

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	08 March 2017
Subject:	Pensions 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 December 2016 to 31 January 2017.

KPI's for the period 1 .12.16 to 31.1.17					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	19	35	12	85	63.15
Transfer In Payment Received	19	35	19	85	100.00
Divorce Quote	24	35	24	85	100.00

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIMUM, TARGET PERCENT	TARGET MET PERCENT
Divorce Settlement Pension Sharing order Implemented	4	80	3	100	75.00
Deferred Benefits Set Up on Leaving	259	10	92	85	35.52
Refund Quote	94	35	83	85	88.30
Refund Payment	49	10	49	95	100.00
Transfer Out Quote	38	35	30	85	78.95
Transfer Out Payment	3	35	3	85	100.00
Pension Estimate	199	10	189	75	94.97
Retirement Actual	96	3	92	90	95.83
Deferred Benefits Into Payment Actual	117	5	110	90	94.01
Death Grant Single Payment	20	5	20	90	100.00
Payment of Beneficiary Pension	50	5	45	85	90.00
Potential Spouse Pension Enquiry	1	10	1	85	100.00
Initial letter acknowledging death	117	5	117	85	88.03
Divorce Quote Fire	24	40	24	85	100.00
Change of Address	274	20	268	85	97.81
Life Certificate Received	2704	20	2665	85	98.56
Death Grant Nomination Received	939	20	904	65	96.27
Payroll Changes	33	5	33	90	100.00
Change to Bank Details	28	5	28	90	100.00
Death Notification	117	5	117	90	100.00
AVC In-house (General)	52	10	49	85	94.23
Death in Retirement	87	5	78	85	89.66
Death in Service	6	5	6	85	100.00
Death in Deferment	8	5	8	85	100.00
Deferred Benefits Into Payment Quote	142	35	122	85	85.91

Reasons for under performing KPI's:

Transfer in quote	Delays in receiving appropriate documentation.
Deferred Benefits set up on leaving	Given low priority due to volumes. Members are however, informed in writing that they will receive details of their benefits as soon as possible.
Transfer out quote	Delays in receiving appropriate documentation.

2.0 Scheme Information

2.1 Membership numbers as at 22 February 2017 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	24,805	26,885	3,119	19,115	1,924

Councillors	14	30	0	38	-
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Totals nos	24,819	26,915	3,119	19,153	1,924
Change	+62	-121	0	+158	+57

2.2 Age Profile of the Scheme

STATUS	Age Groups												TOTAL
	U20	B20 25	B26 30	B31 35	B36 40	B41 45	B46 50	B51 55	B56 60	B61 65	B66 70	O70	
Active	497	1767	1675	2184	2585	3594	4253	3797	2842	1324	247	40	24805
Beneficiary Pensioner	89	44	2	1	5	15	41	73	127	233	290	1487	2407
Deferred	5	476	1554	2064	2200	3514	5381	6027	4528	1051	30	10	26840
Deferred Ex Spouse	0	0	0	0	3	0	13	10	12	4	0	0	42
Pensioner	0	1	1	0	6	20	41	113	1089	4318	4968	6134	16691
Pensioner Deferred	0	0	0	0	0	0	1	0	2	0	0	0	3
Pensioner Ex Spouse	0	0	0	0	0	0	0	0	2	8	4	3	17
Preserved Refund	27	124	79	118	154	224	307	314	256	165	109	47	1924
	618	2412	3311	4367	4953	7367	10037	10334	8858	7103	5648	7721	72729
Undecided													3119
Councillors													82
Total													75,930

2.3 Employer Activity

Academies and Prime Account Schools

Between 1 October 2016 and 31 December 2016 2 academies and 1 Prime Account Schools became Scheme employers in the Fund.

Technical are currently working on 10 schools that are in the process of converting to academies or Prime Account Schools.

Town and Parish Councils

Between 1 October 2016 and 31 December 2016 no Town and Parish Council became Scheme employers. 3 have not yet decided whether to become Scheme employers in the Fund.

Admission Bodies

Between 1 October 2016 and 31 December 2016 the admission of no Admission Bodies was completed.

Technical are currently working on the admissions for 10 Admission Bodies.

Employers ceasing Participation

Between 1 October 2016 and 31 December 2016 no employers ceased their participation in LPF.

Number of Employers in WYPF

These changes to employers bring the total number of employers in LPF as at 31 December 2016 to 238.

Training

Over the quarter October to December two Employer sessions were held in Lincolnshire:

- Secure Administration, and
- Pensionable Pay

Feedback from these events is attached at Appendix 2.

3.0 Praise and Complaints

3.1 Over the quarter October to December we received **3** online customer responses.

Over the quarter October to December **98** Lincolnshire member's sample survey letters were sent out and **18 (18.4%)** returned:

Overall Customer Satisfaction Score;

October to December 2015	January to March 2016	April to June 2016	July to September 2016	October to December 2016
80.16%	80.34%	80.71%	79.55%	77.22%

Appendix 1 shows full responses.

4.0 Internal Disputes Resolution Procedures

4.1 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 the Pension Fund Manager. Stage 2 appeals are considered by a solicitor appointed by Lincolnshire County Council. From 1 December 2016 to 31 January 2017 four Stage 1 appeals were received and there were a total of three Stage 2 appeals, as detailed below:

December 16 – January 17	Number of appeals	Outcomes	Details
STAGE 1	4		
AGAINST EMPLOYER	2	2 turned down	
			Member appealed against being turned down for payment of deferred benefits on ill health grounds.
			Member appealed against being turned down for payment of deferred benefits on ill health grounds.
AGAINST LPF	2	2 turned down	
			Incorrect pension quote issued to member at retirement. Error was identified when payment was claimed. £500 compensation paid.
			Member appealed against being refused the option of a CETV within 12 months of normal retirement date and lack of information provided.
STAGE 2	3		
AGAINST EMPLOYER	1	1 turned down	
			Member appealed against being turned down for payment of deferred benefits on ill health grounds.
AGAINST LPF	2	2 turned down	
			Member appealed against poor administration causing undue delay in

			making payment of retirement benefits.
			Member appealed against not being able to draw 100% of pension benefits as a lump sum and felt that documentation provided was misleading.

4.2 The Pensions Ombudsman can consider appeals and allegations of maladministration, once the two stages of the IDRPs have been exhausted. From 1 December 2016 to 31 January 2017 there were no Pensions Ombudsman determinations.

5.0 Administration Update

5.1 Life Certificates - 54 pensions were suspended due to non-return of the life certificates. Some pensioners have since responded but 34 still remain suspended. 3 pensioners have recently made contact which leaves 31 that we still have had no contact despite their January 2017 pension not been paid. Further investigations are underway for the remaining 31. Of these 31 only 16 pensions are over £1000.00 p.a. 12 of these are age 70 or above.

5.2 Annual Benefit Statements - Fire ABS were issued by the revised deadline of 31 December as agreed with the Pensions Regulator. For LGPS 97.4% of members have had ABS's. The outstanding cases are with Employers for queries to records.

6.0 Current Issues

6.1 Update on May 2016 consultation on amendment regulations

After a series of changes to the personnel in the DCLG pensions team during 2016, a number of new recruits have recently joined the DCLG pensions team from elsewhere in the Department.

The LGPC Secretariat have held productive initial discussions with the new members of the DCLG team and those conversations have in particular focused on the issues addressed in DCLG's May 2016 consultation on amendments to the LGPS in England and Wales, including Fair Deal and Freedom and Choice for AVCs.

Further to those conversations, we understand that the following approaches are being considered in respect of the matters covered in the consultation document:

- Fair Deal – the consultation responses highlighted a number of gaps in the draft regulations and a further consultation may need to be undertaken on an amended set of draft regulations. The policy intent, to extend the principles of Fair Deal to the LGPS, has not changed.

- Freedom and Choice for AVCs – the consultation responses noted a number of deficiencies with the draft regulations, meaning that a further consultation may be necessary to address these. Separately, due to the potential administrative complexities of bringing elements of Freedom and Choice to AVCs in the LGPS, the advantages and disadvantages of offering UFPLSs from LGPS AVCs are being considered.
- Other amendments – these are being considered on a case by case basis and DCLG will try to move these forward as appropriate.

DCLG are working on a formal response to the consultation which will be published in due course.

6.2 **Exit payment cap – Enterprise Act 2016 commencement order**

On 24th January, HM Treasury issued SI2017/70, the Enterprise Act 2016 (Commencement No. 2) Regulations 2017, effective from 1st February 2017.

The regulations commence certain parts of the Enterprise Act 2016 including changes to the Small Business, Enterprise and Employment Act 2015, which enable the £95k exit payment cap to be introduced. However, the commencement order does not itself bring the exit payment cap into effect, but merely allows the Government to make regulations providing for the introduction of the cap.

The LGPC Secretariat remain of the understanding that HM Treasury plan to undertake a further consultation on draft regulations covering the cap before this becomes effective.

6.3 **Publication of September 2016 CPI rate**

As reported in November, the September 2016 rate of CPI was 1.0% and Government policy in recent years has been to base pensions increase under the Pensions (Increase) Act 1971 on the September rate of CPI for the previous year. Given this, we expect that 2017's pensions increase will apply at a rate of 1.0% and employee contribution bandings will be uprated at the same rate.

However, the Government have not yet confirmed this to be the case. The LGPC Secretariat have approached HM Treasury about this and asked that confirmation be provided as soon as possible so that employers and administering authorities can prepare for 1st April 2017.

6.4 **GMP reconciliation and LGPS pension funds**

HMRC have recently provided the LGPC Secretariat with an update on where LGPS pension funds are up to with the reconciliation of their deferred and pensioner GMP records, as outlined in the below table.

Scheme	Total administering authorities (as	Deferred and pensioner GMP data	No. of authorities that have raised queries with	No. of authorities that have yet to raise any queries

	recorded by HMRC)	issued by HMRC to authority	HMRC on their deferred and pensioner data	with HMRC on their deferred and pensioner data
LGPS England & Wales	88	86	36	52 (59%)
LGPS Scotland	12	12	6	6 (50%)

7.0 Finance

7.1 Cost per member

Shared service cost per member 2016/17 £13.76 (£15.45 for 2017/18 initial budget)

The projected shared service pension admin cost per member of £13.76 will be used to recharge LPF. Our cost target for shared service pension admin is to maintain a cost target of £17. The initial budget for 2017/18 Pension Admin shared services of £8.86m less £0.5m contingency will give us a projected cost of £14.91 per member for 2017/18. Our projected cost per member is below our target cost of £17.

8. News

8.1 Awards

WYPF have been shortlisted by Pensions Age Awards for the following categories:

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

The Pensions Age Awards are due to be held on 23 February 2017 at the London Marriott Hotel, Grosvenor Square.

8.2 National LGPS Framework

WYPF has been successful in being shortlisted to the National LGPS Framework for third party pensions administration. Under this framework, the London Borough of Hackney has recently sent out an invite to interested parties to submit a bid. WYPF is working on submitting a bid. In preparation for this, moves are already underway to strengthen our staffing numbers by filling vacant posts and also the creation of a Member Services Manager post.

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.

Appendices

These are listed below and attached at the back of the report	
Appendix 1	Lincolnshire Survey Results – October to December 2016
Appendix 2 -	Employer Feedback – October to December 2016

Consultation

a) Have Risks and Impact Analysis been carried out??

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

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.

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