The Pensions Regulator
Making workplace pensions work

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Rt Hon Sir Stephen Timms
MP
Chair
Work and Pensions Committee
House of Commons
London
SW1A 0AA

7 March 2024

Dear Sir Stephen,

West Midlands Pension Fund

Thank you for your letter dated 22 February 2024 relating to reports of problems at West Midlands Pension Fund (WMPF) following its transition to a new pensions administration system.

We are aware of this issue and note WMPF's own report on their website. As you will appreciate, owing to the legislative framework which governs disclosure of information obtained by TPR in the exercise of its functions, we are unable to advise you of the specific detail of that information due to the restrictions under section 82 of the Pensions Act 2004. In addition, and as a general point, such disclosures may also risk revealing sources and/or hamper any ongoing investigations.

1) Your responsibilities in cases of this kind;

TPR's regulatory remit includes the governance and administration of public service schemes, including publishing a Code of Practice. TPR's powers in relation to public service pension schemes include, but are not limited to, the power to request information, issue improvement notices and carry out inspections.

2) Whether you were aware of the WMPF's intention to move to a new administration system and, if so, whether you provided any guidance;

There is no general requirement for managers of public service pension schemes to notify TPR of changes to their administration systems. TPR provides guidance in the Code of Practice around public service scheme administration, which we would expect such schemes to share with any third party administrators they engage. Subsequent to the introduction of the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018, and following the appropriate government and Parliamentary processes, we have recently laid in Parliament a revised General Code which sets out clear expectations on good scheme governance and administration for all schemes, including managing administrator performance. This code is expected to come into force on 28 March 2024.

3) When you were first aware of the problems WMPF was experiencing with its new pensions administration system, and who made you aware;

Whilst this information is classed as restricted information, I can confirm that we have been in active contact with the WMPF concerning the current issues.

4) An outline of the problems you have seen and the extent of detriment to scheme members (including the number affected and by how much)

As you will appreciate, we cannot share the specifics of any information shared because the information provided to us on this matter is restricted information.

5) Your response to date, including the extent of contact with the scheme and the resources you have devoted to it;

We refer to our response to question 3. TPR is a risk-based regulator and our work is guided by our statutory responsibilities, our understanding of risk and impact on savers. We allocate resource by considering these in line with our corporate priorities.

6) When you expect things to return to normal, and whether you are expecting the fund to provide any compensation to those affected.

Whilst we cannot provide detail, we note WMPF's public statements regarding resolving issues and investigating whether there has been member detriment and we are engaging with them as confirmed above. TPR's regulatory remit does not extend to funds providing compensation, which would ordinarily be dealt with alongside complaints initially under the Internal Dispute Resolution Procedure (IDRP) implemented by schemes, and subsequently via the Pensions Ombudsman.

Yours sincerely,

Nausicaa Delfas
Chief Executive Officer

Work and Pensions Committee

22 February 2024

Nausicaa Delfas
Chief Executive
The Pensions Regulator
(By e-mail only)

Dear Nausicaa,

West Midlands Pension Fund

We have been concerned to hear reports of problems at West Midlands Pension Fund, following its transition to a new pensions administration system, with scheme members experiencing significant delays—some are reported to be waiting for months for the fund to pay out their pension (see for example, Telegraph 25 January 2024).

As one of TPR's responsibilities includes improving the way pension schemes are run, we would be grateful if you could provide us with an explanation of:

- Your responsibilities in cases of this kind;
- Whether you were aware of the WMPF's intention to move to a new administration system and, if so, whether you provided any guidance;
- When you were first aware of the problems WMPF was experiencing with its new pensions administration system, and who made you aware;
- An outline of the problems you have seen and the extent of detriment to scheme members (including the number affected and by how much);
- Your response to date, including the extent of contact with the scheme and the resources you have devoted to it;
- When you expect things to return to normal; and
- Whether you are expecting the fund to provide any compensation to those affected.

I would be grateful for your response to these questions by Wednesday 6 March. As is usual practice with the Committee's correspondence, I will be publishing this letter and your response on the Committee's website.

Yours sincerely,

Stephen Timms

Rt Hon Sir Stephen Timms MP
Chair, Work and Pensions Committee

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