

# Warwickshire Local Pension Board

18 October 2022

## Pensions Administration Activity and Performance Update Staff and Pensions Committee

### Recommendation

That the Board notes and comments on the 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

None

### 4. Member Self Service (MSS) and Annual Benefit Statements

- 4.1 MSS went live in April and Annual Benefit Statements have been made available via MSS, rather than sending paper statements out. 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 its carbon footprint.
- 4.2 Currently 24% of eligible scheme members both active and deferred have signed up, Pensioner roll out will commence alongside the move to e-payslips later in the year.
- 4.3 99.94% of Deferred Annual benefit statements (27 had errors which need to be investigated) and 98% Active Annual benefit statements were sent out to members by 6th August 2022. There were approximately 354 statements that

were not produced because of issues with the data supplied by the member's employer. This is in comparison with approx. 600 errors that were picked up last year and over 3,000 that were picked up the year before. The reduction in queries has been led by the use of I-connect and data quality work that the team are completing.

- 4.4 The move to MSS has meant that we were able to produce and publish the statements to a much shorter timescale this year, as we have not produced paper statements. However, members can request a paper statement if they are unable to access MSS.

## **5. Key Performance Indicators (KPIs)**

- 5.1 Appendix 1 shows the KPI performance for the period 1 April 2022 to 31<sup>st</sup> August 2022. 9 out of 14 KPIs are meeting their targets and 4 of the remaining 5 are close to meeting their targets. KPIs where a payment is to be made are treated as highest priority.

- 5.2 For KPIs that are not being achieved:

- 5.3 KPI 1 – Letter detailing transfer in quote – this is currently 64.29%. This has increased from 60.45% since the last report and is up from 52.56% in 21/22. More resource has been allocated to deal with transfers and this is helping to improve the number of cases dealt within the KPI timescale. However, at the same time we are seeing an increase in the number of transfers being requested.

- 5.4 KPI 2 – Letter detailing transfer out quote – this is currently 87.94% which is slightly lower than last year's 91.89%. This is largely due to the need for a more thorough check of the company the benefits may be transferred to before a request to transfer out can be processed. New processes have been established since the changes to regulations which brought in these checks last November, but in some cases a review by the Team leader is required if a Red or Amber flag is triggered and this will add to the time taken for that request.

- 5.5 KPI 4 – Letter notifying estimate of retirement benefits – currently 89.5%, this is up from 88.64% from 21/22. These cases can involve a full review of a members file as we are calculating the whole pension value. In the instance of an error in the data on the file then it can delay the calculation and the case.

- 5.6 KPI 8 – Initial letter notifying death of a member - currently 93.15%, this has fallen since last year's 98.21%, due to the impact of unexpected staff absence through the summer. We are working to improve this KPI and would expect it to go up in the next report.

- 5.7 KPI 9 – Letter notifying amount of dependents benefits – currently 84.92%, this has increased from 78.72% last year. These are some of the most

complex cases that we calculate and very often are based on historic regulations. The files for members who have retired are currently held in offsite storage so this can create delays for any queries when these have to be retrieved. The team are investigating the possibility of scanning all member files held in storage.

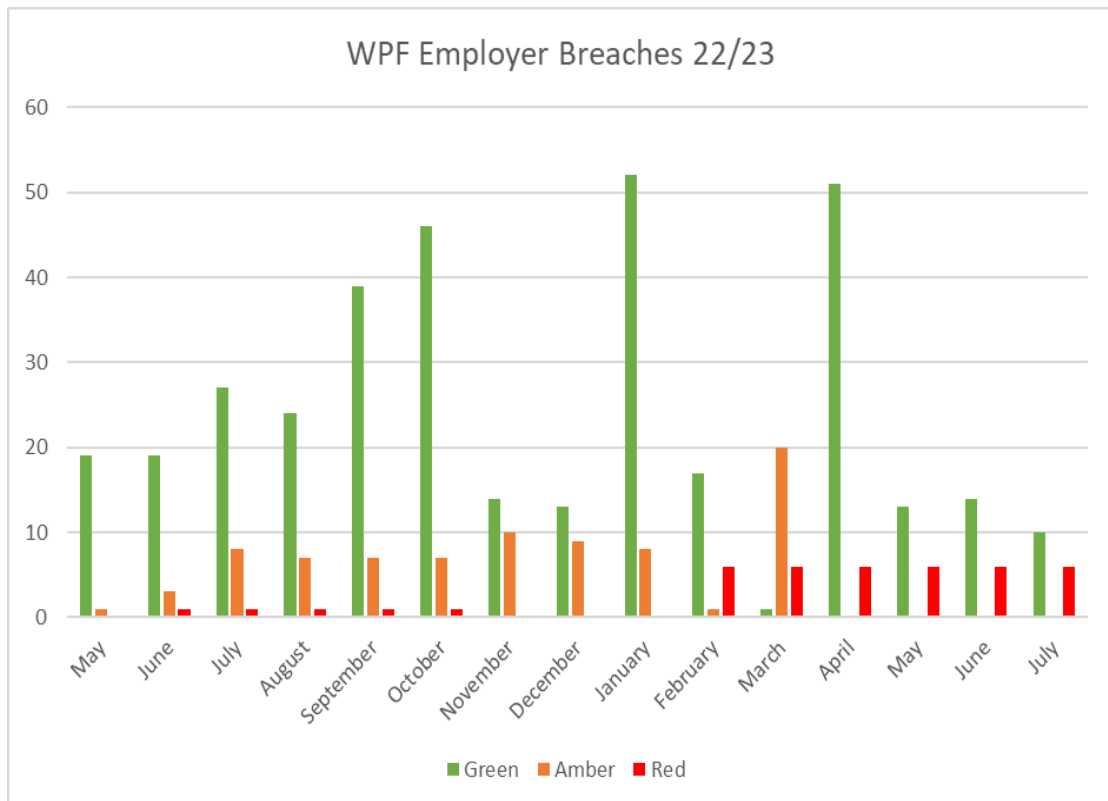
- 5.8 The introduction of i-Connect has introduced efficiencies for the team, however, through the summer the team have been working on implementing Member Self Service (MSS) as well as additional work for the Valuation and issuing Annual Benefit Statements, therefore we have had to prioritise and direct resources to complete this work.

## **6. Workloads**

- 6.1 From April 2022 we are using a different tool for reporting. This provides data by calendar year rather than financial year.
- 6.2 In the eight months to 31<sup>st</sup> August 2022 the team had completed 24,860 tasks. This compares to 18,806 completed cases in 2020 and 23,872 in 2021 for the period 1<sup>st</sup> January to 31<sup>st</sup> August.

## **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 Work continues with the Birmingham Diocese Multi Academy Trust (BDMAT) to complete the fund's outstanding data requirements. 21/22 member data has been provided, and Annual Benefit Statements were issued for the BDMAT scheme members on 31<sup>st</sup> August. Monthly returns for April to August 2022 were still outstanding. BDMAT have been reported earlier in the year to The Pensions Regulator (tPR) for providing information late. In September all outstanding information for BDMAT was received together with payment of outstanding contributions. Future returns will be provided via I-Connect.

## 8. McCloud Project

8.1 The McCloud Project is continuing, however the Government's response to the consultation for the Local Government Scheme has now been delayed further until the beginning of next year.

8.2 The LGA have provided the following information with regard to timescales:

*Alongside the Government response, we intend to publish an updated version of the draft regulations implementing the McCloud remedy. The updated draft regulations will reflect the new powers in [Chapter 3 of Part 1](#) the 2022 Act governing the statutory underpin, as well as technical feedback we received at the 2020 consultation and any changes in policy. To ensure the updated draft regulations are accurate in light of the changes made, they will be subject to a further period of consultation early in 2023. At that time, we will also consult on other aspects of the McCloud remedy which did not feature in our original*

*consultation (for example, compensation and rates of interest). **The regulations will be made later in 2023 and will come into force on 1<sup>st</sup> October 2023.** We intend to issue statutory guidance on the implementation of McCloud in 2023 following a period of consultation.*

*This approach will ensure that the regulations, when made, will reflect all aspects of the remedy and have been appropriately scrutinised. We would encourage LGPS administrators to begin taking steps towards the implementation of McCloud remedy following the publication of the Government response and will shortly be holding a meeting with software suppliers to discuss the implementation of the McCloud remedy to this timetable.*

- 8.3 The PAS is continuing to prepare for the implementation of the McCloud remedy in accordance with the LGA's advice.
- 8.4 The Pensions Ombudsman (TPO) has a factsheet that sets out its views on what affected members and schemes can do now and TPO's present approach to dealing with McCloud complaints.
- 8.5 TPO's general starting position is that it would not investigate McCloud complaints. This is because it acknowledges that the Government is taking steps to address the discrimination with retrospective effect. TPO will, however, carefully look at the facts of each case before deciding whether to investigate. The factsheet sets out examples where TPO may decide to investigate a McCloud complaint now.

## **9. Internal Dispute Resolution Procedure (IDRP)**

- 9.1 The Fund currently has no outstanding IDRP cases.
- 9.2 Responses to two stage 1 cases have been issued and 1 case has been referred to the Pensions Ombudsman as it was deemed out of time for the IDRP process. This case relates to a transfer out.
- 9.3 The LGA has issued information that can be used to assist IDRP cases relating to transfers out of the Fund. A timeline for documentation that has been available since 2015 and should have been shared with members to ensure the correct checks and due diligence has been completed is now available.

## **10. Valuation**

- 10.1 2022 is a valuation year for The Local Government Pension Scheme. Both the PAS and Pensions Investment teams have been working to improve data quality ready for this year's valuation. The introduction of I-Connect and improved processes have helped to improve our data quality and reduce the number of queries that have been returned by Hymans, the Fund's actuary.

10.2 The Fund has collated all membership, cashflow and investment data and submitted this to Hymans in July. Hymans have commenced their assessment and the initial results for the fund were received in September. At the beginning of October, Fund Officers met with Hymans to look at individual Employer rates that have been calculated; this information will be shared with Employers and there will be an opportunity to talk through the results, with Hymans, following the AGM.

## 11. Pensions Dashboards Programme

11.1 Pensions dashboards will enable individuals to access their pensions information online, securely, and all in one place, thereby supporting better planning for retirement.

11.2 The scheduled go live date for the public sector schemes has been deferred from April 2024 to September 2024 to mitigate the impact of the McCloud remedy implementation.

11.3 The PAS are considering the potential increase in contact from members once the dashboard goes live and how this will be resourced. The PAS is identifying issues that can help to reduce the number of queries and addressing these in preparation before the go live date. There will also be costs relating to the IT technical architecture that will be required to connect member information held by Warwickshire to the dashboards. It is anticipated that these costs will need to be met from the pension fund.

11.4 The government's Pensions Dashboard programme released a consultation regarding, standards, specifications, and technical requirements, which closed on 30<sup>th</sup> August 2022. The Fund has not responded on an individual basis as it supports the responses from both the LGA and pensions software provider, Heywood.

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

None

## Appendices

Appendix 1 – KPI chart 01/04/22 – 30/06/22

## Background Papers

1. <https://www.pensions-ombudsman.org.uk/sites/default/files/publication/files/Mcloud%20factsheet%20July%202022%20v3.pdf>

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

Local Member(s): none

Other members: Cllrs Peter Butlin, Bill Gifford, and Andy Jenns

Appendix 1 – KPI chart 01/04/22 – 31/08/22

