



Pension Fund Committee 11 July 2022

Title	Administration Report
Report of	Executive Director of Strategy and Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Mark Fox, Pensions Manager – 0208 359 3341

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 (WYPF), along with other issues affecting the administration.

Officers Recommendations

The Pension Fund Committee are requested to note the current performance levels and updates on Annual Benefit Statements, GMP reconciliation project, Pensions Dashboard and McCloud judgement.

1. WHY THIS REPORT IS NEEDED

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place.

WYPF Performance

- 1.2 In May, WYPF processed **1,057** cases, with **89%** of cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of cases processed in this month and performance is lower this month. The reason for this is that, in the last few months, WYPF have recruited several staff to their administration teams. These new staff have required training from their colleagues which has caused the reduction in cases processed and within target.
- 1.3 The LBB Pensions Team are monitoring the WYPF performance closely and would expect that as the new staff are adequately trained, the performance should return to normal levels. We believe that at least 90% of cases should be processed within their KPI, although apart from the last couple of months, this has been around 95%.
- 1.4 Detailed reports on performance are provided to the Local Pension Board
- 1.5 WYPF work in progress levels remain high. As of the end of May there were over **2,500** outstanding items of work. This figure is partly due to WYPF starting to issue annual benefit statements, which raises statement queries or estimate requests from members.. As more statements are issued over the summer up to the 31 August deadline, WYPF workloads are likely to remain high.
- 1.6 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains low. Currently, there are two stage 1 IDRP appeals and one stage 2 IDRP appeal ongoing. Stage 1 appeals are adjudicated by the Assistant Director (Finance, Administration and Governance) at WYPF, and stage 2 appeals are adjudicated by the Pensions Manager at LBB.
- 1.7 A recent Stage 2 IDRP has resulted in an offer of £500 compensation for maladministration, and we are waiting for the member to confirm acceptance or not.
- 1.8 If the member is not satisfied with the result of the IDRP appeals, it can then be referred to The Pensions Ombudsman to adjudicate.

Annual Benefit Statements (ABS's)

- 1.9 The 2022 Annual Benefit Statements (ABS) have been produced for almost all deferred members and many active members.

- 1.10 As of 21 June, the figures were **99.9%** and **79.5%** respectively. This equates to one deferred member and c1,480 active members still requiring a statement to be produced. Most of the outstanding active ABSs are where a query has been raised with the employer. The LBB Pensions Team are working with WYPF to get these final statements produced.

GMP reconciliation project

- 1.11 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). This project should be completed in early July.
- 1.12 GMPs affect active and deferred members, along with pensioners and spouses, where the member was in the fund before 6 April 1997.
- 1.13 WYPF may need to adjust the pensions for members where a different GMP is calculated.

Pensions Dashboard

- 1.14 The Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing.
- 1.15 All UK based pension Funds have to supply data to the pensions dashboards system. It is likely to commence in the spring/summer of 2023.
- 1.16 WYPF have updated their IT systems, so it is now fully compatible with the systems needed for the Pensions Dashboard and are currently testing the data that will be uploaded to the Pension Dashboard system.
- 1.17 WYPF have also met with TPR, who advised that they have or will shortly be writing to the Chairs of all Pension Fund Committee asking them to focus on the data quality requirements.

"McCloud" ruling

- 1.18 The "McCloud" judgement relates to two employment tribunal cases that were brought against the Government. In December 2018, the Court of Appeal ruled that the protection introduced following changes to public sector pension schemes, such as the LGPS, in 2014/2015 amounted to unlawful discrimination as the protections only applied to certain older members.
- 1.19 The protections were introduced for older members so the LGPS changes would not negatively impact their pension.
- 1.20 The result is that (with the final regulations likely to be published in the autumn) is that LGPS schemes will, for members in the Scheme between 1

April 2012 and 31 March 2022, need to do process two pension calculations on the old and new basis, with the higher amount paid.

- 1.21 This applies to current members, as well as members who have left, retired, died or transferred their benefits out of the Fund.
- 1.22 WYPF are currently updating their systems and checking data with employers to ensure that when the regulations do come into force, correct benefits can be calculated for all affected members.

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 administration of

the Pension Fund. 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