



Local Pension Board

23 June 2022

Title	Administration Performance Report
Report of	Executive Director of Resources (s151 officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	<p>Appendix A – West Yorkshire Pension Fund (WYPF) Monthly Report (for April 2022)</p> <p>Appendix B - Percentage of My Portal registrations per employer</p> <p>Appendix C – Letter from Prudential to the Local Government Association.</p> <p>Appendix D – The Pensions Ombudsman (TPO) Complaint case (exempt)</p> <p>Exempt enclosure – appendix D - Not for publication by virtue of paragraphs 3 of Schedule 12A of the Local Government Act 1972 as amended (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).</p>
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

Summary

This paper provides the Local Pension Board with the West Yorkshire Pension Fund pensions administration performance report for April 2022, along with an update on the completion of the 2022 Annual Benefit Statements and administration.

Officers Recommendations

The Local Pension Board are requested to note West Yorkshire Pension Fund's performance levels along with the updates on the 2022 Annual Benefit Statements, administration issues and a Finance update.

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 30 April 2022.

WYPF Performance

- 1.3 The April monthly report shows that WYPF processed **1, 373** cases in April 2022 with nearly **91.5%** of cases being completed within the agreed Service Level Agreement (SLA). The processed cases are slightly lower than previous months due to the Easter holiday break.
- 1.4 WYPF work in progress levels remain high. As at the end of April, there were **2,135** outstanding items of work.
- 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. The processes that failed to meet the SLA in April are:
 - **Updating of Death Grant Nomination Forms** – WYPF have advised that updating the members records takes a lower priority than other tasks but have provided assurance that, in the event of a death, the Nomination Form will be updated on their system.
 - **Payment of Death Grants** - The SLA for payment of death grants has not been met this month due to the high volume of cases to process. The WYPF Pensioner Services Team has now allocated one member of staff to only work on these cases. The aim of this is to ensure that future cases are processed within target going forward.
 - **Death In Retirement** - The SLA for death in retirement cases was not met this month as WYPF train new staff recently recruited to work on this type of case. This is a short term issue as once the new staff are trained, the work should be completed within target.

- **Processing Interfund Linking in Quotes and making payments to other Funds** – these can be complex cases and as more historic leavers are identified, the number of cases may increase. WYPF have recruited Senior Pension Officers who are able to do this work, which will mean these cases are processed quicker, but in the short term the SLA's will be lower, whilst the new staff are trained, and the backlog is cleared.
- **Pension Estimates** – The SLA for pension estimates was not met due to staff being on leave and no additional resource available. WYPF are currently training an additional two Pension Officers to cover this area of work.

- 1.7 At the last Board meeting, members expressed concern regarding the “weak HR capacity” at WYPF. The LBB Pensions Team (“Pensions Team”) spoke to senior management at WYPF regarding this issue.
- 1.8 WYPF advised that this was primarily due to staff taking annual leave that needed to be used by the year end. WYPF have now moved to a hybrid working model (with staff being in the office at least three days a week). This will make managing resource and annual leave easier for team leaders and managers going forward than has been the case over the last couple of years. This should ensure that these recent issues will not occur again.
- 1.9 The Pensions Team continue to monitor the number of cases completed and processed within their SLA to ensure these remain at acceptable levels. For any processes that fail to meet the SLA, these are discussed at weekly meetings, and we will be looking closely at the processes above to ensure that improvements are made.
- 1.10 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains very low. There are currently four stage 1 IDRP cases and one stage 2 case in progress.
- 1.11 At the last Board meeting, members raised the issue of “ombudsman complaint” detailed in the WYPF monthly report. Details of this case are included in Appendix D.

Automated/Manual Calculations

- 1.12 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.

- 1.13 For the calculations that have not been automated, WYPF have committed to a programme of getting the automation completed. The first of these calculations was for annual allowance and this was completed recently. Work on the next calculation to be automated will commence shortly.

WYPF member portal

- 1.14 The number of members who have registered for the WYPF “Member Portal” is increasing, but still slowly
- 1.15 The figures in the WYPF report equate to **30%** of all active members, **18%** of all deferred members and **22.4%** of all pensioners
- 1.16 The pensioner numbers registering continue to increase as WYPF have written to most pensioners advising that their P60s will be issued on the member portal and asking that they register. Members can opt out of electronic communication if they choose to do so.
- 1.17 The Pensions Team will continue to encourage employers to get their members to register and appeal directly to members themselves, to increase the number of registrations.

We are working with WYPF on ways to get more members engagement. Annual Benefit Statements (ABS) will again be uploaded onto the member portal this year. We have advised employers and council members that ABSs are starting to be produced and encouraged members to register.

- 1.18 Appendix B sets out the number of registrations for active members per employer as of 30 May 2022.
- 1.19 The facility on the portal that will allow members to run their own retirement estimates is in the final stages of being tested. WYPF anticipate that this will be available in the late summer.

Prudential

- 1.20 WYPF have reported that the service from Prudential has improved recently, although it is still not quite at the level expected. There is still a delay in Prudential providing AVC annual benefit statements for 2021. As a result, Prudential reported itself to The Pension Regulator.
- 1.21 Prudential have recently written to the Local Government Association (LGA) regarding their issues, and this is attached in Appendix C.
- 1.22 The Pensions Team asked Hymans Robertson to commence a review of AVC providers to the Fund. We will update the Board when this review is complete.

Annual Benefit Statements (ABS)

- 1.23 WYPF have commenced the production of Annual Benefit Statements (ABS) as of 31 March 2022 for both active and deferred members.
- 1.24 As of 7 June, **56%** of active statements had been produced and **99%** of deferred statements. WYPF continue to work on reviewing the required information from employers for active members. There is only one deferred statement to be issued.

Pensions Dashboard

- 1.25 WYPF have updated their IT systems, so it is now fully compatible with the systems needed for the Pensions Dashboard. They have also reviewed all available suppliers in the marketplace to develop a cloud hosted database that is compatible for the Pensions Dashboard
- 1.26 WYPF will need to provide data from the annual benefit statement (ABS) to the cloud hosted database. They are using the production of the 2022 ABS's as a trial before the pensions dashboard goes "live", which is currently set for spring/summer 2023.
- 1.27 WYPF have also met with TPR, who advised that they will shortly be writing to the Chairs of all Pension Fund Committee asking them to focus on the data quality requirements.

"McCloud" ruling

- 1.28 The regulations for McCloud have still to be published. However, given the current estimated timescales to be compliant with the McCloud ruling, WYPF have developed an internal IT solution.
- 1.29 This solution is being reviewed by WYPF during June 2022 to establish any further work that may be required.
- 1.30 Further updates will be provided to the Board on WYPF preparations and when the regulations are set out by the Government.

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