

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

Report to:	Pensions Committee
Date:	22 March 2018
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 2017 to 28 February 2018.

LPF - KPI's for the Period 1.9.17 – 30.11.17					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
AVC In-house (General)	67	10	65	85	97.01
Article 4 Payment Death LG	8	10	3	85	37.5
Article 4 Payment Own Right LG	37	10	4	85	10.81
Change of Address LG	208	5	201	85	96.63

Change of Bank Details LG	86	5	81	85	94.19
DG Nomination Form Received LG	528	20	528	85	100
Death Grant to Set Up LG	25	5	24	85	96
Death In Retirement LG	159	5	145	85	91.19
Death In Service LG	9	5	8	85	88.89
Death on Deferred LG	9	5	8	85	88.89
Deferred Benefits Into Payment Actual	157	5	154	90	98.09
Deferred Benefits Into Payment Quote	178	35	150	85	84.27
Deferred Benefits Set Up on Leaving	943	20	888	85	94.17
Divorce Quote LG	62	20	60	85	96.77
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100
Enquiry LG	2	5	2	85	100
General Payroll Changes LG	38	5	38	85	100
Initial Letter Death in Service LG	9	5	8	85	88.89
Initial letter Death in Retirement LG	159	5	152	85	95.6
Initial letter Death on Deferred LG	9	5	8	85	88.89
Life Certificate Received LG	39	10	37	85	94.87
Monthly Posting	813	10	499	95	61.38
NI Modification LG	5	20	3	85	60
Pension Estimate	257	10	133	75	51.75
Refund Payment	186	10	181	95	97.31
Refund Quote	200	35	194	85	97
Retirement Actual	122	3	114	90	93.44
Retirement Quote	167	10	150	85	89.82
Set Up New Spouse Pension LG	61	5	56	85	91.8
Spouse Potential LG	6	20	6	85	100
Transfer In Actual	26	35	22	85	84.62
Transfer In Quote	49	35	49	85	100
Transfer Out Payment	4	35	4	85	100
Transfer Out Quote	199	20	183	85	91.96

Reasons for underperforming KPI's:

Article 4 Payment Death LG	complex cases requiring further investigation or information.
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Article 4 Payment Own Right LG	complex cases requiring further investigation or information.
Monthly Posting	Files that cannot be validated because of errors, queries, mismatches etc. Average time taken across all employers is less than 10 days.
NI Modification LG	
Pension Estimate	Larger than normal volumes across all Employers

2.0 Scheme Information

2.1 Membership numbers as at 5 March '18 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	26,217	26,594	2,408	20,138	1,879
Councillors	1	38	0	41	-
Totals nos	26,218	26,632	2,408	20,179	1,879
Change	+1,614	+226	-1,760	+195	-62

2.2 Age Profile of the Scheme

Status	Age Groups												TOTAL
	U20	20-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	70+	
Active	448	1947	1752	2360	2799	3534	4514	4120	2974	1469	242	58	26217
Beneficiary Pensioner	96	37	2	4	4	13	42	85	145	223	313	1535	2499
Deferred	4	436	1428	2134	2226	3115	5221	5936	4777	1235	36	4	26552
Deferred Ex Spouse	0	0	0	0	3	1	9	15	10	1	0	0	39
Pensioner	0	0	1	1	4	12	50	119	1122	4372	5046	6885	17612
Pensioner Deferred	0	0	0	0	0	0	1	0	2	1	0	0	4
Pensioner Ex Spouse	0	0	0	0	0	0	0	0	2	11	6	4	23
Preserved Refund	33	195	115	115	142	198	266	288	226	154	97	50	1879
Undecided													2408
Councillors													80
Total													77,313

2.3 Employer Activity

Academies and Prime Account Schools

Between 1 December 2017 to 28 February 2018, 3 academies became Scheme employers in the Fund.

WYPF are currently working on 7 schools that are in the process of converting to academies or Prime Account Schools.

Town and Parish Councils

Between 1 December 2017 and 28 February 2018 no Town or Parish Councils became Scheme employers. A decision is outstanding from one Parish Council as to whether to become a Scheme employer in the Fund.

Admission Bodies

Between 1 December 2017 and 28 February 2018 there was one new Admission Body in the Fund – backdated to 1 September 2017.

WYPF are currently working on the admissions for 3 Admission Bodies.

Employers ceasing Participation

Between 1 December 2017 and 28 February 2018 no employers ceased their participation in LPF.

Number of Employers in LPF

These changes to employers bring the total number of employers in LPF as at 28 February 2018 to 255.

Admission Bodies in progress

EMPLOYER	ISSUE	CURRENT POSITION	ACTION	NEXT ACTION REQUIRED
Future Cleaning Services	Request for admission received.	Need employee data.	Employee data received and application received.	Actuarial assessment completed. Admission agreement issued for signature. Admission still with academy trust. Contacted by Academy Trust - am responding to queries re their liability as guarantor.

Taylor Shaw (Branston Academy)	Request for admission received.	Need employee data and application form.	Employer confirmed willing to act as interim employer. Actuarial assessment completed by Hymans.	Awaiting decision from scheme employer re Bond requirement.
Compass Group	Request for admission received.	CGS wish to backdate entry. Academy Trust have confirmed they are willing to act as interim employer.	Conference call held with DRET and Compass Group. Actuarial assessment completed by Hymans.	Draft admission agreement currently being prepared by LCC Legal Services.

Admission Bodies concluded

EMPLOYER	ISSUE	CURRENT POSITION	ACTION	NEXT ACTION REQUIRED
Outspoken Training	Admission due from 1/9/2017.	Application received.		Admission agreement signed and sealed by LCC Legal and concluded on 22/12/2017.

3.0 Praise and Complaints

3.1 Over the quarter October to December we received **2** online customer responses. **133** Lincolnshire member's sample survey letters were sent out and **12 (9.03%)** returned:

Overall Customer Satisfaction Score;

October to December 2016	January to March 2017	April to June 2017	July to September 2017	October to December 2017
77.22%	87.07%	78.63%	89.62%	91.74%

Appendix 1 shows full responses.

3.2 Employer Training

Over the quarter October to December two Employer sessions were held in Lincolnshire, Ill Health and A complete guide to administration.

Feedback from the event is attached at Appendix 2.

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.

Stage 1 appeals against the Fund

One appeal decision in this period. No appeals currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
20/11/2017	8087247	Lincolnshire County Council	No entitlement to CETV.	12/1/2018	Turned down.	Potential maladministration – member had been issued with a deferred benefit notification when he was entitled to immediate benefits.

Stage 1 appeals against scheme employers

Two appeal decisions in this period. 2 appeals currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
15/8/2017	8019981	Compass Point Business Services	Appeal against not backdating ill health pension.	6/2/2018	Turned down.	Satisfied that regulations have been applied correctly.

28/11/2017	8040391	LCC	Appeal against being refused an ill health pension.			LCC have confirmed they have extended the deadline.
20/12/2017	8079811	LCC	Appeal against level of ill health decision.	14/2/2018	Turned down.	Satisfied that regulations have been applied correctly.
29/1/2018	8043598	LCC	Appeal against being refused an ill health pension.			

Stage 2 appeals

1 appeal turned down in current period. 1 appeal currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
2/10/2017	8044515	Boston Borough Council	Appeal against service used in pension calculation.			Extension notified. Further queries received from Stage 2 appointed person.
27/9/2017	8086729	Lincolnshire County Council	Actual value of benefits paid was less than shown on annual statements - qualifying service incorrectly shown.	14/12/17	Turned down.	Potential maladministration – incorrect information given.

Ombudsman

- 4.2 The Pensions Ombudsman can consider appeals and allegations of maladministration, once the two stages of the IDRPs have been exhausted. There were no new appeals to the PO.

5.0 Administration Update

5.1 Outstanding Leaver forms

It was agreed with LCC/Serco for them to provide 200 leaver forms per week so that the backlog can be cleared by end of April 18. The numbers of outstanding leaver forms now currently stand at 1717, so they should be on schedule to meet the target.

5.2 GDPR Update

5.2.1 Work is ongoing by both WYPF and the City of Bradford MC (as Administering Authority) to meet the requirements of the GDPR which are effective from 25 May 18.

Steps Required to Be Taken by 25 May 2018

The following are the steps the Council is required to take, what steps it has already taken and what steps still need to be taken prior to 25 May 2018. Details are set out in the draft Implementation Plan in Appendix 3.

5.2.2 Personal Data the Council Processes

Each service area is required to document what personal data it processes, for what purposes and who it shares the data with. These need reviewing by the Information Governance Manager and signing off by the Asset Owners. This needs to be done as a matter of urgency so that the service areas are able to complete the draft privacy notices. These Asset Registers are kept centrally.

Action by WYPF – completed.

5.2.3 Privacy Notices

All service areas' privacy notices, detailing what information they process, the purpose of the processing and who they share it with, need updating to include additional requirements of the GDPR i.e. the lawful basis for processing the data needs to be identified in the privacy notices together with data retention periods and individuals' rights to complain to the ICO.

It is understood there are a number of service areas which have completed draft privacy notices and others have not. These now need completing as a matter of urgency. A pro forma was issued to all service areas in November 2017 along with guidance to complete the same. However, to be able to complete these properly service areas will need to ensure their asset registers are updated and detailed enough.

Action by WYPF – completed.

5.2.4 Policies, Procedures and Contracts

Policies, procedures, templates etc. need to be reviewed and revised in accordance with the new requirements of GDPR eg. changes to subject access requests (a month to comply rather than 40 days), data breaches (must notify ICO of breach within 72 hours where it is likely to result in a risk to the rights and freedoms of individuals). The Council already has an embedded breach reporting system but managers must be made aware of the need to report immediately to the Information Governance Team any serious breaches. Corporate policies have been reviewed and are currently being updated to recognise the revised timescales. However, contracts with third party processors still need reviewing and updating to ensure they are GDPR compliant.

Action by WYPF – ongoing.

5.2.5 Consents

Each service area needs to review existing consent documents to ensure they comply with GDPR i.e., they must be freely given, specific, unambiguous, able to be withdrawn and there must be a positive “opt in” rather than an “opt out”. If existing consents do not comply with GDPR new consents must be obtained from individuals to be able to process their personal data before 25 May 2018. Further guidance is due to be issued by the ICO on consents but this does not mean we can wait for the guidance before reviewing existing consents.

Action by WYPF – ongoing.

5.2.6 Data Protection Impact Assessments

These are now mandatory in all new initiatives/processes where data processing is likely to result in high risk to individuals. The Information Governance Team are starting to review and amend the corporate documentation and procedure.

Action by WYPF – ongoing.

5.2.7 Staff awareness/training

This needs putting in place prior to implementation of GDPR on 25 May 2018 i.e. e-learning for all staff updated to reflect the new GDPR requirements.

Action by WYPF – Briefings given to staff.

5.2.8 Technology

The Council's technology requires reviewing to ascertain what changes are required e.g. rights to object are clearly and separately stated at collection of the data, responding to requests to erase information, i.e. is permanent deletion possible?

Action by WYPF – ongoing.

5.2.9 Data Protection Officer

The Council is required to appoint a DPO by 25 May 2018. Other local authorities have decided to designate this mandatory role within their organisations. The Council is waiting to make a decision on this.

Action by WYPF – The Fund has appointed its own designated DPO.

6.0 Current Issues

6.1 The Department for Communities and Local Government (DCLG) became the Ministry of Housing, Communities and Local Government (MHCLG) with effect from January 18.

6.2 Following the cabinet reshuffle in January 2018, Rishi Sunak MP (MP for Richmond (Yorkshire), became the new Parliamentary Under Secretary of State (Minister for Local Government), taking over from Marcus Jones who was appointed in May 2015.

6.3 High Court judgement in the case of Elmes v Essex. This case concerns Nichola Elmes versus Essex County Council with an interested party of MHCLG. This is a similar case to that decided upon in the Supreme Court on 8 February 2017 concerning Denise Brewster versus NILGOSC (Northern Ireland LGPS).

The case of Nichola Elmes versus Essex County Council was heard before the High Court on Tuesday 18 January 2018 and declared that: "The requirement to nominate a person under regulations 24 and 25 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 is incompatible with Article 1 of the first Protocol to, and Art 14 of, the European Convention on Human Rights and must therefore be disapplied".

6.4 Exit Payment Reforms update

The further consultations on the introduction of the Government's policy on exit payment recovery and the introduction of an exit payment have still to be issued

6.5 Contribution bands for 2018/19

On 17 October 2017, the Office for National Statistics (ONS) announced that the Consumer Prices Index (CPI) rate of inflation for September 2017 was 3.0%. Government policy in recent years has been to base both pensions increase under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI for September of the previous year. The Pensions Increase (Review) Order 2018 is expected to be published in the near future confirming this. The table below sets out the draft contribution bands, which will be effective from 1 April 2018. These are based on the pay bands for 2017/18 as increased by the September 2017 CPI figure of 3%, with the result rounded down to the nearest £100.

Draft Contribution table 2018/19			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

6.6 Consultation outcome on indexation and equalisation of GMP in public service pension schemes.

On 28 November 2016, HM Treasury commenced a consultation that proposed options for the indexation of GMP elements for members of public service pension schemes who will reach SPA on and after 6 December 2018.

On 22 January 2018, HM Treasury published its response to the consultation. "This consultation was about how government should continue to meet its obligations to index (price protect) and equalise (make equal payments to men and women) the pension entitlements of a certain group of public servants with an occupational pension known as a GMP.

The government has been implementing an “interim solution” between 6 April 2016 and 5 December 2018. The outcome of this consultation is that this solution will be extended for a further two years and four months. This will cover those members of public service schemes with a GMP who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long term methodology, known as “conversion”.

6.7 The Pensions Advisory Service dispute function moves to the Pensions Ombudsman

The Pensions Advisory Service’s (TPAS) dispute resolution function is moving to The Pensions Ombudsman (TPO). The move includes the transfer of the TPAS dispute resolution team and volunteer network of over 350 advisers. The transfer is expected to be completed by 1 March 2018.

At present customers can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS usually focussed on complaints before the pension scheme’s internal dispute resolution procedure (IDRP) had been completed, whilst TPO typically deals with complaints that have been through IDR. We have been advised that this transfer of functions will simplify the customer journey. Customers will be able to access all pension dispute resolution, previously handled by two services, whether pre or post IDR, in one place, leading to a smoother customer journey and improved complaint handling. TPAS will continue to focus on providing pension information and guidance, and will become an integral part of the new Single Financial Guidance Body.

7.0 Finance

7.1 Cost per member

Shared service cost per member 2017/18 £13.62 (£15.05 for 2018/19 initial budget)

The shared service pension admin cost per member of £13.62 has been used to recharge LPF for this year. Our cost target for shared service pension admin is to maintain a cost target of £17. The projected cost for 2018/19 Pension Admin shared services has been estimated at £15.05. Our projected cost per member is therefore below our target cost of £17.

8. News

8.1 Awards

WYPF were shortlisted by Pensions Age Awards under the following categories:

DB Scheme of the Year

Pension Scheme Communication Award

Pension Administration Award
Pension Scheme Innovation Award

Conclusion

9. 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 A	Customer Survey Results
Appendix B	Feedback Summary
Appendix C	Draft GDPR Implementation Plan

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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