



## Pension Fund Committee 31 January 2023

<b>Title</b>	<b>Administration and Data Update Report</b>
<b>Report of</b>	Executive Director of Strategy and Resources (S151 officer)
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
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### 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 December, WYPF processed **1,135** cases, with **89.5%** of cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of processed cases is similar to the previous few months. The cases completed within their KPI is slightly below the 90% threshold that the LBB Pensions Team regard as good practice.
- 1.3 The reason for the slight drop in performance is probably due to WYPF being closed over Christmas and the staffing issues that WYPF are still experiencing.
- 1.4 WYPF updated the Local Pensions Board at their meeting on 6 December 2022 and advised that recruitment of staff is an issue across the pensions sector nationally and that once recruited, it can take a new employee 3-4 months to be able to do basic tasks and up to three years to be fully trained. Training new staff requires training from their colleagues, which has resulted in the recent reduction in performance.
- 1.5 The LBB Pensions Team is monitoring WYPF performance closely to ensure that performance and detailed reports on performance are provided to the Local Pension Board, who have also raised their concerns. The Pensions Team expect performance to improve over the next few months.
- 1.6 WYPF work in progress levels remain high, although it has reduced slightly over recent months. As of the end of December, there were over **2,400** outstanding items of work.
- 1.7 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received by WYPF remains very low. Currently, there is one stage 1 IDRP appeals and one stage 2 IDRP appeal ongoing.

### **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. As of 12 January, this has increased to **98.5%** – meaning 93 members have not yet been issued with an ABS.
- 1.9 The Pensions Team continue to work with both WYPF and employers to ensure that these members receive a statement by the middle of March at the latest.

- 1.10 Although not all statements were issued by the deadline, the Pensions Team have decided that whilst this will be recorded on the Fund's breach log, no report will be submitted to The Pensions Regulator.

#### **Data Improvement Plan**

- 1.11 WYPF provide monthly data quality update reports to the Pensions Team on 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 are looking at ten areas of data where there are a large number of data issues that need correcting. The Pensions Team will be meeting with WYPF to ascertain progress and will provide an update to the Committee following this meeting.
- 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.
- 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. The TPR has targets for common data but not for conditional data.
- 1.16 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.
- 1.17 The common data score for December 2022 was **96.5%** which is above the TPR target. For conditional data, the score was **80%**, which is significantly higher than when WYPF took over the administration. The target is to get this number to 90% or above, which is why the Pensions Team and WYPF are focussing on correcting the data issues still outstanding.

#### **Historical Leavers**

- 1.18 WYPF inherited **c1,500** "historic leavers" which increased to **c1,950**, following the work undertaken by WYPF during the 2021 Annual Benefit Statement (ABS) process.
- 1.19 As of 3 January 2023, the total number of leavers outstanding had reduced to **659** with **420** "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 **308**.
- 1.22 The Pensions Team will shortly contact again all employer with historic leavers still outstanding requesting that they submit leaver forms to WYPF by 31 January 2023. If this deadline is not adhered to, the Pensions Team may
- 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**

- 1.23 At the last meeting in November 2022, the Committee were advised of the large data experience item of c£50m, in the initial valuation report which the Pensions Team were investigating.
- 1.24 The Pensions Team have not been able to ascertain, at present, reasons for this anomaly, although it is believed that this is primarily down to the data issues arising from the 2019 valuation.
- 1.25 The Pensions Team are continuing to investigate this issue and will provide an update at future meetings until an appropriate reason for this discrepancy has been identified.

#### **Pensions Dashboard**

- 1.26 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.
- 1.27 The staging deadline for the LGPS is 30 September 2024.
- 1.28 WYPF have paused their tender process to find which platform provider they will use for Pensions Dashboard. This is because they may be able procure this service through the National LGPS Frameworks, who provide several services that LGPS Funds can use to deliver statutory services '*better, faster and cheaper*'.
- 1.29 The Pensions Team will continue to update the Committee at future meetings.

#### **“McCloud” ruling – to finish**

- 1.30 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.
- 1.31 The final regulations likely to be published in the first half of 2023 meaning that LGPS schemes will, for members in the Scheme between 1 April 2012 and 31 March 2022, need to do process two pension calculations, with the higher amount paid.
- 1.32 This applies to current members, as well as members who have left, retired, died or transferred their benefits out of the Fund.
- 1.33 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.
- 1.34 The Pensions Team will continue to update the Committee at future meetings.

## **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.

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