



Local Pension Board

Title	Administration Performance Report
Date of meeting	28 June 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	Yes
Appendices	Appendix A– West Yorkshire Pension Fund (WYPF) Monthly Report (for May 2023) 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 (WYPF) pensions administration performance report for May 2023, along with an update on the 2023 Annual Benefit Statements and relevant legislative matters.

Recommendations

1. That the Local Pension Board note West Yorkshire Pension Fund's performance levels along with the updates on other administration issues.
2. That the Local Pension Board note the update from a representative from WYPF at the meeting.

1. Reasons for the Recommendations

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. It is important that this information is reviewed regularly 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 31 May 2023.

WYPF Performance

- 1.3 In May, WYPF processed **870** cases with **91.2%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of processed cases is slightly less than in previous months, which is likely due to the three bank holidays in May.
- 1.4 However, the performance against the KPIs target has been above 90% for the last three months. The LBB Pensions Team (“the Pensions Team”) regard that performance above the 90% threshold is satisfactory with the hope that this will improve to around 95% over the next few months as the staff recruited recently by WYPF are fully trained and integrated within WYPF.
- 1.5 Different work types have different target completion periods and different SLAs, usually depending on the nature/priority of the item of work. For most work types, the SLAs have been met. The processes that failed to meet the SLA are shown in the “Performance Section” in the report in Appendix A.
- 1.6 A WYPF representative will be attending this Board meeting to discuss performance and other administration questions that Board members may have.
- 1.7 Workloads remain high at WYPF although they are reducing slightly (at the end of May, there were c 2,180 outstanding items of work). As is common at this time of the year, following the production of Annual Benefit Statements, this can lead to an increase in requests from Fund members, which may increase WYPF workloads.
- 1.8 The LBB Pensions Team continue to monitor WYPF performance regularly.
- 1.9 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received remains very low. There are currently one stage 1 IDRP case in progress and no stage 2 cases. A complaint from The Pensions Ombudsman (TPO) has recently been received by the Pensions Team.

WYPF member portal

- 1.10 The number of members who have registered for the WYPF “Member Portal” continues to increase. The figures in the WYPF report equate to 40% of all active members, 26% of all deferred members and 39% of all pensioners.
- 1.11 The increase in the number of pensioners registering follows WYPF contacting more pensioners to sign up to the member portal so they can access payslips and their 2022/23 P60 via the portal.
- 1.12 The number of active members registering is improving and the Pensions Team are reviewing the communication strategy for the Fund, which includes improving active registrations. The target is for active member registrations to be at 50% by the end of March 2024.
- 1.13 An update on the review of the Pension Fund Engagement Strategy is included later in this report.

- 1.14 Appendix B sets out the number of registrations for active members per employer as of 30 May 2023.

AVC Provider review

- 1.15 Hymans Robertson are undertaking a review of AVC providers to the Fund. Unfortunately, this is still ongoing having taken longer than anticipated due to issues contracting through a Framework available to us. The Pensions Team hope to be able to update the Board on the results of the review at the next meeting.
- 1.16 The AVC providers (Aviva and Prudential) have not provided the necessary year end figure required in the accounts, despite multiple efforts to contact by the Pensions Team. Whilst the disclosure of the net asset figures is a note to the Pension Fund Accounts, they do not impact the main Pension Fund or Net Asset Statements. The Pensions Team are continuing to attempt to contact these providers using the contacts we have for them, and are in discussion with colleagues at other funds in order to obtain the information.

2023 Annual Benefit Statements (ABS)

- 1.17 WYPF have started to produce both the 2023 Annual Benefit Statements (ABSs) for active members and Deferred Benefit Statements (DBSs) for deferred members. As of 5 June, **85%** of ABSs had been produced and **99.8%** of DBSs.
- 1.18 For the remaining statements that need to be issued, WYPF are working with employers to ensure that these statements are issued by the statutory deadline of 31 August.

Pensions Dashboard

- 1.19 The Department for Work and Pensions (DWP) announced a delay to the Pensions Dashboard Programme in March, which was described as a “reset”.
- 1.20 On 8 June, the DWP confirmed that new regulations were being laid before Parliament which provides for a new approach to delivery of the Dashboard project, that allows the Government to work more collaboratively with the pensions industry.
- 1.21 Rather than setting out the entire staging timeline in legislation, the regulations confirm that this will now be set out in the form of “guidance” which should be agreed with the pension industry by the end of the year. The Government has set an ultimate deadline of 31 October 2026, although it is hoped that dashboards will be accessible to the public earlier than this.

“McCloud” ruling

- 1.22 The McCloud remedy regulations, that would extend the Local Government Pension Scheme (LGPS) statutory underpin protection to younger members of the Fund, are expected to be published in September 2023 with a regulatory live date from October 2023.
- 1.23 WYPF are working with their system provider to ensure that the calculations have been programmed and are ready for the anticipated live date.

Finance Update

- 1.24 Between January 2023 and April 2023, the fund has received £25.2m of contribution payments into the funds bank account. In comparison for 2022/23, £70.8m were received in contribution payments.
- 1.25 The monthly contribution returns received from employers for the same period only total £22.0m, meaning that £3.2m of the contributions received relate to employers who have not submitted returns or have sent in returns which do not reconcile to the amounts received.
- 1.26 The Pensions Team continue to chase these employers to obtain missing or incomplete monthly returns.
- 1.27 We are liaising with WYPF on how we can make the processes around paying contributions and submitting returns more efficient.
- 1.28 Employer contributions may have changed from April 2023, following the completion of the 2022 actuarial valuation. The Pension Team are checking that employers are paying the revised rate, if applicable. The majority of this checking is done by WYPF, with the Pensions Team also checking the payments are consistent with the monthly contribution returns. A further update will be provided at the next meeting.
- 1.29 For the contributions reconciled with the monthly returns, this is split as follows:
- Employer Contributions – £16.3m
 - Employee Contributions - £4.4m
 - Employee Additional Contributions - £0.014m
 - Employer Deficit Contributions - £1.2m

Pension Fund Engagement Strategy

- 1.30 The Pensions Team are undertaking a review of the pension fund's engagement strategy which will also include an update of the Fund's Communication Policy.
- 1.31 The review will look at ways of improving engagement with the pension fund for both members and employers.
- 1.32 This will include reviewing and improving both written communication in relation to the pension fund, along with a review of the pension fund website. We will also consider how we can communicate via other forms, such as webinars, videos, "drop in" sessions with members, and visiting employers to speak to their employees.
- 1.33 We will also look at possibly using social media to promote the Barnet Fund, such as Facebook and YouTube.
- 1.34 We will report back to the Board on progress of the review at future meetings and we will also be updating the Pension Fund Committee as well.

TPR Code of Practice

- 1.35 Following a consultation launched in 2021, TPR has issued a draft new single Code of Practice (the "Single Code"), which sets out the proposed new governance standards for pension schemes. The Single Code is a consolidation of 10 previous codes of practice.
- 1.36 The Single Code will be applicable to public sector schemes (replacing the old Code of Practice 14).

- 1.37 In addition to merging ten existing codes of practice, the Single Code covers new topics such as remuneration, stewardship and climate change.
- 1.38 The Single Code sets out TPR's expectations for compliance with the law. It is not legally binding, but the courts and TPR may take compliance with the Single Code into consideration in deciding whether a statutory requirement has been met.
- 1.39 In practice, therefore, compliance with the Single Code is likely to be seen as mandatory. In due course, Board members will need to familiarise themselves with the Single Code and review that the existing internal controls and procedures are in line with the Single Code.
- 1.40 There will be a phased transition to the Single Code, with the Single Code is designed to be a clearer and more accessible.
- 1.41 There are five sections in the draft Single Code:
- The governing body
 - Funding and investment
 - Administration
 - Communications and disclosure
 - Reporting to TPR
- 1.42 Each of these sections is sub-divided into subject areas which are then divided into shorter sub-sections, referred to as modules. There are 51 modules in the draft Single Code which are web-based so they can be easily navigated.
- 1.43 The final Single Code has yet to be published by TPR. However, the LBB Pensions Team will review the draft Single code and provide further updates to the Board at future meetings.

2. Alternative Options Considered and Not Recommended

- 2.1 Not applicable in the context of this report.

3. Post Decision Implementation

- 3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

- 4.1 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.

Corporate Performance / Outcome Measures

- 4.2 Not applicable in the context of this report.

Sustainability

- 4.3 Not applicable in the context of this report.

Corporate Parenting

4.4 Not applicable in the context of this report.

Risk Management

4.5 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.

Insight

4.6 Not applicable in the context of this report.

Social Value

4.7 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Not applicable in the context of this report.

6. Legal Implications and Constitution References

6.1 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.

6.2 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.

7. Consultation

7.1 Where relevant, consultation and engagement is discussed in the paper.

8. Equalities and Diversity

- 8.1 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.
- 8.2 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.

9. Background Papers

- 9.1 None