



## Pension Fund Committee

<b>Title</b>	<b>Administration Performance Report and update on other administration and legislative matters</b>
<b>Date of meeting</b>	2 November 2023
<b>Report of</b>	Executive Director of Strategy & Resources (\$151 officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	None
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### Summary

This paper provides the Pension Fund Committee with an update on the current administration performance by West Yorkshire Pension Fund (WYPF), along with updates on other administration and legislative matters.

### Recommendations

**That the Pension Fund Committee note the current performance levels by WYPF and updates on other administration and legislative matters.**

#### 1. Reasons for the Recommendations

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place, along with the presence of quality data.

## WYPF Performance

- 1.2 In August, WYPF processed **1,026** cases with **92.2%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. WYPF performance continues to improve from the beginning of the year, as the recently recruited staff are now fully trained and integrated within WYPF.
- 1.3 The LBB Pensions Team (“the Pensions Team”) monitor WYPF performance monthly. Whilst it is hoped that their performance level will increase to around 95% over the next few months, the commencement of work resulting from the McCloud judgement will increase their workloads and may have a short-term effect on the KPI results.
- 1.4 WYPF work in progress levels remain high; at the end of August, there were around 2,100 outstanding items of work. This will increase as the work following the McCloud judgement starts.
- 1.5 The Local Pensions Board were updated on administration performance at their meeting on 26 September 2023.
- 1.6 The number of complaints and Internal Dispute Resolution Procedure (IDRP) cases received remains very low. There is 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 and this has been responded to.
- 1.7 The Pension Fund has not offered compensation to any fund members since the last Committee 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’s “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.
- 1.8 A Member Newsletter for active fund members was issued in August. An autumn newsletter for all fund members will be issued in the next couple of months.
- 1.9 The Administration Strategy document for the Fund outlines the processes and procedures agreed between West Yorkshire Pension Fund (WYPF) and Fund. Its aim is for WYPF and employers to work collaboratively together in a cost-effective way to administer the Fund whilst maintaining an excellent level of service to members.
- 1.10 Included in the Administration Strategy is an appendix that details how the Pensions Team will monitor the performance of WYPF against several criteria, to ensure that the service they provide to the Fund is satisfactory.
- 1.11 WYPF have now been the administrators for the Fund for three years (which is half the period of their contract). As such, the Pensions Team will now conduct a review of the performance against the criteria in the Administration Strategy. An update will be provided to both the Committee and Board at their respective meetings in early 2024.
- 1.12 In addition, the Pensions Team is reviewing the WYPF fee (which is the largest fee of any Fund supplier) as they have increased significantly over the last couple of years. We will update the Committee when this review is complete.

## Annual Benefit Statements (ABS's)

- 1.13 The 2023 Annual Benefit Statements (ABSs) for active members and Deferred Benefit Statements (DBSs) for deferred members had a deadline for being produced and issued of 31 August 2023. At this date, **98.4%** of ABSs had been produced and **100%** of DBSs.
- 1.14 This meant that there were 99 ABSs not issued by the deadline. This is split between 16 members where WYPF were waiting for the employer to respond to a pay or service query and 83 members where WYPF were working on linking their pension records.
- 1.15 This is an improvement from 2022, when 97.1% of ABSs were issued by the 31 August deadline.
- 1.16 WYPF continue to work to get the remaining statements issued and as of 11 October, 99% of ABSs had been issued with 52 members still to receive a statement.

## Data Improvement Plan

- 1.17 WYPF continue to provide monthly data quality update reports to the Pensions Team showing progress in updating data issues.
- 1.18 Initially, there were **c28,500** data items that needed to be reviewed and updated. As of 2 June, this number had reduced to **c6,750**.
- 1.19 WYPF had previously identified ten areas of data with the largest number of issues that need correcting, and it was agreed with the Pensions Team which of these areas would be worked on first. Two of the ten areas of data have been completed.
- 1.20 WYPF do not anticipate that the next area of work will be completed until the end of August with the fourth data area starting towards the end of the year. These two data areas account for c3,000 of the remaining data items that need correcting.
- 1.21 WYPF also provide updates on both common and conditional data scores. These figures show the presence of data held on members' records. Common data points are needed so that a member can be uniquely identified, such as date of birth and address. Conditional data is used to calculate the member benefits, such as salary and service information.
- 1.22 These data scores are a method for measuring quantity of data and are reported to The Pensions Regulator (TPR) in the Scheme Return. The TPR has targets for common data but not for conditional data.
- 1.23 The common data score for May 2023 was **96.58%** which is above the TPR target. For conditional data, the score was **86.94%**, which has increased significantly since the beginning of the year due to the two areas of data being completed. The target is to get this number to 90% or above by the end of next March at the latest, which is why the Pensions Team and WYPF are focussing on correcting the data issues still outstanding.
- 1.24 At the last Committee meeting, the Pensions team advised that their investigations into the £50million data experience issue identified by the Fund Actuary in the 2022 valuation report had not identified a reason for this. The Pensions Team are looking at possibly using a third-party provider to investigate this issue further. An update will be provided to the Committee at the meeting.

## Historical Leavers

- 1.25 WYPF initially inherited **c1,500** “historic leavers”. Following the work undertaken by WYPF in the 2021 Annual Benefit Statement (ABS) process, this number increased to **c1,950**.
- 1.26 As of 2 June, this number had reduced to **452**, of which **241** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund.
- 1.27 The Pensions Team have recently contacted employers and their payroll providers again where historic leaver forms are still outstanding. This is having some effect, but we have warned both employers and their payroll providers that if any historic leavers are still outstanding by the end of June, we will start to issue fines for non-compliance with the Administration Strategy and will also submit a report to TPR.
- 1.28 The Pensions Team continue to work with the council’s payroll provider to get the Council’s historic leavers processed. The number has now reduced to **185** but these leavers tend to be more complex and are spending more time checking salary and service data before the forms can be submitted to WYPF.

## Pensions Dashboard

- 1.29 The Department for Work and Pensions (DWP) announced a delay to the Pensions Dashboard Programme in March, which was described as a “reset”.
- 1.30 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.
- 1.31 There have been no further updates since the last Committee meeting. The Pensions Team will continue to monitor and report back to the Committee at future meetings with any updates.

## “McCloud” ruling

- 1.32 The McCloud remedy regulations, that would extend the Local Government Pension Scheme (LGPS) statutory underpin protection to younger members of the Fund, were published by the Government on 17 August 2023, which came into force on 1 October.
- 1.33 WYPF had ensured that the calculations have been programmed and were ready for the “live” date. WYPF have reported that there have been no issues reported since 1 October, but as mentioned in paragraphs 1.3 and 1.4, the volume of work may increase in the short term, as they must recalculate members benefits.

## Finance Update

- 1.34 Between April and September 2023, the Fund has received **£28.7m** of contribution payments.
- 1.35 For the contributions split is as follows:
  - Employer Contributions – £21.9m
  - Employee Contributions - £5.68m
  - Employee Additional Contributions - £0.02m
  - Employer Deficit Contributions - £1.1m

## **Pension Fund Engagement Strategy**

- 1.36 The Pensions Team is continuing the review of the pension fund’s engagement strategy which will also include an update of the Fund’s Communication Policy.
- 1.37 The review is looking at ways of improving engagement with the pension fund for both members, employers and other stakeholders. (i.e., councillors and members).
- 1.38 The Pensions Team are arranging a “Pensions Myth Busting” session for Council staff on 13 November, where we will be presenting on pensions-related topics requested by members. The Pensions Team may run further sessions in the future, both to Council staff and staff of other employers as well.
- 1.39 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.
- 1.40 The Pensions Team have also produced a video explaining the 2023 Annual Benefit Statement for staff.
- 1.41 The 1 October celebrated the international day of the older person, and the Council ran a “Silver Week” (up to 7 October) with activities and opportunities to showcase what Barnet has to offer and to celebrate older residents and staff. The Pensions Team presented at a couple of sessions during this week aimed at staff nearing or thinking of retirement and again also offered 1-2-1 sessions with any staff who wished to discuss their retirement issues and options.
- 1.42 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.
- 1.43 We will continue to update the Board on progress at future meetings and we will also provide the Committee with the updated Communication Policy.

## **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 Pension Fund Committee supports the delivery of the Council’s strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.
- 4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

**Corporate Performance / Outcome Measures**

4.4 Not applicable in the context of this report.

**Sustainability**

4.5 Not applicable in the context of this report.

**Corporate Parenting**

4.6 Not applicable in the context of this report.

**Risk Management**

4.7 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**

4.8 Not applicable in the context of this report.

**Social Value**

4.9 Not applicable in the context of this report.

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

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

**6. Legal Implications and Constitution References**

6.1 Government Guidance around the pooling requirements is linked in the body of this report.

6.2 Under the Council's Constitution Part 2b the terms of reference for the Pension Fund Committee, the Committee is to have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including:-

- To ensure compliance with all Local Government Pension Scheme statutes, regulations, and best practice.
- To monitor the administration of the Pension Fund.
- To approve admissions agreements with any admission body.
- To consider recommendations from the Local Pension Board.
- To determine how the various administering authority
- To consider recommendations from the Local Pension Board.

## 7. Consultation

7.1 Not applicable in the context of this report.

## 8. Equalities and Diversity

8.1 Pursuant to the Equalities 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