



## Local Pension Board

<b>Title</b>	<b>Administration Performance Report and update on other administration and legislative matters</b>
<b>Date of meeting</b>	26 September 2023
<b>Report of</b>	Executive Director of Strategy & Resources (S151 Officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix A– West Yorkshire Pension Fund (WYPF) Monthly Report (for July 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 July 2023, along with an update on the 2023 Annual Benefit Statements and relevant administration and legislative matters.

### Recommendations

1. That the Local Pension Board note West Yorkshire Pension Fund's performance levels along with the updates on other administration and legislative issues.

## 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 July, WYPF processed **2,013** cases with **91.7%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. The number of processed cases is significantly higher than in previous months mainly due to the updating of members records to enable annual benefits statements to be issued.
- 1.4 The performance against the KPIs target continues to be above 90%, which the LBB Pensions Team (“the Pensions Team”) regard as satisfactory. WYPF have recruited six new administrators, which should hopefully mean that over the next few months (once they have been fully trained) will improve their performance to around 95% or over. The Pensions Team will continue to monitor WYPF over the next few months, to ensure that their performance levels do not drop whilst training the new staff.
- 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 Workloads remain high at WYPF and have increased since the last Board meeting. This is common at this time of the year, following the production of Annual Benefit Statements, which leads to an increase in requests from Fund members.
- 1.7 The LBB Pensions Team speak to WYPF weekly to monitor WYPF performance and raise specific issues that need to be resolved.
- 1.8 The number of complaints received by WYPF remain very low, as does the number of Internal Dispute Resolution Procedure (IDRP) cases received. There are currently no stage 1 IDRP cases in progress and one stage 2 cases. A complaint from The Pensions Ombudsman (TPO) has recently been received by the Pensions Team.
- 1.9 The Pension Fund has no offered compensation to any members since the last Board meeting. Compensation is offered where the Pensions Team decides that a member has suffered “distress and inconvenience” in relation to their pension. The amounts of compensation are determined in line the Pension Ombudsman “Redress for non-financial injustice” document, which suggest the compensation that should be offered depending on the level of distress and inconvenience suffered by the member.

### 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 42% of all active members, 29% of all deferred members and 40% of all pensioners.
- 1.11 The number of active and deferred members registering continues to improve, mainly because of annual and deferred benefit statements being issued over the summer.

- 1.12 As part of the Pensions Team review of the engagement and communication strategy for the Fund, we will be working to increase the number of registrations. Improving active registrations. The target is for active member registrations to be at 50% by the end of March 2024.
- 1.13 Appendix B sets out the number of registrations for active members per employer as of 30 May 2023.

### **AVC Provider review**

- 1.14 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 will provide a verbal update at the meeting.

### **2023 Annual Benefit Statements (ABS)**

- 1.15 The 2023 Annual Benefit Statements (ABS's) for active members and Deferred Benefit Statements (DBS's) for deferred members have a deadline for being produced and issued of 31 August 2023. At this date, **98.4%** of ABS's had been produced and **100%** of DBSs.
- 1.16 This is an improvement from 2022, when 97.1% of ABS's were issued by the 31 August deadline.
- 1.17 As of 31 August 2023, there were **99** ABS's still to be issued, of which 16 are where WYPF are waiting for the employer to respond to a pay or service query. WYPF are working with employers to ensure that these statements are issued as soon as possible.
- 1.18 The remaining 83 members are where WYPF are working on linking their pension records and ABS's will be issued when this work is complete.

### **Automation of Pension Processes by WYPF**

- 1.19 WYPF are in the process of automating calculations. Whilst the pension administration system has been programmed to calculate members benefits correctly, automation means that once a leaver form or other form is received by WYPF, the whole process will run automatically (ie calculation, production of documentation and updates to the system).
- 1.20 The automation of a process is thoroughly tested by WYPF IT and Admin Teams before they are signed off and "go live".
- 1.21 WYPF have recently completed the automation of the following processes on their administration system:
- Linking estimates – where members can link their current record with previous Barnet service.
  - Linking actual – when a member confirms that they want to link previous Barnet benefits.
- 1.22 The following processes are now being automated by WYPF:
- Deferred Benefit calculation – when a member leaves the Fund.
  - Flexible Retirement – when a member decides to take their pension but continue working at the same time.
- 1.23 Updates will be provided to the Board at future meetings.

## **Pensions Dashboard**

- 1.24 The Department for Work and Pensions (DWP) announced a delay to the Pensions Dashboard Programme in March, which was described as a “reset”.
- 1.25 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.
- 1.26 WYPF have now chosen their ISP provider for Pensions Dashboard, subject to the final checks.

### **“McCloud” ruling**

- 1.27 The McCloud remedy regulations, that would extend the Local Government Pension Scheme (LGPS) statutory underpin protection to younger members of the Fund are due take effect from 1 October 2023.
- 1.28 On 17 August 2023, the Government laid regulations which come into force on 14 September 2023. These regulations address how various pension tax issues, such as the annual allowance should be dealt with if benefits are being recalculated due to the McCloud remedy.
- 1.29 WYPF are working with their system provider to ensure that the calculations have been programmed and are ready for a live date.

### **Finance Update**

- 1.30 Between April 2023 and July 2023, the fund has received £24.8m of contribution payments into the funds bank account.
- 1.31 The monthly contribution returns received from employers for the same period only total £24.3m, meaning that £0.5m 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.
- 1.32 The Pensions Team continue to chase these employers to obtain missing or incomplete monthly returns.
- 1.33 For the contributions reconciled with the monthly returns, this is split as follows:
  - Employer Contributions – £18.6m
  - Employee Contributions - £4.8m
  - Employee Additional Contributions - £0.017m
  - Employer Deficit Contributions - £0.9m

### **Pension Fund Engagement Strategy**

- 1.34 The Pensions Team continue the review of the pension fund’s engagement strategy which will also include an update of the Fund’s Communication Policy.
- 1.35 The review is looking at ways of improving engagement with the pension fund for both members and employers.
- 1.36 The Pensions Team are arranging a “Pensions Myth Busting” session for Council staff in October, where we will be discussing anything pensions related. We have asked staff for any questions that they would like to be answered, rather than the Pensions Team talking about what we think staff will want to know. We have received a small number of responses at the

time of writing this paper. Depending on the success of this session, The Pensions Team may run further sessions in the future, both to Council staff and staff of other employers as well.

- 1.37 After this session, we will also be offering staff individual 1-2-1 sessions, where we can assist on any personal pension issues or questions they may have.
- 1.38 The Pensions Team have also produced a video explaining the 2023 Annual Benefit Statement for staff. A link to this video will be sent to Board members in due course.
- 1.39 The 1 October celebrates the international day of the older person, and the Council are running a "Silver Week" (up to 7 October) with activities and opportunities to showcase what Barnet has to offer and to celebrate our older residents and staff. The Pensions Team have been asked to present a couple of sessions during this week aimed at staff nearing or thinking of retirement. We will also be offering 1-2-1 sessions with these staff to discuss retirement issues and options.
- 1.40 The Pensions Team have also sent questionnaires to all Fund employers as we are keen to hear what they would like in terms of engagement. A few forms have been returned and we will shortly review the responses and use this to improve our engagement strategy and to update our Communication Policy.
- 1.41 We will continue to update the Board on progress at future meetings and we will also provide the Board with the updated Communication Policy.

### **TPR Code of Practice**

- 1.42 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.
- 1.43 The Single Code will be applicable to public sector schemes (replacing the old Code of Practice 14).
- 1.44 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.
- 1.45 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.
- 1.46 The final Single Code has still yet to be published by TPR. When it is, the Pensions Team will review the Single Code and provide further updates and training to the Board.

### **Re and Capita CSG – Estates staff transition back to the Council**

- 1.47 Staff employed by Re (a joint enterprise between Capita and the Council) and CSG Estates staff transitioned back to the Council on 1 April 2023 and 1 September 2023 respectively.
- 1.48 As part of the transition process for both Re and CSG, the Pensions Team ran several webinars to staff who were not previously part of the Barnet Pension Fund and also offered 1-2-1 sessions for these members of staff who wished to discuss their individual pension needs.
- 1.49 Following the Re transition, there was, unfortunately, a delay in these staff receiving their "welcome letters" from WYPF, which confirm their membership of the Fund. It was hoped that these letters would have been sent to staff by the end of May, but this was delayed until the beginning of July.

- 1.50 The reason for this delay was due to WYPF working with Barnet Payroll to correct the data queries arising from the April 2023 monthly contribution schedule (the first schedule to include ex-Re staff). The queries related to both ex-Re and staff already in the LGPS. All the data queries had to be resolved, before WYPF could upload the data onto their admin system, after which the “welcome letters” were sent.
- 1.51 The Pensions Team are working with both WYPF and Barnet Payroll to ensure that the delays incurred for ex-Re staff do not occur for the CSG – Estates staff.
- 1.52 An update will be provided to the Board at the next meeting.

## **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.

- Under the terms of reference for the Local Pension Board, the role of the Board includes 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 to 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