



Pension Fund Committee

14 December 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 WYPF have provided Officers with results of the Customer Satisfaction survey for the period 1 July to 30 September 2021. This showed that for Barnet Fund the overall customer satisfaction score was **87.3%**, which is the same as the previous quarter. The number of responses received by WYPF is still very low (as it is for their other LGPS clients). They are reviewing their method of obtaining feedback from members going forward to ensure that the figures are more meaningful.

WYPF Performance

- 1.3 In October, WYPF processed **1,275** cases, with **93.5%** completed within the agreed Key Performance Indicators (KPIs) targets. The number of cases processed this month has reduced from previous months mainly due to the complexity of the work undertaken. Officers continue to monitor the number of cases completed and processed within their SLA to ensure these remain at acceptable levels.
- 1.4 Detailed reports on performance are provided to the Local Pension Board
- 1.5 WYPF work in progress levels remain high, although are reducing. As at 25 November, there were **2,162** outstanding items of work (compared to 2,373 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. 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.
- 1.6 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains low.

Data Improvement Plan/Historical Leavers

- 1.7 WYPF and Officers continue to work together on the data improvement plan to correct historical data issues identified following the transfer of administration.
- 1.8 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	Oct 2021
Active Members	8,356	2,226	2,239	2,162	2,204	1,725	1,474	1,414
Deferred Members	9,262	7,411	7,050	4,136	1,997	2,516	2,481	2,504
Pensioners	11,161	10,053	10,024	10,022	9,991	9,767	9,778	9,623
Totals	28,779	19,690	19,313	16,320	14,192	14,008	13,733	13,541

- 1.9 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.
- 1.10 Officers are meeting with WYPF to determine how this work can progress quicker; whether any work can be completed in “bulk” by WYPF IT?; are there any “quick wins” in getting certain items of data corrected? Officers have also offered assistance where possible and have recently assisted WYPF in obtaining addresses for members, where mail has previously been returned.
- 1.11 WYPF have confirmed that if they are required to calculate benefits for any member who has data missing or incomplete, this will be corrected before any figures are issued to members.
- 1.12 It is possible going forward that WYPF and Officers decide that some data be deemed not critical for the calculation of benefits and may not be corrected. An example would be where certain dates are not held on pensioner records, but these are not required as the pension is already in payment
- 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%
October 2021	96.23%	76.97%

- 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 The common data score reduced in October due to a small increase in the number of missing addresses that have arisen when WYPF have sent correspondence to members. Where post is returned to WYPF, the system is updated to show "address not known".
- 1.16 In addition, Officers continue to work with WYPF on the historic leavers, inherited from the previous administrator, that still require processing. These cases are being completed using the information held on the member records, where possible. Officers will also contact employers to obtain the missing information.

Annual Benefit Statements (ABS's)

- 1.17 Annual Benefit Statements (ABS) have been produced for most active and deferred members.
- 1.18 As at 29 November, the statements had been produced for **96.2%** of active members and **99.3%** of deferred members. WYPF continue to work on producing the remaining ABSs. Most of the outstanding active ABSs require a response to a query raised with the employer and WYPF have nearly completed correcting the data issues to enable the outstanding deferred member ABSs to be produced. Officers are working with WYPF to get these final statements produced (c190 active members and 22 deferred members).
- 1.19 In addition, WYPF will also need to produce ABSs for those members included as "historical leavers", as detailed above.
- 1.20 Officers will also provide an update on ABSs to TPR.

GMP reconciliation project

- 1.21 Work is in the final stages of 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).
- 1.22 GMP's affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.23 WYPF may need to adjust the pensions for members where a different GMP is calculated.

Membership of the LGPS for Voluntary Aided Schools

- 1.24 Officers were recently notified that membership of the Barnet Fund was not being offered to employees of a voluntary aided school. The school advised that their understanding was that membership of the LGPS for this type of school would be offered "*with the consent of the Governing Body*". Legal advice received agrees with their understanding and therefore, the employees of this school are not members of the Barnet Fund.
- 1.25 This differs from the situation where Officers were notified of two academies who were not offering LGPS membership to their employees. Following discussions with Officers and the Education and Skills Funding Agency, it was agreed that these academies must offer their employees the opportunity to join the Barnet Fund. They are currently contacting members to offer this option.

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 2020-2024.

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