

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

Report to:	<b>Pensions Committee</b>
Date:	<b>11 January 2018</b>
Subject:	<b>Pensions Administration Report</b>

**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 September 2017 to 30 November 2017.

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)	79	10	75	85	94.94
Age 55 Increase LG	1	20	1	85	100
Article 4 Payment Death LG	3	10	2	85	66.67
Article 4 Payment Own Right LG	58	10	41	85	70.69

LPF - KPI's for the Period 1.9.17 – 30.11.17					
Change of Address LG	464	5	454	85	97.84
Change of Bank Details LG	129	5	120	85	93.02
DG Nomination Form Received LG	746	20	744	85	99.73
DWP request for Information LG	12	10	11	85	91.67
Death Grant to Set Up LG	30	5	29	85	96.67
Death In Retirement LG	114	5	95	85	83.33
Death In Service LG	6	5	5	85	83.33
Death on Deferred LG	12	5	11	85	91.67
Deferred Benefits Into Payment Actual	171	5	150	90	87.72
Deferred Benefits Into Payment Quote	206	35	191	85	92.72
Deferred Benefits Set Up on Leaving	570	20	493	85	86.49
Divorce Quote LG	66	20	65	85	98.48
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100
Enquiry LG	2	5	2	85	100
General Payroll Changes LG	35	5	31	85	88.57
Initial Letter Death in Service LG	6	5	6	85	100
Initial letter Death in Retirement LG	114	5	104	85	91.23
Initial letter Death on Deferred LG	12	5	8	85	66.67
Life Certificate Received LG	127	10	124	85	97.64
Monthly Posting	527	10	442	95	83.87
NI Modification LG	6	20	6	85	100
Pension Estimate	265	10	183	75	69.06
Refund Payment	213	10	205	95	96.24
Refund Quote	230	35	218	85	94.78
Retirement Actual	155	3	146	90	94.19
Retirement Quote	200	10	183	85	91.5
Set Up New Spouse Pension LG	61	5	56	85	91.8
Spouse Potential LG	10	10	7	85	70
Transfer In Actual	26	35	24	85	92.31
Transfer In Quote	36	35	34	85	94.44
Transfer Out Payment	15	35	13	85	86.66
Transfer Out Quote	100	20	88	85	88

Reasons for underperforming KPI's:

Transfer in quote	Delays in receiving appropriate documentation.
Article 4 Payment Death LG	Complex cases requiring further investigation or information.
Article 4 Payment Own Right LG	Complex cases requiring further investigation or information.
Initial letter Death on Deferred LG	NFI returns have resulted in new cases where we have no details of next of kin so require further investigation.
Monthly Posting	Files that cannot be validated because of errors, queries, mismatches etc. Average time taken across all employers is less than 10 days.
Pension Estimate	Larger than normal volumes across all Employers
Spouse Potential LG	NFI returns have resulted in new cases where we have no details of next of kin so require further investigation.

2.0 Scheme Information

2.1 Membership numbers as at 15 December '17 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	24,604	26,406	4,168	19,980	1,941
Councillors	1	39	0	43	-
<b>Totals no.s</b>	<b>24,605</b>	<b>26,445</b>	<b>4,168</b>	<b>20,023</b>	<b>1,941</b>
Change	+407	+229	-807	+260	-20

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	431	1694	1598	2160	2558	3331	4341	3932	2878	1401	229	50	24603
Beneficiary Pensioner	96	38	2	4	4	17	39	83	141	216	311	1523	2474
Deferred	6	410	1452	2082	2179	3114	5238	5881	4750	1208	35	7	26362

Deferred Ex Spouse	0	0	0	0	3	1	9	15	9	1	0	0	38
Pensioner	0	0	1	1	6	11	48	122	1159	4404	5019	6709	17480
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	12	5	4	23
Preserved Refund	39	186	111	124	143	214	281	300	226	157	107	54	1942
Undecided													4168
Councillors													83
<b>Total</b>													<b>77,177</b>

## 2.3 Employer Activity

### Academies and Prime Account Schools

Between 1 September 2017 to 30 November 2017 two academies became Scheme employers in the Fund.

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

### Town and Parish Councils

Between 1 September 2017 to 30 November 2017 no Town and Parish Council became Scheme employers. No decisions are outstanding from Town and Parish Councils as to whether to become Scheme employers in the Fund.

### Admission Bodies

Between 1 September 2017 to 30 November 2017 there were two new Admission Bodies in the Fund.

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

### Employers ceasing Participation

Between 1 September 2017 to 30 November 2017 one employer ceased their participation in LPF.

### Number of Employers in WYPF

These changes to employers bring the total number of employers in LPF as at 30 November 2017 to 251.

### 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 - responding to queries re their liability as guarantor.
Outspoken Training	Admission due from 1/9/2017.	Application received.		Admission agreement signed by Outspoken. Now with LCC Legal for signing and sealing of document.
Taylor Shaw (Branston Academy)	Request for admission received.	Need employee data and application form.	Employer confirmed willing to act as interim employer. Update on employee data requested.	Chasing up employer for up to date contribution info.
Compass Group	Request for admission received.	CGS wish to backdate entry. We are asking academies to confirm if they are willing to act as scheme employer for the interim period.	Conference call held with DRET and Compass Group.	Further conference call due with Dataplan to agree a way forward.

### 3.0 Praise and Complaints

3.1 Over the quarter July to September we received **5** online customer responses. **113** Lincolnshire member's sample survey letters were sent out and **13 (11.51%)** returned:

Overall Customer Satisfaction Score;

July to September 2016	October to December 2016	January to March 2017	April to June 2017	July to September 2017
79.55%	77.22%	87.07%	78.63%	89.62%

Appendix 1 shows full responses.

### 3.2 Employer Training

Over the quarter July to September one Employer session was held in Lincolnshire (one was cancelled due to lack of attendees). The session was on Employer Responsibilities.

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 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 by the Pension Fund Manager. Stage 2 appeals are considered by a solicitor appointed by Lincolnshire County Council.

#### Stage 1 appeals against scheme employers

No appeal decisions in this period. Two appeals currently outstanding.

Date of appeal	Employer	Reason for appeal	Decision	Outcome / comments
15/8/2017	Compass Point Business Services	Appeal against not backdating ill health pension		
28/11/2017	Lincolnshire County Council	Appeal against being refused an ill health pension		

#### Stage 2 appeals

One appeal upheld in current period. Two appeals currently outstanding.

Date of appeal	Employer	Reason for appeal	Decision	Outcome / comments
27/7/2017	Lincolnshire County Council	Appeal against refusal to pay deferred benefit on unreduced basis.	Referred back for reconsideration.	
2/10/2017	Boston Borough Council	Appeal against service used in pension calculation.		

27/9/2017	Lincolnshire County Council	Actual value of benefits paid was less than shown on annual statements - qualifying service incorrectly shown.		
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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

A meeting took place recently between LCC, Serco, LPF and WYPF to discuss the large volume of outstanding leaver forms. Serco has promised to provide an action plan which will highlight how the backlog of forms will be completed and the timescales for completion.

## 6.0 Current Issues

### 6.1 Assistant coroners & eligibility for LGPS

The LGPS Secretariat have received a Counsel's view on the eligibility of assistant coroners for membership of the LGPS in England and Wales, which concludes that assistant coroners are eligible for membership of the scheme.

### 6.2 Publication of LGPS statistics for 2016/17

DCLG have [published their annual statistics](#) on the LGPS in England and Wales, covering the 2016/17 scheme year.

The statistics are collated from the SF3 forms completed by LGPS funds each year and show the following (removing the effect of the merger of the Richmond and Wandsworth pension funds during 2016/17):

- Total expenditure in 2016/17 was £11.8 billion, up £0.4 billion from 2015/16.
- Total income in 2016/17 was £14.7 billion, up £0.7 billion from 2015/16.
- Overall, total expenditure was 81% of income in 2016/17, the same as in 2015/16.
- The market value of LGPS funds was £259 billion at the end of March

2017, an increase of £45 billion or 21% on March 2016.

- Active membership was up to 1,964,000 in 2016/17, from 1,943,000 in 2015/16.
- Active membership as a proportion of total membership was 35.16% in 2016/17, down from 36.00% in 2015/16.

### 6.3 **September 2017 rate of CPI**

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.

We await confirmation from the Government that revaluation and pensions increase for April 2018 will apply in the LGPS at a rate of 3.0%.

### 6.4 **SAB tier 3 employer project – publication of surveys**

The Scheme Advisory Board for the LGPS in England and Wales (SAB) has appointed Aon Hewitt to help them in their review of Tier 3 employers in the LGPS. Tier 3 employers are all those with no tax-payer backing (i.e. colleges, universities, housing associations, charities and any admission bodies with no guarantee from a Council, academy or other tax-payer backed employer).

For clarity, admission bodies falling within paragraph 1(d) of Part 3 of Schedule 2 to the LGPS 2013 Regulations, i.e. bodies formerly known as transferee admission bodies, are not classed as Tier 3 employers because they have a statutory guarantee from the related employer.

The aims of the exercise are to identify:

- the duties, benefits, issues and challenges for LGPS funds, Tier 3 employers and their scheme members with regard to their participation in the LGPS
- options for change that would improve the funding, administration, participation and member experience with regard to Tier 3 employers.

A key element of this project is information gathering and, on 27<sup>th</sup> November, the SAB launched three surveys for completion by:

- a) LGPS administering authorities – <http://lgpsregs.org/survey/administering-authorities.php>,



- b) Tier 3 employers - <http://lgpsregs.org/survey/employer.php>,  
and
- c) LGPS members employed by tier 3 employers -  
<https://lgpsmember.org/survey/member.php>

The surveys are due to close on 31<sup>st</sup> December 2017.

#### 6.5 **SAB letter to the Minister regarding survivor benefits**

As agreed by the Scheme Advisory Board on the 16<sup>th</sup> November, the Chair, Councillor Roger Phillips, wrote to the Local Government Minister, Marcus Jones on the 27<sup>th</sup> November setting out the Board's intention to explore the scope for eliminating any existing inequalities in the scheme regarding survivor benefits.

The letter went on to confirm that the Government Actuary's Department should be commissioned to cost any such proposal ranging from full retrospective to equalising future survivor benefits only. At this stage, and in the absence of any such costing, the Board has no firm view on how any such proposal should be applied.

In the meantime, representations will continue to be made to DCLG for clarification on the extent to which the Brewster judgement applies to the LGPS in England and Wales.

#### 6.6 **Legal opinion on GDPR and the LGPS**

LGPC Secretariat circulated a legal opinion from the legal firm Squire Patton Boggs on a number of questions regarding the implications of the EU's General Data Protection Regulation (GDPR) for the LGPS.

The topics Squire Patton Boggs have considered in the opinion include:

- Whether member consent is needed to process LGPS members' personal data for the purposes of the basic administration of the scheme.
- The legal power for administering authorities to share personal data with AVC providers, a) where a member has entered into an AVC arrangement, and b) for marketing purposes to those who have not entered into AVC arrangements.
- The retention of personal data by an administering authority where there is no remaining liability for an individual.
- The 'right to erasure' and how this relates to the LGPS.
- The 'right to restrict processing' and how this relates to the LGPS.
- 'Privacy by design' and how this relates to the LGPS.

- The formal role each of the following parties has in respect of LGPS member data under GDPR – i.e. whether data controller, data processor or joint data controller:
  - administering authority
  - scheme employer
  - fund actuary
- What GDPR means for practices whereby the administering authority gives the scheme employer access to parts of the pension administration system in order to view or update member records.

Work is also underway at a national level by the communications working group to produce a number of sample documents for LGPS administering authorities to make use of in their preparations for GDPR. These consist of the following:

- A privacy impact assessment (PIA),
- A Fair Processing notice (FPN),
- An incident report form, and
- A data protection policy.

#### **6.7 Pensions Dashboard update**

The Association of British Insurers (ABI), the organisation which steered the development of the Dashboard prototype, [published a report](#) containing a series of policy recommendations on how to develop a Dashboard that would bring about lasting benefits for pensions savers in the UK.

At the PLSA Conference, Guy Opperman MP, Minister for Pensions and Financial Inclusion, announced that DWP will take over responsibility for the introduction of the Pensions Dashboard from HM Treasury. DWP's involvement will begin with the undertaking of a feasibility study in the coming months, with the Department due to provide a fuller update on its plans in spring.

#### **6.8 Ban on pensions cold calling – draft legislation to be brought forward in 2018**

The Government intend to bring forward measures to restrict the likelihood of pension scams occurring, including the introduction of a cold calling ban.

#### **6.9 Autumn Budget 2017**

On 22<sup>nd</sup> November 2017, the Chancellor of the Exchequer delivered the [Autumn Budget 2017](#).

The Budget was a relatively quiet one for pensions but did include confirmation that the lifetime allowance will be going up to £1,030,000 from

6<sup>th</sup> April 2018. This increase is in line with the policy that the Government announced in the March 2015 Budget.

## 7 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 2018/10 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 has been 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

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	Customer Survey Results
Appendix 2	Feedback Summary

## 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](mailto:Yunus.gajra@wypf.org.uk).