

# Agenda Item 5



## Regulatory and Other Committee

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

Report to:	<b>Pension Committee</b>
Date:	<b>07 January 2016</b>
Subject:	<b>Pension Administration Report</b>

#### Summary:

This is the quartely report by the pension administrator WYPF.

Yunus Gajra, the Business Development Manager from WYPF, 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 30 November 2015 as measured against both the local indicators and the national CIPFA benchmarks.

<u>WORKTYPE</u>	<u>TOTAL_C</u> <u>ASES</u>	<u>TARGET</u> <u>DAYS</u>	<u>TARGET MET</u> <u>CASES</u>	<u>MINIUM TA</u> <u>RGET</u> <u>PERCENT</u>	<u>TARGET</u> <u>MET</u> <u>PERCENT</u>
New starter set up	50	5	28	85	56.00
Transfer In Quote	135	10	109	85	80.74
Transfer In Payment	9	10	8	85	88.89

Received					
Deferred Benefits Set Up on Leaving	2317	10	1124	85	67.51
Refund Quote	983	10	890	85	90.54
Refund Payment	412	5	380	85	92.23
Transfer Out Quote	245	10	152	85	62.04
Transfer Out Payment	18	10	12	85	66.67
Pension Estimate	2120	10	580	85	27.36
Pension Set Up – Payment of Lump Sum	811	3	753	85	92.85
Deferred Benefits Into Payment – Payment of Lump Sum	607	3	566	85	93.25
Death in Service – Payment of Death Grant	6	5	6	85	100
Death of a Pensioner – Payment of Death Grant	34	5	29	85	85.29
Payment of Beneficiary Pension	234	5	225	85	96.15
Potential Spouse Pension Enquiry	17	20	16	85	94.12
Initial letter acknowledging death of active/deferred/pensioner member	611	5	576	85	94.27

**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
- a. Extensive staff training required for LPF staff to learn the Civica pensions administration system.
- c) Converting Mouchel's processes to WYPF processes.
- d) Resources focused on ensuring pensioners got paid.

The effects of this will continue to be felt for the rest of the year.

**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.

**Membership numbers as @ 23/12/2015 were as follows:**

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	23,654	27,942	1,043	18,311	1,667
Councillors	20	26	-	35	-
<b>Totals nos</b>	<b>23,674</b>	<b>27,968</b>	<b>1,043</b>	<b>18,346</b>	<b>1,657</b>

**2.0 Age Profile of the Scheme**

STATUS	U20	B20 25	B26 30	B31 35	B41 45	B46 50	B51 55	B56 60	B61 65	B66 70	O70	
Active	362	1442	1536	1912	3547	4042	3577	2632	1167	199	54	20470
Beneficiary Pensioner	82	35	1	1	13	33	65	139	191	214	1499	2273
Deferred	10	642	1701	2035	3973	5524	5846	4200	912	33	17	24893
Deferred Ex Spouse	0	0	0	0	0	11	11	12	0	0	0	34
Pensioner	0	1	1	1	29	48	106	1063	4035	3897	6326	15507
Pensioner Ex Spouse	0	0	0	0	0	0	0	2	6	2	3	13
Preserved Refund	9	49	69	88	213	278	290	204	138	78	58	1474
	463	2169	3308	4037	7775	9936	9895	8252	6449	4423	7957	64664

**3.0 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 July to September we received **3** online customer responses.

Over the quarter July to September **73** Lincolnshire member's sample survey letters were sent out and **27 (36.98%)** returned:

Overall Customer Satisfaction Score: **83.94%** (up from 78.34% in the last quarter).

Appendix A shows full responses.

**3.0 Administration Update**

**3.1** By 30 November 2015, the date specified by the Pensions Regulator, WYPF had sent out 99% of pension statements for West Yorkshire Pension Fund members and 96% for Lincolnshire Pension Fund members. The balance of outstanding cases require additional information before the annual benefit statements can be sent out. Our thanks to Serco staff in Payroll for pulling out the stops to enable this.

3.2 Monthly contributions are being received from LPF Employers except for one notable absence – LCC). This is causing some concern and is creating a backlog of work.

3.3 WYPF have been recruiting to a staff vacancy created in the Lincoln office. The post was advertised both in Bradford and Lincoln. We are pleased to announce that after a recruitment exercise the vacancy has been filled by a WYPF staff member who was looking to relocate to Lincoln. She has lots of pensions experience and will be a good asset to the Lincoln team.

#### 4.0 Current Issues

##### Consultation on Public Sector exit payment recovery regulations

4.1 The Government recently announced a consultation designed to limit the amount that the public sector pays out in the form of exit payments. Described as “Government calls time on public sector parachute payments for boomerang bosses”, the draft regulations allow for the recovery of redundancy and other exit payments from higher earners who return to the public sector within 12 months of leaving.

4.2 Recovery of exit payment will apply to all public service employees earning **£80,000** or more, who receive an exit payment and then return to employment in any part of the public sector within 12 months of leaving their previous employment.

4.3 Exit payments will include payments made as a consequence of leaving employment and **will include the pension strain generated from the early unreduced payment of LGPS benefits.**

4.4 The exit payment recovery can be waived by a Secretary of State or, in the case of local authorities, by full council. The use of any such waivers must be recorded and published in that body’s annual report and accounts.

4.5 Responses to the draft regulations must be received by 25 January 2016. The intention is that these regulations will apply from **April 2016.**

Separately, the government is taking forward changes that mean that no public sector exit payment can be more than £95,000 and will also publish further guidance on public sector pay rules in the new year.

##### Tell Us Once

4.6 The extension of Tell Us Once to public service pension schemes including the LGPS has been delayed to January 2015.

4.7 WYPF have registered to become a partner for both Funds. The potential benefits to be gained from becoming a TUO partner and how access to secure, trusted data on the day a death is formally registered – will provide

both significant business efficiencies and a step change in the customer services experience.

### LGPS Database

- 4.8 WYPF has also registered for the LGPS Database which is now live. This enables Pension Funds to upload their membership files to enable checks against the database for such things as membership in other Pension Funds enabling easier access to information and avoid making overpayments for death grants etc.

### 5.0 Finance

In July 2014 our shared service cost was estimated at £15.55 per member, per year 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 legislations. The latest forecast for share service unit cost per member for 2015/16 is £14.75, a reduction of £1.13 on the revised estimate. This takes account of all the additional work carried out for 2014/15 yearend returns, data cleansing work and extra system work that were not specified in shared service requirements. However, we are still waiting for monthly returns for LCC 2015/16, there is a backlog of 8 months of work for LCC. This is a major compliance issue for LCC and it is impacting on WYPF/LPF performance in terms of pension regulations.

LPF	Members	Charge	Vs April 2014	Vs Orig 15/16
<b>Members number</b>	<b>66,695 LPF Apr 15</b>	<b>69,958 LPF Dec 15</b>		
Estimated price April 2014	£15.55	£1,037,107		
Original Estimate January 2015	£15.88	£1,059,117	a) £22,010	
Period 6 Forecast September 2015	£15.78	£1,052,447	b) £15,340	c) -£6,67
Period 9 Forecast September 2015	£14.75	£1,031,884	d) -£5,223	e) -£20,56

- a.) £1,059k less £1,037k = £22k  
 b.) £1,052k less £1,037k = £15k  
 c.) £1,052k less £1,059k = -£6k  
 d.) £1,032k less £1,037k = -£5k  
 e.) £1,032k less £1,052k = -20k

- 5.1 The table above demonstrates that LPF are already benefiting from a cost savings of 90 pence per member from the original estimate in April. This may increase slightly if LCC's monthly returns require disproportional resources.

## **6.0 Pension Boards**

6.1 WYPF attended the LPF Pension Board recently to give members an understanding of the shared service partnership. Areas covered were, how the partnership works, the complexities, governance etc.

## **7.0 News**

6.1 WYPF have been shortlisted for a number of awards by the Pension Age Awards, which aim to reward both the PENSION SCHEMES and the PENSION PROVIDERS across the UK that have proved themselves worthy of recognition.

6.2 The shortlisted categories are:

- DB Pension Scheme of the Year
- Pension Scheme Communication Award
- Pension Administration Award
- Pension Scheme Innovation Award

Winners will be announced at a gala dinner on 25 February.

## **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 - July to September 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](mailto:yunus.gajra@wypf.org.uk).

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