

Staff and Pensions Committee

13 June 2022

Warwickshire Pension Fund Pensions Administration Activity and Performance Report

Recommendation

That the Committee endorses and comments on the report.

1. Executive Summary

- 1.1 This report updates the Committee 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 MSS has now gone live, the team have been rolling out invites to members, so that they can create their user accounts.
- 4.2 We have enlisted the help of all scheme employers to promote MSS. We have also advertised the tool on Working for Warwickshire, our internal intranet, social media, and the Fund website.
- 4.3 This year, Annual Benefit Statements will be made available via MSS, rather than sending paper statements out. The cost to provide paper statements is approximately £25k per annum. Any member who cannot access MSS can opt to receive a paper copy. Making the statements available online will also help with the Council's target for reducing our carbon footprint.

5. Key Performance Indicators (KPIs)

- 5.1 Appendix 1 shows the KPI percentages for the period 01st April 21 to 31st March 2022.
- 5.2 KPIs where a payment is to be made are treated as highest priority.

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.

KPI 3 - Payment of refunds – This KPI has stayed consistent over the last 2 years with 88% being paid on time, however there has been an increase from 335 paid in 2020/21 to 361 refunds paid in 2021/22.

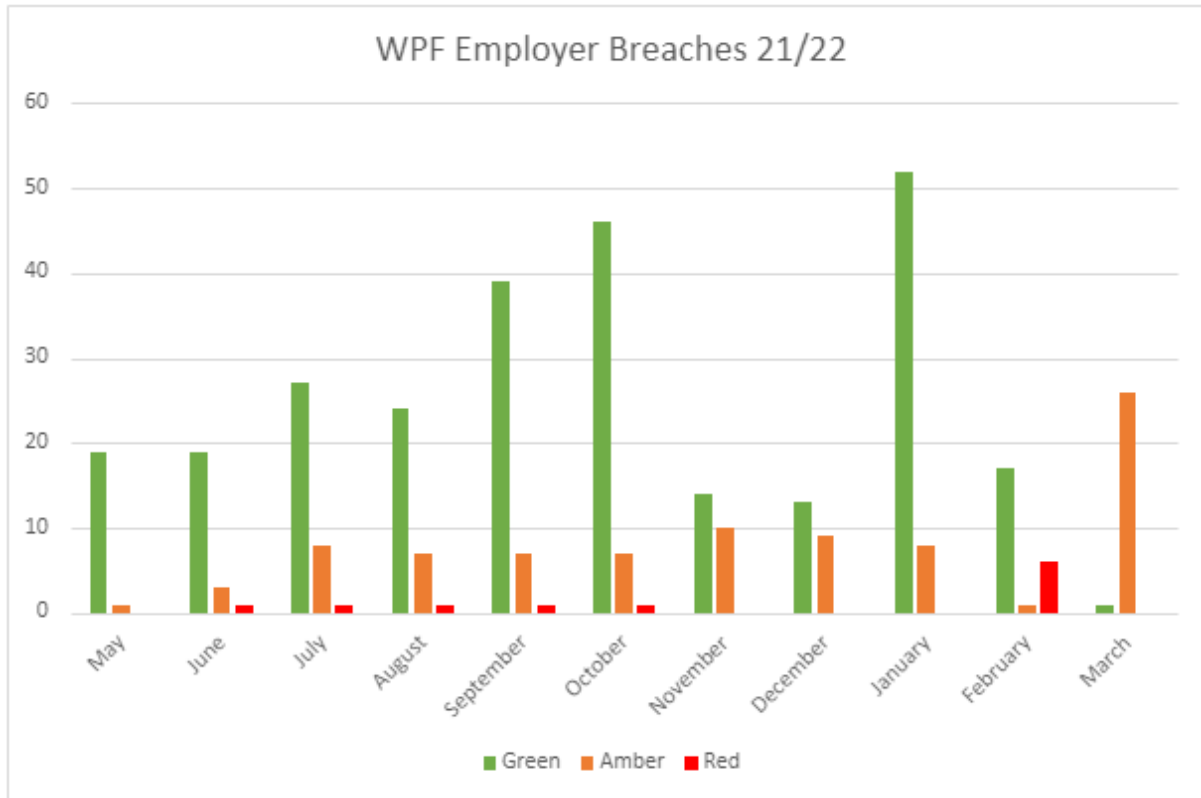
KPI 9 – Deaths with dependants can be complex calculations, which can include service going back decades and involve old pension rules regarding service and entitlement. Files can be held offsite so in complex cases this can mean we need to request the files which adds to in-house time spent. We are constantly reviewing how these cases are dealt with and adapting our processes to ensure we are able to get the right information out to members in a timely way.

6. Workloads

- 6.1 The PAS has been monitoring the tasks outstanding and completed by the service since 1st April 2020. The chart at Appendix 2 shows the volume of outstanding work across the service and indicates that there were 2,538 live tasks as at 31st March 2022.
- 6.2 For the year 2022 we have completed 71,047 tasks and created 73,585 tasks. The chart at appendix 4 shows a comparison with last year where we completed 57,424 and created 56,845. This shows we were able to clear 579 tasks that were backlog from the previous year.

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.



- 7.2 A red breach has been reported to the Pensions Regulator in March 2022. This is in relation to an employer who has not provided monthly returns on time for the period 1st April 2021 to 31st March 2022 for a number of academies. The multi academy trust had changed payroll provider, and this has contributed to the delay. Following the report to the Pensions Regulator all outstanding information has been received and the trust is looking to supply information via i-Connect. No further action was taken by the Pensions Regulator.

8. McCloud Project

- 8.1 The McCloud Project is continuing, however the Local Government Association indicated that there will be a delay in the release of the regulations that were originally expected in April 2023 and these are now likely to be in place by October 2023.
- 8.2 The recruitment for posts within the Pensions team dealing with the rectification work will take place later than planned because of this delay.

9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 The Fund has three outstanding IDRP cases, 2 at Stage 1 and 1 at stage 2.
- 9.2 Two cases relate to the transfer out of benefits to other pension arrangements, and one relates to the reduction of a member's pension relating to the GMP rectification exercise.

10. Guaranteed Minimum Pension (GMP) reconciliation exercise

- 10.1 The GMP reconciliation and rectification exercise has been completed.
- 10.2 The total of number cases that required a review was 2,618, resulting in 1,180 overpayments and 122 underpayments. The remaining 1,316 were cases where a the GMP is not yet being applied and the GMP information has now been updated on the members record.
- 10.3 The 1,302 cases to review, that resulted in an over/under payment, were where the data from HMRC and what was held on the pension record did not match:
- Average value of underpayment £118 per year
 - Average value of overpayment £195 per year
 - On average most payments have been incorrect for approx. 17-18 years

Total cost to pension fund (as of 31 March 2022)

- Overpayments - £2.2m for 1180 cases
 - Underpayment - £45k for 122 cases
- 10.4 The Fund has had regard to a guidance note issued by the Local Government Association (LGA) in 2017 which addressed the recovery of overpayment of pension in these circumstances. It was recommended that, in line with this guidance, the Fund would not seek to recover the overpayments for the following reasons:
- a) Given the complexities around GMP rules, it would be unfair to assume that the affected member could have had any knowledge or understanding at an earlier time that this resulted in their pension being overpaid.
 - b) Most people affected are likely to be elderly and vulnerable and already facing rising inflation and costs of living. These factors could impact the Fund's ability to recover some or all of the overpayment and lead to additional unrecoverable costs in taking any recovery action.

- c) The average overpayment is £195 per year (although the maximum total historic overpayment identified to date is just under £28k). It would not be cost effective in many cases to pursue the overpayments as debts, given the volume of cases, the costs of legal action and the low value per claim.
- d) It is arguable that the Fund could have discovered the overpayments itself at an earlier point in time which could render some claims time barred under limitation rules.
- e) This is the approach that has been taken by the majority of LGPS and public sector funds in the same situation.

10.5 The Leader approved the decision not to seek to recover any past overpayments of pension made to members of the Warwickshire Local Government Pension Scheme which have been identified through the GMP reconciliation exercise. All costs are payable from the Warwickshire Pension Fund.

11. Pensions Increase

11.1 Pensions increase for 2022 is 3.1%. This has been applied to pension payments from 11th April 2022.

12. Transfer of Firefighter Pensions Administration Service and Pensioner payroll

12.1 The transfer of the Firefighter pensions administration and pensioner payroll has now successfully been completed, from 1st April 2022 the service is being provided by West Yorkshire Pension Fund.

12.2 The contract will be managed by a member of the Pension Administration Service, with regular client meetings scheduled. A regional collaboration group has also been established which includes colleagues from Hereford & Worcestershire, Staffordshire, Shropshire, and Leicestershire, Derby and Nottinghamshire. This group will look to ensure best practice and consistency for governance of the schemes.

13. Timescales associated with the decision and next steps

None

Appendices

None

Background Papers

None

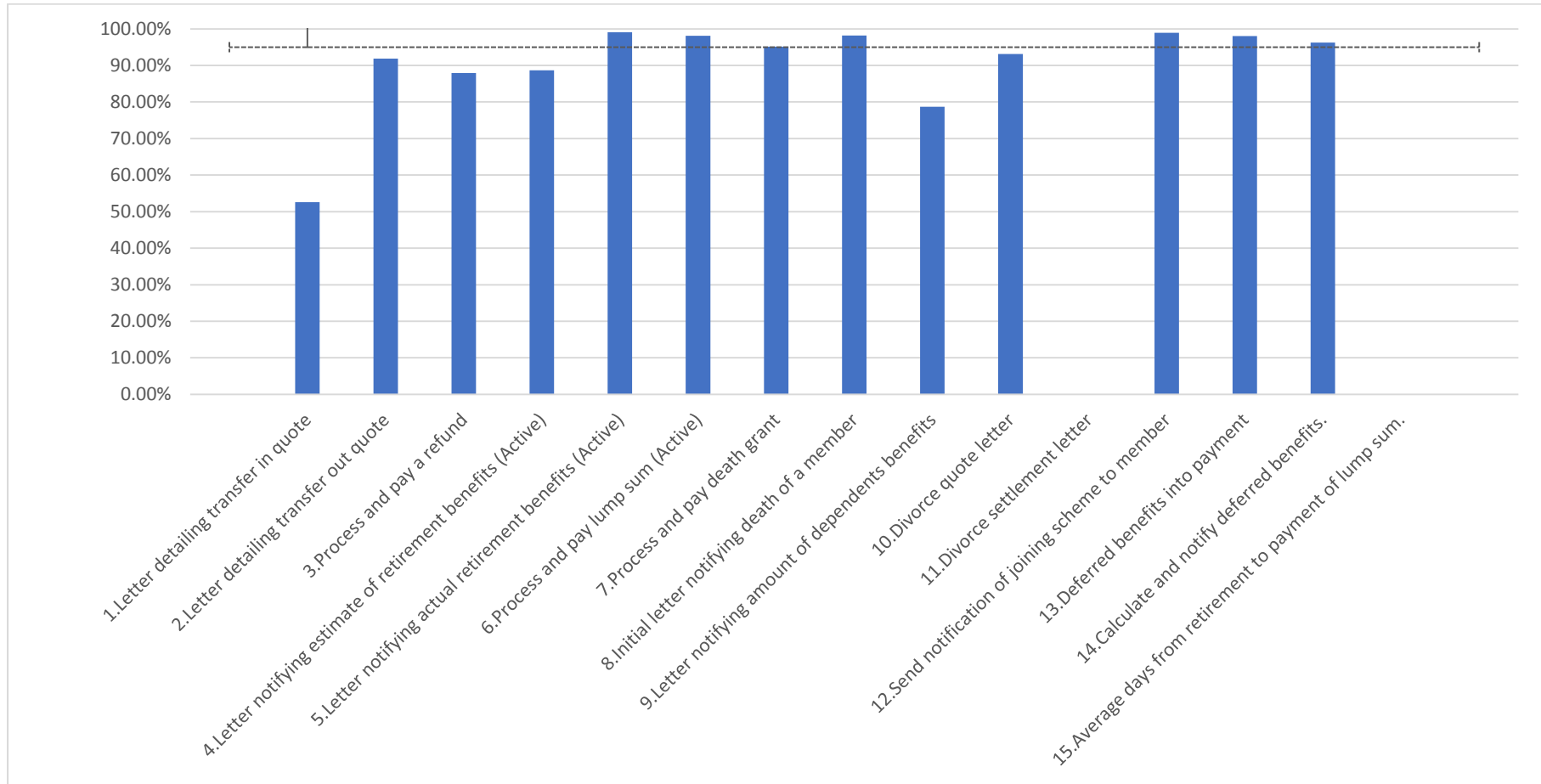
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The report was circulated to the following members prior to publication:

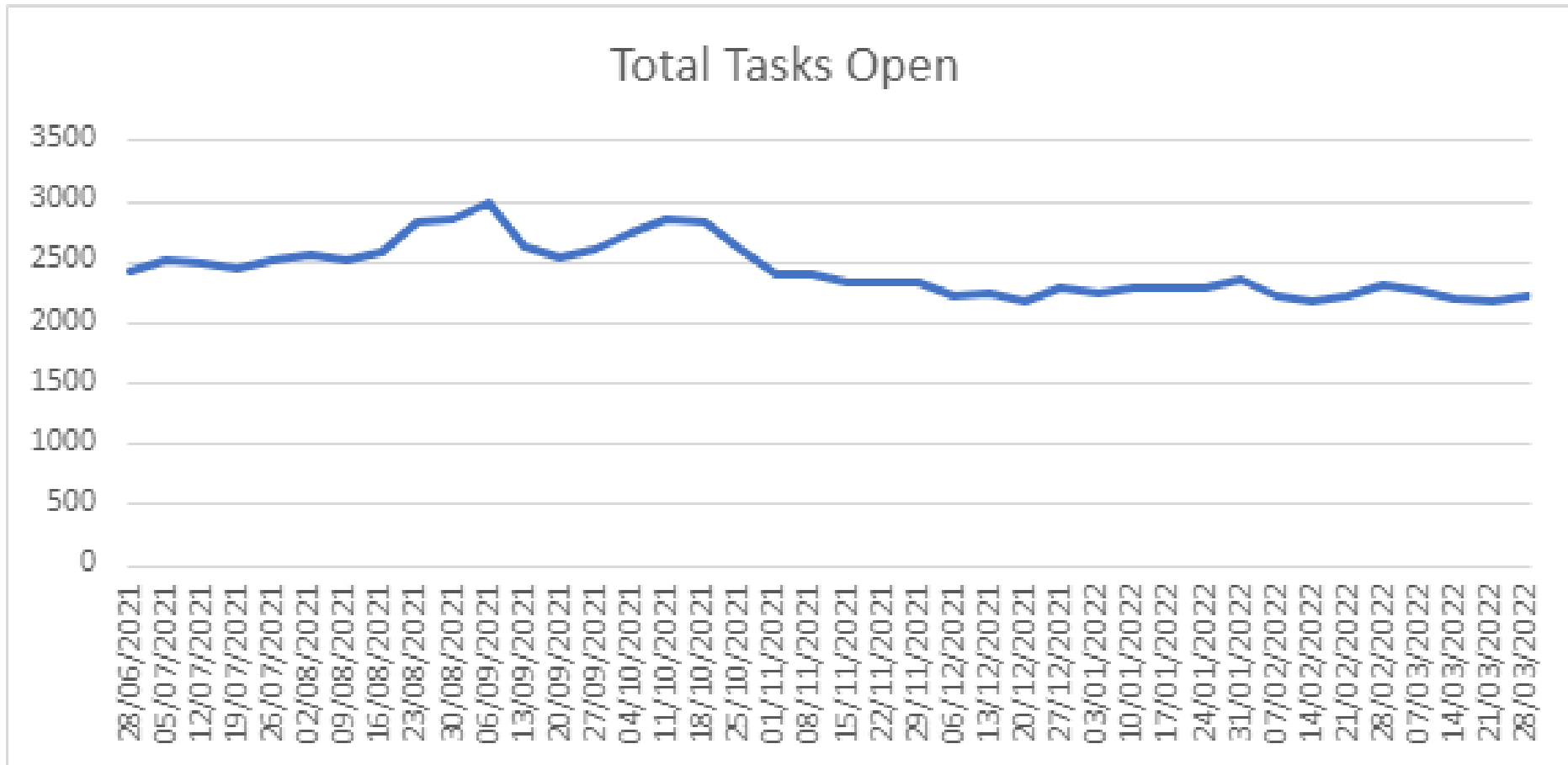
Local Member(s): Cllr Andy Jenns

Other members: n/a

Appendix 1 – KPI Chart



Appendix 2 – Total Open Tasks Across the Year



Appendix 3 – Completed Cases per year

Completed and Created Work

