

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

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>15 December 2016</b>
Subject:	<b>Pensions Administration Update</b>

**Summary:**

This paper updates the Pension Board on the pensions administration service, managed by West Yorkshire Pension Fund.

**Recommendation(s):**

That the Board note the report.

### Background

#### 1. Key Performance Indicators

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.

The table below shows the performance against key areas of work for the period 1 April 2016 to 31 October 2016 as measured against both the local indicators and the national CIPFA benchmarks.

Kpi's for the period 1.4.16 to 31.10 16 - LPF					
WORKTYPE	TOTAL_CASES	TARGET_DAYS_FOR_	TARGET_MET_	MINIUM_TARGET	TARGET MET PERCENT
Transfer In Quote	54	35	34	85	62.96
Transfer In Payment Received	23	35	17	85	73.91
Divorce Quote	95	35	91	85	95.79
Deferred Benefits Set Up on Leaving	355	10	232	85	65.35
Refund Quote	299	35	158	85	52.84
Refund Payment	175	10	173	85	98.86
Transfer Out Quote	95	35	31	85	32.63
Transfer Out Payment	19	35	16	85	84.21
Pension Estimate	651	10	514	85	78.96
Retirement Actual	332	3	322	85	96.99
Deferred Benefits Into Payment	391	5	366	85	93.61
Death Grant Single Payment	63	5	60	85	95.24
Initial letter acknowledging death of	329	5	325	85	98.78
Pension Estimate Fire	1	5	1	85	100.00
Change of Address	2284	20	2281	85	99.87
Life Certificate Received	9148	20	9046	85	98.89
Death Grant Nomination Received	6132	20	3794	85	61.87
Payroll Changes	139	20	139	85	100.00
Change to Bank Details	162	20	154	85	95.06
Death Notificatoin	329	5	325	85	98.78
Potential Spouse	22	10	21	85	95.45
AVC In-house (General)	152	10	141	85	92.76
Letter notifying amount of dependant's benefits	137	3	106	85	77.37
Initial Letter Death in Retirement	294	5	228	85	77.55
Initial Letter Death in Service	6	5	6	85	100.00
Initial Letter Death in Deferment	24	5	19	85	79.17

Some cases have again exceeded the target days as expected 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. Employer activity between 1 March 2016 to 31 August 2016

### Academy conversions:

	Effective Date
The Garth School	01/03/2016
The Priory School	01/03/2016
John Fielding Special School	01/03/2016
Spilsby Primary School	01/04/2016
Woodlands Academy	01/08/2016

### New Prime Account Schools:

Whaplode Primary	01/04/2016
St Michaels Primary, Coningsby	01/04/2016
William Stukeley Primary, Holbeach	01/04/2016
Lacey Gardens Junior School, Louth	01/04/2016
St John the Baptist Primary, Spalding	01/04/2016
St Norberts Primary, Spalding	01/04/2016

**Admitted employers:**

GLL

01/04/2016

**Cessation:**

Education Development Trust

31/08/2016

**Number of Employers in LPF**

These changes to employers bring the total number of employers in LPF to 210.

**3. Internal Dispute Resolution Procedures**

All occupational pension schemes are required to operate an IDR. The LGPS has a 2-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 by 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:

Jan 16 to June 16	Number of appeals	Outcomes	Details
<b>STAGE 1</b>	8		
<b>AGAINST EMPLOYER</b>	4	3 turned down	Member had been awarded an upgrade from Tier 3 to Tier 2 ill health pension but felt that this should have been backdated.
			Member appealed against employer decision to refuse to grant early release of deferred benefits. Appeal turned down as outside of time limit.
			Member appealed against employer decision to refuse to grant early release of deferred benefits and being misinformed that this would be possible.
		1 upheld	Member appealed against being turned down for payment of deferred pension on ill health grounds. As part of appeal process, member was reassessed and was awarded early release of pension.

<b>AGAINST LPF</b>	4	4 turned down	Member appealed against having to repay overpayment of pension.
			Widow of deceased member appealed against fund decision to pay death grant to the son and daughter of the member.
			Member wished to draw the whole of her pension rights as a lump sum payment and felt that WYPF retirement documentation had misled her in thinking she could do so.
			Member complained about the administration of processing her pension benefits and delays in concluding her award of benefits.
<b>STAGE 2</b>	4		
<b>AGAINST EMPLOYER</b>	4	3 turned down	Member had been provided with an estimate based on an incorrect higher pay figure. Resulting actual benefits were lower. Appeal turned down as the actual benefits were correct.
			Member had been provided with an estimate based on an incorrect higher pay figure. Resulting actual benefits were lower. Appeal turned down as the actual benefits were correct.
			Member appealed against being turned down for a late request to transfer in pension rights.
		1 referred back to scheme employer for reconsideration.	Member appealed against being turned down for a late request to transfer in pension rights. Referred back to scheme employer as the decision did now show any evidence of having met the requirements of the employers' discretionary policy.
<b>AGAINST LPF</b>	0		

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.

#### **4. Life Certificates**

WYPF undertook an exercise from March 2016 to begin to issue Life certificates to all 18,000 pensioner members on a weekly basis, in month of birth order. The exercise is still ongoing, with good results and responses. The form which is sent out also gives the pensioner an opportunity to supply us with the names and addresses of up to two people, who we can contact if we should have difficulties in contacting the pensioner themselves. This is very useful where pensioners might move and don't tell us where they have gone.

#### **5. National Fraud Initiative (NFI)**

For the latest NFI exercise, we have included the data for around 29,000 deferred benefits cases, which have previously not been included. We are expecting the results shortly, and anticipate that there may be a lot of work produced from this category of members, possibly from a high number of deaths that we are unaware of.

#### **6. Death Grant Nominations**

WYPF sent out death grant nomination forms to 12,000 current scheme 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. The forms returned mean we now have around 2/3rds of records with a nomination, and forms are still trickling into the office. We consider that the exercise has been a success.

As a result of this exercise, this month we have also sent nomination forms to all eligible pensioner members where there is no nomination on file. Currently, we have had around a 40% success rate and are still receiving forms on a daily basis.

#### **7. Tell Us Once**

The pension schemes version of Tell Us Once, which has been co-ordinated by the Local Government Association, is finally up and running. This expands the notification of registered deaths, collated by the Department of Work and Pensions, to pension schemes who register with the service. Since our registration, we have received an average of 44 death notifications per week (combination of WYPF and LPF).

This has the advantage of us being able to stop further pension payments being made more quickly than normally, and therefore cuts out much of the ongoing work which is caused by overpaying pensions after death.

## **8. Newsletters**

At the end of September we sent out newsletters to Current, deferred and pensioner scheme members.

## **9. Current issues**

### Update on exit payment reforms

The introduction of the Government's policy which will require high earners (earning £80,000 or more) who leave employment in the public sector with an exit payment to repay the exit payment, or a proportion of it, if they return to public sector employment within 12 months, has been delayed.

The intention had been to implement the legislation in July 2016 to take effect in autumn this year. However, Parliament went into recess without the appropriate legislation being made. It remains the goal of the Government to implement the proposals in autumn. However, this will depend on how quickly the legislation can be made following the return of Parliament on 5 September. Parliamentary time in September appears to be limited given that there will be a further recess during the party conference season.

### Consultation on tackling pension scams

In the Autumn Statement 2016, the Government announced that they plan to undertake a consultation before the end of the year on steps to tackle pension scams, including 'cold calling'. In addition, the consultation will contain options for giving schemes greater powers to block suspicious transfers.

Since 16 March 2015 we have been operating under a voluntary code of practice which was launched by the Pension Liberation Industry Group to combat pension scams. The code sets an industry standard for dealing with requests by members to transfer from a UK registered pension scheme to another registered pension scheme or a Qualifying Recognised Overseas Pension Scheme (QROPS). The code assists us to assess any potential pensions scam cases already, so it will be interesting to see how the new consultation might further strengthen the current efforts.

## **10. National LGPS Framework for Third Party Administration**

On 8<sup>th</sup> August, the West Yorkshire Pension Fund submitted a tender document to become part of the National LGPS Framework. This is a multi-provider framework agreement for the provision of third party administration services for the Local Government Pension Scheme.

On 13<sup>th</sup> September we had a site visit by the officers and advisers on behalf of the National Framework, where we provided demonstrations of our systems and processes and were put through our paces with a question and answer session.

At the beginning of October we were given the news that we had been accepted to provide the Pension Administration Services – where we were one of only four successful applicants, and only one of two Local Authorities, and we were also accepted to provide Pension Administration Support Services.

We are very proud to be accepted onto the framework as the future of LGPS administration could well change if some of the reported suggestions come to fruition and potentially reduce the number of administrators. We feel that this puts us in a good position for any eventuality.

We also very much acknowledge that the hard work we have put into our partnership with the Lincolnshire Pension Fund is likely to have been recognised in this application and so we should share this success with you as well.

## **Conclusion**

11. The performance of the administration service is continually improving, as the underlying data issues following the transition are corrected, the backlogs resulting from scheme changes are cleared and the employers are improving their monthly processes.

## **Consultation**

### **a) Policy Proofing Actions Required**

n/a

## **Background Papers**

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

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