

Regulatory and Other Committee

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

Report to:	Pension Committee
Date:	14 July 2016
Subject:	PENSION ADMINISTRATION REPORT

Summary:

This is the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund.

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 March 2016 to 31 May 2016 as measured against both the local indicators and the national CIPFA benchmarks.

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	13	35	9	85	69.23
Transfer In Payment Received	12	35	12	85	100.00

Divorce Quote	9	35	9	85	100.00
Deferred Benefits Set Up on Leaving	179	10	165	85	92.18
Refund Quote	127	35	69	85	54.33
Refund Payment	76	10	76	85	100.00
Transfer Out Quote	56	35	10	85	17.86
Transfer Out Payment	6	35	5	85	83.33
Pension Estimate	203	10	143	85	70.44
Retirement Actual	104	3	101	85	97.12
Deferred Benefits Into Payment	135	5	127	85	94.07
Death Grant Single Payment	40	5	38	85	95.00
Change of Address	577	20	577	85	100.00
Life Certificate Received	2597	20	2574	85	99.11
Death Grant Nomination Received	982	20	786	85	80.04
Payroll Changes	76	20	76	85	100.00
Change to Bank Details	72	20	70	85	97.22
Death Notificatoin	118	5	117	85	99.15
Potential Spouse	15	10	12	85	80.00
AVC In-house (General)	61	10	59	85	96.72

NB. The table represents LPF cases only.

- 1.3 Some cases have again exceeded the target days as expected and warned in the previous reports to the committee, primarily as a result of the continued ripple effect of the new scheme regulations, particularly where cases have had to be stockpiled awaiting GAD Guidance. This has been particularly true of the Transfer procedures.

2.0 Scheme Information

- 2.1 Membership numbers as @ 27 June 2016 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	24,999	27,574	1,919	18,461	1,725
Councillors	20	25	-	37	-
Totals no's	25,019	27,599	1,919	18,498	1,725
Change	+692	-47	+876	+238	+83

Membership numbers remain fairly stable.

2.2 Age Profile of the Scheme

STATUS	U20	B20 25	B26 30	B31 35	B36 40	B41 45	B46 50	B51 55	B56 60	B61 65	B66 70	O70	TOTAL
Active	466	1736	1688	2167	2621	3794	4276	3852	2813	1296	243	47	24999
Beneficiary Pensioner	88	36	1	1	7	9	44	69	148	198	279	1475	2355
Deferred	7	578	1644	2131	2227	3871	5579	6106	4348	999	34	10	27534
Deferred Ex Spouse	0	0	0	0	2	0	10	10	14	0	0	0	36
Pensioner	0	1	1	1	8	27	38	113	1095	4156	4779	5873	16092
Pensioner Deferred	0	0	0	0	0	1	1	0	2	0	0	0	4
Pensioner Ex Spouse	0	0	0	0	0	0	0	0	2	7	2	3	14
Preserved Refund	11	89	75	101	154	217	282	298	218	144	91	45	1725
	572	2440	3409	4401	5019	7919	10230	10448	8640	6800	5428	7453	72759
Undecided													1919
Councillors													82
Total													74760

2.3 Employer Activity

Academies and Prime Account Schools

Between 1 October 2015 and 31 March 2016 four academies became Scheme employers in the Fund.

WYPF is currently working with a number of schools that are in the process of converting to academies or Prime Account Schools.

Town and Parish Councils

Between 1 October 2015 and 31 March 2016, one Town and Parish Council became a Scheme employer. A further two have not yet decided whether to become Scheme employers in the Fund.

Admission Bodies

Between 1 October 2015 and 31 March 2016 there were no new Admission Bodies.

WYPF is currently working on the admissions for two Admission Bodies.

Employers ceasing Participation

Between 1 October 2015 and 31 March 2016 no employers ceased their participation in WYPF.

Number of Employers in LPF

These changes to employers bring the total number of employers in LPF as at 31 March 2016 to 220.

3.0 Praise and Complaints

3.1 Over the quarter January to March we received **two** online customer responses.

Over the quarter January to March **250** Lincolnshire member's sample survey letters were sent out and **78 (31.2%)** returned:

Overall Customer Satisfaction Score;

January to March 2015	April to June 2015	July to September 2015	October to December 2015	January to March 2016
N/A	78.34%	83.94%	80.16%	80.34%

Appendix 1 shows full responses.

3.2 Three training courses for Employers have been provided in Lincoln this year:

- Your Responsibilities held on 27 January
- Secure Administration held on 23 February
- A Complete Guide held on 17 March.

Feedback from participants is attached at Appendix 2.

4.0 Internal Disputes Resolution Procedures (IDRP)

4.1 All occupational pension schemes are required to operate an IDRP. The LGPS has a two-stage procedure. Stage 1 appeals, which relate to employer decisions or actions, are considered by a person specified by each employer to review decisions (the 'Adjudicator'). Stage 1 appeals relating to appeals against administering authority decisions or actions are considered the Pension Fund Manager. Stage 2 appeals are considered by a solicitor appointed by Lincolnshire County Council. From 1 January 2016 to 30 June 2016 four Stage 1 appeals were received and there were a total of four Stage 2 appeals, as detailed below:

	Number of Appeals	Outcomes	Details
STAGE 1	4		
		2 Turned down	1 Overpayment of benefits due reduction to benefits not been applied and incorrect Pensions Increases when they were paid from 23 April 2014. 1 Member's 2 nd wife felt her 2 children should have received part of the death grant.
		2 Decisions to make	1 Not being able to draw the whole of her pension benefits as a lump sum 1 Delay in payment of her pension benefits and transfer of excess her excess AVC fund.
STAGE 2	4		
AGAINST EMPLOYER	4	1 Referred back to employer to reconsider	1 Employer did not agree to extend time limit to allow a transfer in of previous pension rights
		2 Turned down	2 Final pension benefits were lower than quoted on previous pension estimate due to incorrect pay been used in pension estimate calculation.
		1 Decision to make	1 Employer did not agree to extend time limit to allow a transfer in of previous pension rights.
AGAINST LPF	0		

4.2 The Pensions Ombudsman can consider appeals and allegations of maladministration, once the two stages of the IDRPs have been exhausted. From 1 January 2016 to 30 June 2016 the Pensions Ombudsman did not issue any determinations in respect of appeals or complaints made against the LPF.

5.0 Administration Update

5.1 Annual Benefit Statements (ABS)

Production and despatch of annual benefit statements is well underway. This is a massive improvement on last year and much of this is down to moving from annual returns to monthly returns. To date 35% of LPF members have received an ABS. As in previous years, approximately 2,000 per day are being sent out to spread the workload. There should be no problem meeting the Pension Regulators statutory deadline of 31 August, provided that LPF employers respond to any queries in a timely manner.

5.2 Affinity Connect pre-retirements

Three trial pre-retirement seminars have been held at various employers within WYPF and are provided by a company call Affinity Connect. These seminars last half a day and are available to all members regardless of which employer they work for. The three sessions that have been held have received excellent feedback and have been fully booked. We are now working with Affinity Connect to agree a series of dates for next year. This service is also being rolled out to LPF scheme members. The first one was held on 22 June and was fully booked.

5.3 Life Certificates

As mentioned in the previous report, work has started on issuing life certificates to all 18,000 pensioner members. The purpose is for members to confirm their continuing entitlement to a pension from LPF. The life certificates started to go out from 21 March, on a weekly basis and will be scheduled to target everyone over the next twelve months. To date we have issued 5,947 life certificates and 4,004 have been returned (67%).

5.4 Death Grant Nominations

WYPF have sent out death grant nomination forms to 12,000 members where one wasn't present on their record. Having nomination details makes it easier and quicker to pay death grants in the event of a member's death. As a result, the percentage of records without a death grant has reduced from 65% to 48%. We will continue the work to reduce this percentage even further.

6.0 Current Issues

6.1 Consultation on amendment regulations

On Friday 27th May, DCLG commenced a consultation on draft amendment regulations for the LGPS in England and Wales. Amongst other

amendments, the consultation covers Fair Deal and changes to AVC provisions in light of the recent Freedom and Choice reforms. The consultation document is available under Drafts and Consultations on www.lgpsregs.org and on Gov.uk. The consultation closes at 12.00am on 20th August 2016 (effectively on the evening of Friday 19th August).

6.2 Tell Us Once

The Tell Us Once service is now live for public service pension schemes, and – since the end of April 2016 – has moved to the business as usual part of DWP.

6.3 LGPS Database

An LGPS Database has also been set up so that funds can:

- a) search for matching pension records in other funds in cases where there may be a potential duplicate death grant; and
- b) contact funds where a match is found to check on the death grant entitlement.

Later this year, a project will be undertaken by the LGA to identify further possible usages for the LGPS Database and establish what may be needed to mean the Database can be used for these other purposes, in particular taking into account data protection considerations.

6.3 Enterprise Act 2016

The Enterprise Bill received Royal Assent in May and is now the Enterprise Act 2016. The Act provides the legislative framework for the introduction of the £95k cap on public service exit payments which it is expected will become effective later this year, but no earlier than 1st October. We now await HM Treasury regulations which are due to provide further detail on how the cap will work in practice (and which will confirm the cap's implementation date). HM Treasury directions are also expected providing detail of the circumstances in which the cap may be relaxed by permitted bodies. We expect regulations to include local authorities as such permitted bodies having the power to relax the cap in certain circumstances.

7.0 Valuation Update

- 7.1 This year we are hoping to get the information to the Actuary a little earlier than in previous valuation years to enable the work to be completed by both the Actuaries and WYPF/LPF by the 31st March 2017. WYPF have recently received a delivery from our software house (Civica), called the Universal Data Extract. This is currently being tested and once happy we will run the extract to produce the information required by Aon (WYPF's Actuary) and Hymans (LPF's Actuary). WYPF and LPF are in the process of compiling cash flow and other information about each employer in the Fund.

This will then be sent to the Actuary. This will be followed by discussions between each Fund and their Actuaries regarding key decisions and assumptions resulting in the valuation results. Following this work each Fund will then start to look at the position of each individual employer to produced details of their assets/liabilities and required contribution rates for the next three years.

8.0 Finance

8.1 Cost per Member

The final cost of shared services per member for 2015/16 was £14.29, a reduction of £1.26 from the original estimate of £15.55. The 2016/17 original budget provision for shared services per member is £15.85. This figure includes service improvement contingencies. As a result our "invest to save" strategies this figure is likely to reduce to £15 per member before the end of the year.

8.2 Data Governance and Service Quality

Our monthly data returns from employers underpins our data governance and service quality. Monthly data returns from LCC (Serco) were a concern during 2015/16. Since the start of this financial, LCC (Serco) have improved in this area. We will continue to monitor this area and report back to if there is a deterioration in performance.

9.0 Staffing

9.1 The Team Manager (Business Relations) left recently to take up employment with East Riding Pension Fund. The post was advertised and Stuart Duncombe (based in the Lincoln team) was successful. After a period of training, Stuart will split his time between the Bradford and Lincoln offices. Stuart's post of Pension Fund Representative is currently being advertised.

9.2 Adam Hutchinson (Pensions Officer) left recently to take up alternative employment. A recruitment exercise is currently taking place to fill this post. It is likely the post will be based in Bradford.

10. LEAF Meeting

10.1 The latest LEAF meeting for Lincolnshire Pension Fund took place on 8 June. The meeting was attended by around 45 Employers and was well received. Items on the agenda included:

- Valuation and FRS 17 update
- Pre-retirement courses – Affinity Connect
- WYPF administration update, including,

- Employer and communications survey results
- Employer worktrays
- Discretionary policies
- Annual Benefit Statement Update
- GAD factors
- Death Grants
- Auto Enrolment

11. News

11.1 WYPF have been shortlisted by Professional Pensions under the following categories:

- Public Sector Scheme of the Year
- DB Communications (public sector)
- Best DB Scheme Innovation
- Trustee Development Awards
- Best Use of IT and Technology

The judges commented that "This year's entries were all of exceptional quality, giving our judges a really tough challenge".

Winners will be announced in London on 14 July.

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 - January to March 2016
Appendix B	Employer Feedback - January to March 2016

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.