# Staff and Pensions Committee

# 7 March 2022

# Pensions Administration Activity and Performance Update

### Recommendation

That the Committee note and comment on this report.

## 1. Executive Summary

1.1 This report updates the Board on the key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

## 2. Financial Implications

2.1 All financial implications are dealt with in the body of this report.

## 3. Environmental Implications

3.1 None

## 4. Member Self Service (MSS)

4.1 The implementation of MSS has begun. The PAS are working with software suppliers and internal ICT teams to deliver this project.

4.2 Testing of the system has started. We will look to provide easy to follow instructions for logging on and sign-posting to our website so that members can look there first to answer general questions regarding the pension scheme. We do anticipate receiving more enquiries during the launch period; however, we will look to complete the roll out in phases so that we can manage the additional queries we expect from members.

## 5. Key Performance Indicators (KPIs)

5.1 Appendix 1 shows the KPIs for the period 01st April 21 to 31st January 2022.

5.2     KPIs where a payment is to be made are treated as highest priority.

5.3     For KPIs that are not being achieved:

KPI 1 - providing transfer information: This has stayed relatively consistent over the last few months. We would expect this to improve following the Fire Administration being outsourced and more resource being allocated to transfers. There is also a clear increase in the number of Transfers investigated – last year we investigated 724 transfers, whereas so far this year we have investigated 656 and this would equate to 787 over a year.

KPI 2 - relating to transfers out:  This has improved significantly since last month. We would expect this to continue to improve following the Fire Administration being outsourced and more resource being allocated to transfers.

KPI 3 - Payment of refunds - In January,18 of the 19 payments were made within 12 days. This has been lower than expected due to absence and leave over the Christmas period.

KPI 4 – Letter notifying estimate of benefits: – there were 39 cases and this KPI was missed in 7 cases due to team holiday and prioritising payments.


## 6.     Workloads

6.1     The PAS has been monitoring the tasks outstanding and completed by the service since the 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 2365 live tasks as at 31 January 2022. The overall volume of work is being managed effectively in spite of increases in demand in some areas.


## 7.     Breaches

7.1     In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.

## WPF Employer Breaches 21/22
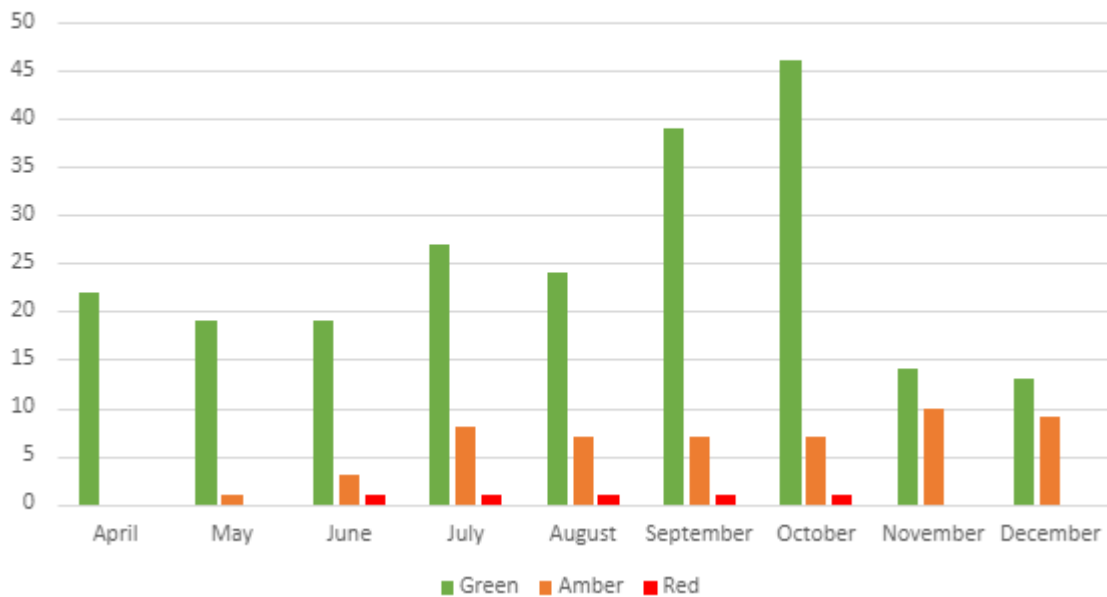


7.3   The levelling in green breaches is down to improved engagement with a number of multiple payroll providers. Previous months have seen a higher number of breaches where one or two multiple payroll providers have missed the i-Connect deadline but this has not been the case from November to date.

A notification has been sent to the employers and payroll provider to ensure payments are received by 19th of each month going forward.

7.4   As part of the monthly breaches review, we have also identified that a reminder to employers that is automatically sent out via the I-Connect system is sent out at the beginning of each month. The team will now issue a reminder to complete their submission to all employers on the 10th of each month.

## 8.   McCloud Project

8.1   The McCloud project is continuing. The data collection exercise has been completed for the Local Government Scheme, in part with the majority of employers either providing information regarding changes for their employees or signing a disclaimer to confirm they agree that the data held on the pension's administration record is correct.

8.2   The PAS will now look to move on to the next phase of work which is benefit rectification and the updating of our work processes to include the check for the underpin protection for members in scope.

8.3 The government response to the consultation is now expected in Spring 2022, with draft legislation for the changes required expected to be released in April 2022 for consultation. These are intended to be implemented by April 2023 but will be retrospective.

8.4 Other legislation that is required to remedy discrimination is contained within the Public Service Pensions and Judicial Offices Bill, which will have retrospective effect from 1 April 2015. The Finance Bill 2021-22 and supporting regulations will also contain technical changes to ensure that the pensions taxation framework can operate as intended following the McCloud reforms. The bill includes some amendments which will lead to additional work having to be undertaken as part of the project for the Local Government Pension Scheme:

- changes to the qualification criteria, bringing more members into scope for the McCloud remedy
- a requirement for multiple periods of service to be aggregated to qualify for McCloud
- provisions for teachers to be offered membership of the LGPS in respect of "excess teacher service"

8.5 The Fund's actuary, Hymans, has completed an analysis of all fund employers to assess the individual impact and letters have been sent out to confirm this.

8.6 For the Firefighter Pension Schemes remedy work, the processing of immediate detriment cases has been made more difficult as a result of the Home Office withdrawing their guidance on this. A separate report is provided which provides further information and the decision the Council has taken regarding the processing of these cases.

## 9. Internal Dispute Resolution Procedure (IDRP)

9.1 The Fund has 2 outstanding IDRP cases, both at Stage 1.

9.2 The Fund has also received one complaint.

## 10. Guaranteed Minimum Pension (GMP) reconciliation exercise

10.1 The work to complete the GMP reconciliation and rectification continues, and targeted resources have been in place since August 2021. Priority is being given to members already in receipt of their pension where the amount they are receiving needs to be amended.

10.2 The total number of outstanding cases was 2,618. The number of cases that have been rectified up until 31st January 2022 is 1937, of which 940 overpayments and 74 underpayments have been identified. For all overpayments a letter has been sent out to the member to confirm that the pension in payment needs to be amended. If there is a significant change to

the value, we work with the member to ensure that the reduction does not create any financial hardship.

10.3    For underpayments the payment is adjusted for the next available payment to the member, and this will include any arrears that are due.

10.4    Due to the significant cost to the fund for the overpayments that have been identified, a paper has gone to the Leader of the Council to seek approval to write off any overpayments owed by members that have been caused by incorrect GMP information being held on record. This is the agreed course of action  taken by the majority of LGPS funds and other public sector pension schemes.

10.4    923 cases have resulted in a change to the GMP information held on the member record but have not affected the pension in payment as the member has either not yet reached state pension age or the figures have balanced due to only being post 88 GMP.

10.5    There is one case where a significant overpayment has been uncovered, which relates to an incorrect GMP being held on the member record, as well as an incorrect value to be paid to the member being set up when the pension commenced in 2009. The PAS is working with the member to put the correct value of pension into payment.


## 11    Pensions Dashboard

11.1    The government is introducing new "Pensions Dashboards" which are intended to revolutionise the way people interact with their pensions. They will make accessing pensions information easier by allowing people to see what they have in their various pensions in one place.

11.2    The PAS have set up a project group to look at the work that will be need to be done in preparation for the Pensions Dashboard going live in 2023.

11.3    The majority of the work is linked to data quality which will ensure that members can trace all their pension benefits back to the correct provider. This is turn is likely to increase the number of enquiries the team will receive from members, particularly those that are no longer actively contributing to their pension in the Warwickshire Fund but have an entitlement to a benefit from the fund.

11.4    With the introduction of MSS we hope to sign post members to this facility so that they can gather information via the self-service portal and therefore reduce the number of queries the team would need to deal with.

## 12. Transfer of Firefighter Pensions Administration service and Pensioner payroll

12.1 Work continues on the project to transfer the Firefighter Pensions administration work to West Yorkshire Pension Fund and is on track to achieve the transfer date of 1st April 2022.

## 13. Timescales associated with the decision and next steps

None

**Appendices**

Appendix 1 KPI Chart
Appendix 2 Work received compared to work completed chart
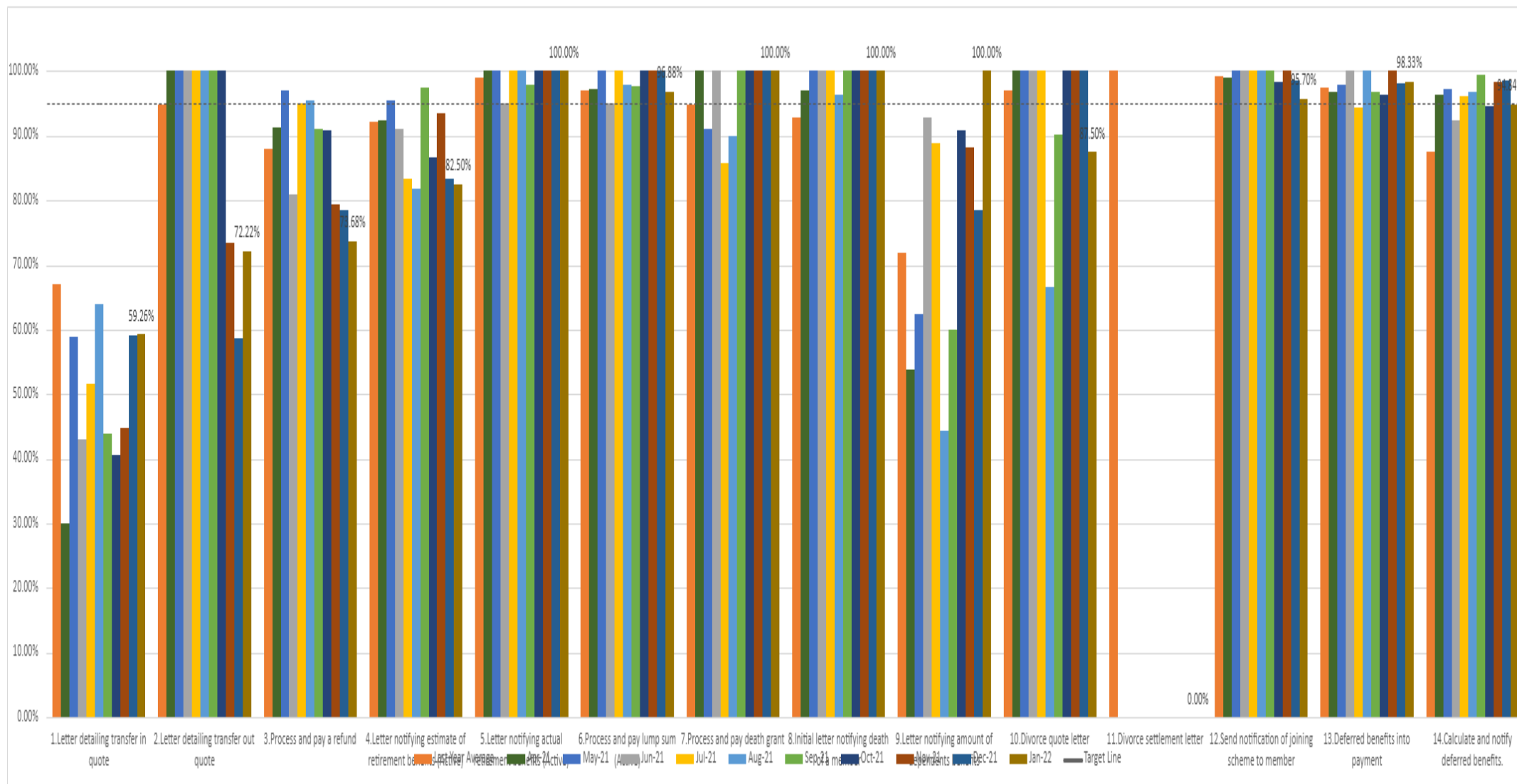Appendix 2 Total work outstanding

**Background Papers**

None

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The report was circulated to the following members prior to publication:
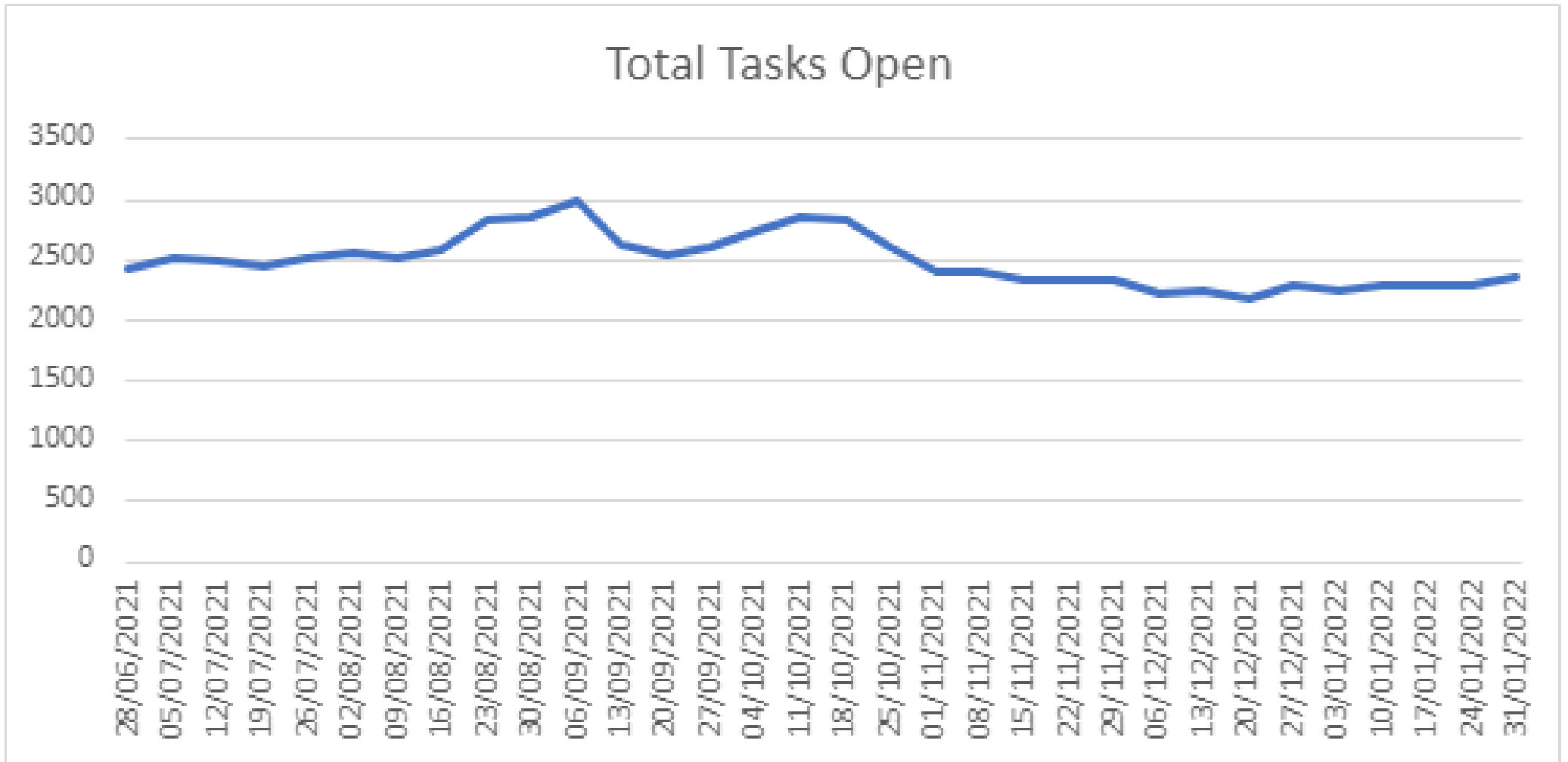
Local Member(s): Cllr Andy Jenns
Other members: n/a

# Appendix 1 - KPI chart



The chart may be difficult to read if you receive a black and white paper copy.  This chart will be shared on screen in colour during the meeting

Appendix 2 - Total work outstanding



Total Tasks Open

# Appendix 3 – Comparison of incoming and completed tasks