



Pension Fund Committee 10 November 2022

Title	Administration and Data Update 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 administration performance of the Barnet Pension Fund by West Yorkshire Pension Fund (WYPF), along with other issues affecting the administration and an update on the data improvement plan and historical leaver exercise.	

Officers Recommendations

The Pension Fund Committee are requested to note the current performance levels and updates on the data improvement plan and historical leaver exercise.

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 September, WYPF processed **c1,200** cases, with **90.5%** of cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of processed cases is slightly lower than in previous months. The cases completed within their KPI is above the 90% threshold that the LBB Pensions Team regard as good practice.
- 1.3 The reason for the lower number of cases completed is primarily due to WYPF recruiting staff to their administration teams, who require training from their colleagues which has caused the reduction in cases processed.
- 1.4 The LBB Pensions Team monitor WYPF performance closely and would expect that as the new staff are adequately trained, the performance should return to normal levels. However, this may take a few months as WYPF still have six vacancies in their administration team.
- 1.5 Detailed reports on performance are provided to the Local Pension Board
- 1.6 WYPF work in progress levels remain high. As of the end of September, there were over **2,750** outstanding items of work. This figure is due to annual benefit statements being issued over the summer, which raises a large number of statement queries or estimate requests from members. In addition, as the school year ends at the end of July, members employed by schools tend to leave or retire, which also increases the amount of work.
- 1.7 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains low. Currently, there is one 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.

Annual Benefit Statements (ABS's)

- 1.8 The 2022 Annual Benefit Statements (ABS) statutory deadline for issue was 31 August. At this date, **97.3%** of active members had received their ABS – this means that 181 members were not issued with an ABS. For deferred members, all statements were issued.
- 1.9 For those members who did not receive their statement by the deadline, this was due to either outstanding queries with employers or where WYPF are updating the member records. As of 18 October, there are still 141 statements

to be issued. The Pensions Team are working with both WYPF and employers to ensure that these members receive a statement as soon as possible.

- 1.10 As not all statements were issued by the deadline, the Pensions Team are considering reporting this to The Pensions Regulator (TPR). If it is decided to make a report, this will highlight the large improvements made over the last 2-3 years in issuing ABS's. The other LGPS funds administered by WYPF (including their own fund) also did not attain 100% by the end of August.

Data Improvement Plan

- 1.11 WYPF provide monthly data quality update reports to the LBB Pensions Team which gives the number of data items within the data improvement plan that still require updating. The Pensions Team meet with WYPF regularly to discuss areas in the data improvement plan
- 1.12 Initially, there were **c28,500** data items that needed to be reviewed and updated.
- 1.13 WYPF have been tasked to look at ten areas of data where there is the largest number of issues that need correcting. This includes updating records manually, making system corrections to ensure that the data can be updated in bulk and reviewing whether the risk of the data missing or being incorrect can be mitigated.
- 1.14 WYPF have assured the LBB Pensions Team that whilst they continue to correct the data issues, there will be no impact on the calculation on members' benefits, as their processes will determine whether the missing/incorrect data is required for a calculation, and if it is, the administration team will not issue benefit details until the records have been corrected.
- 1.15 WYPF also provide update on both the common and conditional data scores. These data scores are a method for measuring quantity of data and are reported to TPR in the Scheme Return.
- 1.16 A summary of progress in terms of the TPR data scores is shown below (starting point with WYPF as February 2021):

Month	TPR score - common	TPR score - conditional
February 2021	95.79%	41.27%
April 2022	96.69%	79.66%
May 2022	96.63%	79.31%
June 2022	96.66%	79.31%
July 2022	96.60%	78.77%
September 2022	96.60%	78.88%
October 2022	96.57%	78.93%

- 1.17 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.
- 1.18 As WYPF process the outstanding historical leavers and find missing data, this can cause these numbers to fluctuate slightly.

Historical Leavers

- 1.19 WYPF inherited **c1,500** "historic leavers" which increased to **c1,950**, following the work undertaken by WYPF in the 2021 Annual Benefit Statement (ABS) process. As of 18 October, the total number of leavers outstanding had reduced to **c850** with **c560** "historic leavers" still outstanding.
- 1.20 The Pensions Team continue to work with employers and their payroll providers to get the leaver notifications submitted. This includes the Council, who initially had c750 historical leavers. This has now reduced to **c460**.
- 1.21 The Pensions Team will shortly contact all employer with historic leavers still outstanding requesting that they submit leaver forms to WYPF by a specific deadline date. If this deadline is not adhered to, the Pensions Team will
- issue a fine to the employer for each leaver that has not been submitted – this is currently **£96** per member.
 - Report employers to The Pensions Regulator for a breach of relevant Code of Practice.
 - Write to all members where a leaver form has not been submitted to WYPF advising them that WYPF are unable to calculate their benefits due to the employer not providing the required information.

Data for the 2022 triennial valuation

- 1.22 WYPF submitted the 'final cut' of data to Hymans Robertson in early July and following a review during July and a small number of updates, Hymans confirmed that there were satisfied that the data was in a good enough state for them to use in their valuation calculations.
- 1.23 However, as noted in the valuation update there is a large data experience item of c£50m, which the Pensions Team are investigating.

Pensions Dashboard

- 1.24 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.

- 1.25 The staging deadline for the LGPS has been deferred from 30 April 2024 to 30 September 2024.
- 1.26 WYPF have gone out tender to find which platform provider they will use for Pensions Dashboard.
- 1.27 WYPF meet regularly with a number of stakeholders, including software providers to ensure we are on course to be compliant with the legislation before 'go live' day. They also meet with the TPR quarterly to ensure that they are planning, resourcing and implementing the pensions dashboard project correctly.

“McCloud” ruling

- 1.27 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.
- 1.28 The protections were introduced for older members so the LGPS changes would not negatively impact their pension.
- 1.29 The result is that (with the final regulations likely to be published soon) 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.
- 1.30 This applies to current members, as well as members who have left, retired, died or transferred their benefits out of the Fund.
- 1.31 WYPF are currently updating their systems and checking data with employers to ensure that when the regulations do come into force, the correct benefits are 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.

The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021. Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly.

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 administration of the 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