

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pension Committee
Date:	08 October 2015
Subject:	Pension Administration Report

Summary:

This is the quartely report by the pension administrator WYPF.

Yunus Gajra, the Business Development Manager, will update the committee on current administration issues.

Recommendation(s):

That the committee note the report.

Background

1.0 Performance and Benchmarking

1.1 WYPF uses workflow processes developed internally to organise their daily work with target dates and performance measures built into the system. The performance measures ensure tasks are prioritised on a daily basis, however Team Managers have the flexibility to re-schedule work should time pressure demand.

1.2 The table below shows the performance against key areas of work for the period 1 July 2015 to 31 August 2015 as measured against both the local indicators and the national CIPFA benchmarks.

Worktype	Total Cases	Target Days	Target Met Cases	Minimum Target	Target Met
				%	%
New starter set up	27	5	24	85	88.89
Transfer In Quote	61	10	54	85	88.52

Transfer In Payment Received	3	10	3	85	100.00
Deferred Benefits Set Up on Leaving	1705	10	1151	85	67.51
Refund Quote	437	10	386	85	88.33
Refund Payment	213	5	196	85	92.02
Transfer Out Quote	125	10	94	85	75.20
Transfer Out Payment	5	10	2	85	40.00
Pension Estimate	544	10	271	85	49.82
Pension Set Up – Payment of Lump Sum	513	3	495	85	96.49
Deferred Benefits Into Payment – Payment of Lump Sum	274	3	259	85	94.53
Death in Service – Payment of Death Grant	5	5	3	85	60.00
Death of a Pensioner – Payment of Death Grant	11	5	10	85	90.91
Payment of Beneficiary Pension	147	5	142	85	96.60
Potential Spouse Pension Enquiry	7	20	7	85	100.00
Initial letter acknowledging death of active/deferred/pensioner member	356	5	336	85	94.38

1.3 It was reported at the last Pensions Committee that performance was affected for a number of reasons, namely:

- a) Missing or partial data
- b) Lack of images
- c) Extensive staff training required for LPF staff to learn the Civica pensions administration system.
- d) Converting Mouchel's process's to WYPF process's.
- e) Resources focused on ensuring pensioners got paid.

1.4 Comparing performance from the beginning of the contract 1 April 2015 to 31 August (table below) demonstrates that performance has improved over the last few months, although some areas are still below their target levels.

Worktype	Total Cases	Target Days	Target Met Cases	Minimum Target	Target Met
				%	%
New starter set up	67	5	49	85	73.13
Transfer In Quote	165	10	119	85	72.12
Transfer In Payment Received	31	10	8	85	25.81
Divorce Quote	84	40	82	85	97.62
Divorce Settlement. Pensions	1	80	1	100	100

Share order Implemented					
Deferred Benefits Set Up on Leaving	3191	10	1467	85	45.97
Refund Quote	1565	10	1124	85	71.82
Refund Payment	469	5	419	85	89.34
Transfer Out Quote	218	10	126	85	57.80
Transfer Out Payment	22	10	8	85	36.36
Pension Estimate	2019	10	678	85	33.58
Pension Set Up – Payment of Lump Sum	1241	3	1178	85	95.42
Deferred Benefits Into Payment – Payment of Lump Sum	678	3	631	85	93.07
Death in Service – Payment of Death Grant	11	5	8	85	72.73
Death of a Pensioner – Payment of Death Grant	26	5	21	85	80.77
Payment of Beneficiary Pension	291	5	274	85	94.16
Potential Spouse Pension Enquiry	28	20	24	85	85.71
Initial letter acknowledging death of active/deferred/pensioner member	927	5	848	85	91.48

1.5 Some cases have again exceeded the target days as expected and warned in the previous report to the committee, primarily as a result of the continued ripple effect of the new scheme regulations. This has been particularly true of the Transfer In and Deferred procedures.

1.6 The current membership of the Lincolnshire Pension Fund is set out in the following table. Employer numbers continue to remain relatively static as the flow of LCC schools to Academy status continue to remain low when compared to the initial uptake in previous years. The ongoing creation of Free Schools however means that numbers do continue to rise.

Membership numbers as @ 24/09/2015 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	22,735	28,020	1,043	17,948	1,657
Councillors	25	26	-	31	-
Totals no.s	22,760	28,046	1,043	17,979	1,657

2.0 Praise and Complaints

- 2.1** As part of the continued monitoring of the sections overall performance, WYPF sent out customer surveys to a sample of LPF members.

Over the quarter April to June we received **1** online customer responses.

Over the quarter April to June **59** Lincolnshire member's sample survey letters were sent out and 23 (**39%**) returned:

Overall Customer Satisfaction Score: **78.34%**

Appendix A shows full responses.

3.0 Administration Update

- 3.1** By 31 August 2015 WYPF had sent out 90% of pension statements for West Yorkshire Pension Fund members and 37% for Lincolnshire Pension Fund members. The low percentage for LPF reflected the late annual returns from Employers.
- 3.2** LPF pay advices sent out one day late. Raised with supplier, who admitted responsibility and blamed sheer volume of work.
- 3.3** WYPF have started receiving monthly returns from LPF Employers.

4.0 Current Issues

Freedom and Choice – Additional Voluntary Contributions (AVC's)

- 4.1** Draft legislation from the Communities and Local Government (DCLG) outlining how the Freedom and Choice changes will impact on the LGPS in-house AVC plans is expected shortly.

Annual Allowance Changes

- 4.2** The Government is restricting the Annual Allowance for pension savers with incomes over £150,000. The change will have effect from April 2016.
- 4.3** The Annual Allowance is the maximum amount of tax-relieved pension savings that you can make in one year. Currently it is £40,000.
- 4.4** For some individuals, their pension year for tax purposes (known as the Pension Input period) is different from the tax year. In order to make it easier to work out pension savings over a tax year, Pension Input Periods will be aligned with the tax year.

5.0 Finance

5.1 In July 2014 our shared service cost was estimated at £15.55 per member, for 2015/16. In January 2015, this figure was revised to £15.88 to take account of additional work that emerged during implementation and further work from new legislation. The latest forecast for the year is £15.77. This takes account of all the additional work carried out for 2014/15 year-end returns, data cleansing work and extra system work that were not specified in shared service requirements.

LPF	Members	Charge	Vs April 2014	Vs Orig 15/16
Members	66,695			
Estimated price April 2014	£15.55	£1,037,107		
Original Estimate January 2015	£15.88	£1,059,117	a.) £22,009	
Period 6 Forecast September 2015	£15.78	£1,052,447	b.) £15,340	c.) -£6,670

a.) £1,059k less £1,037k = £22k

b.) £1,052k less £1,037k = £15k

c.) £1,052k less £1,059k = £6k

5.2 The table above demonstrates that cost has not changed much and we are funding all service improvements required for LPF out of shared services efficiencies. However, as we continue to deal with data and service issues for LPF we may have to bring in extra resources to deal with improvements and there may be the need to make specific charges to LPF.

5.3 WYPF have completed all year-end work for all LPF employers that provided year end data.

6.0 News

6.1 The winners of the Professional Pension Scheme of the Year Awards were announced on 30 June 2015 and WYPF won the 'Best use of IT and Technology' Award. The trophy was presented on 24th September at a winners award dinner in London.

6.2 WYPF was also shortlisted in the following categories:

- Best Administration
- Trustee Development
- DB Communications(Public Sector)
- Best DB Scheme Innovation
- Public Sector Scheme of the Year

The awards celebrate excellence within the UK workplace pension funds and aim to recognise the country's best schemes and Managers.

Conclusion

WYPF and LPF continue to work closely as shared service partners to provide an efficient and effective service to all stakeholders within the Lincolnshire Pension Fund.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Survey Results April - June 2015

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Yunus Gajra, who can be contacted on 01274 432343 or yunus.gajra@wypf.org.uk.