



Pension Fund Committee

18 April 2024

Title	Administration Performance Report And Update On Other Administration And Legislative Matters
Date of meeting	18 April 2024
Report of	Interim Executive Director of Resources (S151 officer)
Wards	All
Status	Public
Urgent	No
Appendices	Appendix A – Update on the £45m Data Investigation
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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 February, WYPF processed **970** cases with **c89%** cases being completed within the agreed Key Performance Indicators (KPIs) targets. Their performance against the KPIs has been consistently around the minimum target that the LBB Pensions Team expects of 90% for the past few months.
- 1.3 The LBB Pensions Team monitor the performance of WYPF monthly. As WYPF continue to process the additional work resulting from the McCloud judgement, along with completing backlogged tasks, it is expected that the performance level will remain around this level over the next few months. Ideally, in the medium term, it is hoped that WYPF performance can move up towards the 95% level.
- 1.4 The Local Pensions Board were updated on administration performance at their meeting on 11 March.
- 1.5 The number of complaints received by WYPF continue to remain very low, as does the number of Internal Dispute Resolution Procedure (IDRP) cases received, with currently two stage 1 IDRP cases in progress. There are no stage 2 cases ongoing. The Pension Ombudsman has raised three complaint cases, of which two have been processed and we are waiting their response, with the other complaint currently being worked on.
- 1.6 The LBB Pensions Team have recently adjudicated on a stage 2 IDRP case, where it was decided to offer the member compensation of £2,000. This is in line with classification of “severe” under the TPO’s “non-financial injustice guidelines. This case involved long delays and incorrect information when his retirement was processed, which lasted over a period of around 5-6 years. The member is now in receipt of his correct pension.
- 1.7 In addition, the same member also suffered a tax charge from the scheme due to the maladministration and we have also offered to reimburse the member for this charge which amounted to £2,826. The member has accepted both offers and we have arranged payment.
- 1.8 The Pensions Team have started the review of WYPF’s performance against the criteria in the Administration Strategy. This is ongoing and the Committee will be updated with the results of this review at the next meeting in July.

Annual Benefit Statements (ABS’s)

- 1.9 The 2023 Annual Benefit Statements (ABSs) for active and deferred members exercise ended on 20 March. At this date issued of 31 August 2023. At this date, **99.4%** of ABSs had been produced.
- 1.10 This means that there are **39** members who did not receive a 2023 ABS. There are 21 members where WYPF were waiting for the employer to respond to a pay or service query. The remaining 18 members are where WYPF are waiting payment from other Councils for members who wish to link previous service.

- 1.11 The Pensions Team will contact the employers who did not respond to WYPF queries, to ascertain the issues and to ensure that the same issues are not repeated in the 2024 ABS exercise.

Data Improvement Plan

- 1.12 WYPF continue to provide monthly data quality update reports to the Pensions Team showing progress in updating data issues. Initially, there were **c28,500** data items that needed to be reviewed and updated. As of 13 March, this number had reduced to **c6,600**.
- 1.13 WYPF have completed two of the ten previously identified areas of data with the largest number of issues that need correcting. The next stage is still waiting for the completion of work relating to members' Guaranteed Minimum Pensions (GMPs). Once complete, this will account for nearly 2,000 items of data that needs updating. We expect that this will be finalised within the next few weeks. An update on this will be provided at the meeting.
- 1.14 WYPF will also shortly run a bulk address tracing exercise across all the funds that the administer, so missing addresses and postcodes can be updated. There are **c950** members in the Barnet Fund where there is either an incorrect or no address held.
- 1.15 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.
- 1.16 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.
- 1.17 The common data score for February 2024 was 96.3% which is above the TPR target. For conditional data, the score was 88.3%. Once the GMP work being undertaken by WYPF is completed, this will improve the conditional data score, whilst updating addresses will improve the common data scores.
- 1.18 In previous Committee meetings, the Pensions team have discussed their investigations into the £45million data experience issue identified by the Fund Actuary in the 2022 valuation report.
- 1.19 A summary of the work recently undertaken, and actions required is shown in Appendix A
- 1.20 The Pensions Team have engaged Hymans Robertson to review and reconcile the membership used in previous valuations and WYPF have been asked to provide updates on membership numbers for previous years based on the current data held.
- 1.21 This work is still ongoing and another update will be provided to the Committee at the next meeting in July.

Historical Leavers

- 1.22 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**.
- 1.23 As of 1 December, this number had reduced to **298**, of which **123** are leavers who left before 1 November 2020 when WYPF took over the administration of the Fund. Included in this figure are **78** ex Council employees.

- 1.24 The Pensions Team continue to work with WYPF, employers and their payroll providers to get the remaining cases processed. These cases tend to be more complex and take longer to get the correct data before a leaver notification can be sent to WYPF.

Pensions Dashboard

- 1.25 The Department for Work and Pensions (DWP) has set an ultimate deadline of 31 October 2026, for the Pension Dashboard to be implemented and the staging date for public service pension schemes will be **30 September 2025**.
- 1.26 The Pensions Team will continue to monitor and report back to the Committee at future meetings with any updates.

Finance Update

- 1.27 Between April 2023 and January 2024, the fund has received £58.1m of contribution payments into the funds bank account.
- 1.28 The monthly contribution returns received from employers for the same period only totalled £61.7m, meaning that £3.6m of the contributions received relate to employers who have yet to make contribution payments or have sent in returns which do not reconcile to the amounts received. The Pensions Team continue to chase these employers to obtain missing or incomplete monthly returns.
- 1.29 For the contributions reconciled with the monthly returns, this is split as follows:
- Employer Contributions – £47.1m
 - Employee Contributions - £12.2m
 - Employee Additional Contributions - £0.053m
 - Employer Deficit Contributions - £2.3m

Pension Fund Engagement Strategy

- 1.30 Recently, the LBB Pensions Team have recently undertaken the following activities in terms of engaging with members and employers:
- 1.31 **‘Pensions Myth Busting Training’** – the LBB Pensions Team ran in person training session in Colindale for staff with the aim of demystifying the world of pensions. The session included topics that were requested by staff plus information on the most common questions that asked to the Pensions Team.
- 1.32 It was attended by around 25 staff (unfortunately, it fell on a day of a train strike). Positive feedback was received, and the Pensions Team will run the session again in the summer.
- 1.33 **‘Basic guide/introduction to pensions training’** – this training was requested by employers, primarily due to several new business managers joining schools with a limited knowledge of pensions. The training was held virtually on four different dates with around 50 attendees.
- 1.34 **‘Pension Surgeries’** – the Pensions Team have started to host 1-2-1 sessions with pension fund members to discuss any pensions questions or issues they have. This is going to be a monthly exercise and will take place in the Colindale office.
- 1.35 The Pensions Team (along with WYPF) also ran a similar session for members at the Street Scene depot via MS Teams. This was well attended and will be run again in April or May.

1.36 The Pensions Team have also been asked to present to members on how the LGPS works at several schools and these will take place during the next few months.

TPR new Code of Practice

1.37 On 10 January 2024, The Pensions Regulator (TPR) published its new general code of practice (the “Code”). The new code consolidates 10 of the current 15 existing codes of practice into one code setting out TPR’s expectations on scheme governance and administration. This replaces the current Code of Practice 14 that applies to public sector schemes, including the Local Government Pension Scheme (LGPS).

1.38 The new code is around 170 pages as opposed to 460 pages of the current 15 existing codes.

1.39 The new code is due to come into force on **27 March 2024**.

1.40 The new Code provides increased clarity on the definition of the governing body for public sector schemes. The new Code recognises that the governance of such schemes needs to consider the differing responsibilities of a ‘Scheme Manager’, Local Pensions Board and where appropriate, the Pension Fund Committee.

1.41 There are also several areas of good practice which sit alongside the core modules in the new Code. Whilst compliance with these good practice modules will not be a legal requirement, it is expected that schemes consider all these areas of the new Code.

1.42 The Pensions Team is analysing the new Code and are developing a plan on how the new Code will affect the Barnet Fund and we will share this with both the Committee and Local Pensions Board at future meetings.

1.43 The Pensions Team will also arrange for training to both the Board and Committee members on the new Code. This may be presented by the Barnet Pensions Team or an external source. Further details will follow in due course.

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 Under the Council's Constitution Part 2B Section 15.1, 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