



Local Pension Board

3 February 2022

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 December 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 December 2021, along with an update on the completion 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 updates on the 2021 Annual Benefit Statements and Finances.

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 December 2021.

WYPF Performance

- 1.3 The August monthly report shows that WYPF processed **2,134** cases in December 2021 with nearly **95%** of cases being completed within the agreed Service Level Agreement (SLA). The number of cases processed in this month has increased to up to over 2,000, despite WYPF being closed over the Christmas break period.
- 1.4 The administration of the Barnet Fund has transferred from a dedicated small team within WYPF to the main administration teams, where all WYPF client's administration work is undertaken. There has not been a drop in the WYPF performance because of this change, The members of the original team looking after the Barnet Fund are still providing assistance and training to the various administration teams, where required.
- 1.5 Officers will continue to monitor the number of cases completed and processed within their SLA to ensure these remain at acceptable levels.
- 1.6 Work levels at WYPF have also increased. This is a common occurrence moving toward the end of a calendar year when more members decide to leave or retire.
- 1.7 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.
- 1.8 For most work types, the SLAs have been met. The processes that failed to meet the SLA in December all relate to Interfund transfers and linking. These relate to transfers both to and from other LGPS funds. They can be complex, and the number of cases has primarily increased due the increase in leaver cases that WYPF have to process. They are finding that these interfund transfers should have been processed by the previous administrator and need to be completed prior to the leaver calculations being completed.
- 1.9 Officers have been advised that the recruitment of additional administration staff referred to in the report has been relatively successful and that within the next 2-3 months, these cases should start to be processed within their SLA again.

- 1.10 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains very low. There is currently one stage 1 IDRP case and three stage 2 cases in progress
- 1.11 WYPF continue to have also been working on the **2,230** backlog cases inherited from the previous administrator, alongside the “business as usual” cases.
- 1.12 Most 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

- 1.13 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
- 1.14 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	Nov 21	Dec 21
Percentage of automated calculations	98.82%	100%	100%	100%	98.6%	100%	100%	100%

WYPF member portal

- 1.15 The number of members who have registered for the WYPF “Member Portal” is increasing, albeit still slowly
- 1.16 The figures in the WYPF report equate to **26.2%** of all active members, **16.3%** of all deferred members and **7.4%** of all pensioners
- 1.17 Members can opt out of electronic communication, if they choose to do so and as of 14 January, **239** members have chosen this option.
- 1.18 Officers contacted all employers on 20 December asking them to encourage their members to register and an email was sent to Council employees on 22 December asking them to register.

Officers are considering other options to get members to register over the next few months.

- 1.19 Appendix B sets out the number of registrations for active members per employer as of 10 January 2022.
- 1.20 The facility on the portal that will allow members to run their own retirement estimates. This is likely to be available within the next couple of months, so we want to encourage members to register, in order that they can take advantage of this service.

Regulatory Breaches

- 1.21 **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.
- 1.22 Officers have contacted all four members advising that we have decided not to seek recovery of the overpayments.

Prudential

- 1.23 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.
- 1.24 Officers will shortly commence a review of AVC providers to the Fund.

Data Improvement Plan/ Historical Leavers

- 1.25 Work on the data improvement plan will now be included in a separate report to the Board.

Annual Benefit Statements (ABS)

- 1.26 Annual Benefit Statements (ABS) have been produced for the majority of both active and deferred members.
- 1.27 As of 14 January, the figures are **96.5%** and **99.6%** respectively. WYPF continue to work on producing the remaining ABSs. Most of the outstanding active ABSs are where a query has been raised with the employer. Officers are working with WYPF to get these final statements produced (c175 active members and 1 deferred member).
- 1.28 If an “historical leaver” has a deferred benefit, WYPF will also need to produce ABSs for these members.

Finance Update

- 1.29 Between April and December 2021, the fund has received £44.2m of contribution payments into the funds bank account.
- 1.30 The monthly contribution returns received from employers for the same period only total £45.1m, meaning that £0.9m of the contributions received relate to employers have not submitted returns but not paid, or have sent in returns which do not reconcile to the amounts received. This is largely due to the payment due date for December being the 23 January 2022, with most returns received.
- 1.31 Officers continue to chase these employers to obtain missing or incomplete monthly returns.
- 1.32 For the contributions reconciled with the monthly returns, this is split as follows:
- Employer Contributions – £33.7m
Employee Contributions - £8.9m
Employee Additional Contributions - £0.05m
Employer Deficit Contributions - £2.5m

Membership of the LGPS for Voluntary Aided Schools

- 1.33 The Board were updated at the last meeting of a voluntary aided school not offering membership of the Barnet Fund to their non-teaching staff. Legal advice obtained by Officers confirmed that membership of the LGPS for this type of school would be offered “*with the consent of the Governing Body*”.
- 1.34 Officers have found that all the other voluntary aided schools within the London Borough of Barnet are offering membership of the LGPS to eligible staff.
- 1.35 This includes one voluntary aided school, whose non-teaching staff were members of The People’s Pension Fund and have advised Officers that they would now like to offer these employees membership of the Barnet Fund.

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