF Performance

- 1.3 The August monthly report shows that WYPF processed **1,275** cases in October 2021 with **c93.5 %** of cases being completed within the agreed Service Level Agreement (SLA). The number of cases processed this month has reduced from previous months due to both staff absence and the complexity of the work undertaken. Officers will continue to monitor the number of cases completed and processed within their SLA to ensure these remain at acceptable levels.
- 1.4 Work levels at WYPF have started to reduce back to more “normal” levels, as the number of enquires received following the Annual Benefit Statement exercise reduces. As at 12 November the number of outstanding “business as usual” cases was **854**.
- 1.5 Different work types have different target completion periods and different SLAs, usually depending on the nature/priority of the item of work. These are shown in Section 1 in appendix A.
- 1.6 For most work types, the SLAs have been met. Four processes failed to meet the SLA in October. For “Death Grant Nomination Form Received”, this is a result of members receiving their ABSs and deciding to complete or update their Nomination Form. WYPF received a larger number of forms than usual. Officers have recently asked employers to encourage their members to complete this form or update their details, if appropriate. This may mean that the number of forms sent to WYPF continues to be high over the next 2-3 months.
- 1.7 The other work types that have not met their SLA’s all relate to Interfund transfers. These relate to transfers both to and from other LGPS funds. There has been an increase in the number of these cases following the ABS production and can be complex and rely on other funds providing information. Officers will monitor these cases over the next few months to check that there is an improvement in the completion rate of these cases.

- 1.8 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains very low. There are currently two stage 1 IDRP cases and one stage 2 case in progress
- 1.9 WYPF have also been working on the **2,230** backlog cases inherited from the previous administrator, with the current total still to be processed being **1,307**.
- 1.10 The majority of the outstanding “backlog” cases relate to inherited historical leavers where a leaver form has not been received from employers. Further details are provided below.

Automated/Manual Calculations

- 1.11 Most of calculations undertaken by WYPF are fully automated on their pensions administration system, UPM. However, an occasional case will require a manual calculation. This is usually because a member has an unusual benefit or a data issue that only affects a very small number of members. In such cases, WYPF have processes and controls in place to ensure that any manual calculations are reviewed and checked before figures are sent to members
- 1.12 Officers are monitoring the number of automated/manual calculations undertaken by WYPF and a summary is shown below:

	March – May 21	June 21	July 21	August 21	Sept 21	Oct 21
Percentage of automated calculations	98.82%	100%	100%	100%	98.6%	100%

WYPF member portal

- 1.13 The number of members who have registered for the WYPF “Member Portal” is increasing. As at 11 November, the number of registered members was as follows:

Active members – **2,172** (up 320 since the last report)
Deferred members – **1,461** (up 119 since the last report)
Pensioners – **561** – (up 76 from the last report) and 6.6% of pensioners
- 1.14 These figures equate to **25.2%** of all active members, **15.3%** of all deferred members and **6.6%** of all pensioners
- 1.15 Members can opt out of electronic communication, if they choose to do so and as at 12 November, **202** members have chosen to do so.

- 1.16 Officers have previously contacted all employers asking them to encourage their members to register on the member portal and reminded employers again at an employer meeting held on 11 November. An email was sent to all Council members asking them to do the same. Officers will continue to encourage members to register on the member portal and hope that the number of registrations continue to increase over next few months.
- 1.17 Appendix B sets out the number of registrations for active members per employer as at 1 November 2021.
- 1.18 WYPF will be providing a facility on the portal that will allow members to run their own retirement estimates. They are working with the software provider to correct a small number of problems following testing. Once these issues have been resolved and fully tested, this facility will be released onto the member portal.

Regulatory Breaches

- 1.19 **September 2020 breach** – This breach has been previously reported to the Board and relates to an overpayment of a pension and lump sum to four members, who have been in receipt of a pension since 2014. The total overpayment was c£45,000.
- 1.20 Officers have received the agreed settlement figure from the previous administrator and will shortly be writing to the four members concerned.

Prudential

- 1.21 WYPF 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. There has been no further update from TPR since the last update to the Board.
- 1.22 Currently, there are **310** members who have an AVC policy with Prudential.
- 1.23 Members are still experiencing issues with Prudential. WYPF are working with Prudential to improve their service.
- 1.24 Officers will shortly commence a review of AVC providers to the Fund.

Data Improvement Plan/ Historical Leavers

- 1.25 Officers continue to monitor and work with WYPF on the Data Improvement Plan to correct the issues inherited from the previous administrator.
- 1.26 WYPF provide monthly Data Quality Update Reports, which gives the number of data items within the data improvement plan that need updating.

- 1.27 Initially, there were **c28,500** data items that needed to be reviewed and updated. At the end of October, this had reduced to **c13,500**. As WYPF review the data, they sometimes find additional data items that need updating that were not originally identified.
- 1.28 Officers have met with WYPF to see if there are areas in the data improvement plan that can be updated in bulk or where there are “quick wins”, where data can be updated easily to speed up the process. Officers have also offered assistance to WYPF if required. This is ongoing and Officers are waiting for a response from WYPF.
- 1.29 WYPF also provide update on both the common and conditional data scores for the Fund that were last run in December 2020. These data scores are a method for measuring quantity of data and are reported to TPR in the Scheme Return (usually completed in November).
- 1.30 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%
October 2021	96.60%	76.92%
November 2021	96.23%	76.97%

- 1.31 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.
- 1.32 The common data score has slightly reduced due to a small increase in the number of missing addresses that have arisen when WYPF have sent communications to members. Where post is returned to WYPF, the system is updated to show “address not known”. Officers are working with WYPF to obtain up-to-date addresses.
- 1.33 Further updates will be provided to the Board at each meeting until the data remediation plan is completed.
- 1.34 As detailed above, WYPF also inherited **c1,500** “historic leavers” from the previous administrator. Following the work undertaken by WYPF in the ABS

process, this number has increased to **c1,950**. As at 12 November, this number had reduced to **1,890**.

Officers are working to get these leavers processed as soon as possible, by providing the leaver information to WYPF, where possible, on employers' behalf. Employers have not been able to provide details in the past, mainly due to changes in payroll provider. Officers are analysing data that has been provided on historic year end returns and providing this to WYPF, so they can process the leavers.

An update on progress will continue to be provided to the Board at subsequent meetings, until this exercise is completed.

- 1.35 On further investigation, it appears that a lot of these members may be due a refund of their contributions rather than be entitled to a deferred pension. This means that they will not be due an ABS. Officers are leaning towards not reporting this issue to The Pensions Regulator at present, as we are doing all that is possible to process these leavers. However, if it is found that more of these members are entitled to a deferred pension, we may have to reconsider and we will update the Board and provide a copy of TPR report, if submitted.

Annual Benefit Statements (ABS)

- 1.36 Annual Benefit Statements (ABS) have been produced for the majority of both active and deferred members.
- 1.38 As at 15 November, the figures are **94.5%** and **99%** 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. Officers are working with WYPF to get these final statements produced (c340 active members and 44 deferred members).
- 1.39 If an "historical leaver" has a deferred benefit, WYPF will also need to produce ABSs for these members.
- 1.40 Officers will also provide an update on ABSs to TPR and will provide a copy of the letter, when sent.

Finance Update

- 1.41 Between April and September 2021, the fund has received **£32.7m** of contribution payments into the funds bank account.
- 1.42 The monthly contribution returns received from employers for the same period only total £31.9m, meaning that £0.8m of the contributions received relate to employers who have not submitted returns, or have sent in returns which do not reconcile to the amounts received.

1.43 Officers continue to chase these employers to obtain missing or incomplete monthly returns.

1.44 For the contributions reconciled with the monthly returns, this is split as follows:

Employer Contributions – £23.9m
Employee Contributions - £6.4m
Employee Additional Contributions - £0.035m
Employer Deficit Contributions - £1.6m

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. ENVIRONMENTAL IMPACT

6.1 None

7. BACKGROUND PAPERS

7.1 None