

**Open Report on behalf of Andrew Crookham - Executive Director of Resources**

Report to:	<b>Pensions Committee</b>
Date:	<b>16 July 2020</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 January 2020 to 31 December 2020.

<b>KPI's for the period 1.1.20 to 31.03.20</b>						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
AVC In-house (General)	67	10	66	85	98.51	1.88
Age 55 Increase to Pension	3	Next Payroll	3	85	100	20
Change of Address	246	5	237	85	96.34	1.83

Change of Bank Details	84	5	70	85	83.33	4.79
DWP request for Information	1	10	1	85	100	3
Death Grant Nomination Form Received	509	20	509	85	100	2.44
Death Grant to Set Up	22	5	22	85	100	0.73
Death In Retirement	144	5	138	85	95.83	2.33
Death In Service	8	5	7	85	87.5	2.5
Death on Deferred	5	5	5	85	100	1.6
Deferred Benefits Into Payment Actual	303	5	283	90	93.4	1.47
Deferred Benefits Into Payment Quote	344	35	330	85	95.93	8.75
Deferred Benefits Set Up on Leaving	768	10	722	85	94.01	8.53
Divorce Quote	52	20	50	85	96.15	4.17
Estimates for Deferred Benefits into Payment	10	10	10	90	100	2
General Payroll Changes	81	5	79	85	97.53	1.57
Initial Letter Death in Service	8	5	8	85	100	1.75
Initial letter Death in Retirement	144	5	142	85	98.61	1.71
Initial letter Death on Deferred	5	5	4	85	80	2.8
Monthly Posting	761	10	751	95	98.69	1.66
NI adjustment to Pension at State Pension Age	12	20	12	85	100	12.42
Payment of Spouses Child Benefits	59	10	55	100	93.22	3.36
Pension Estimate	168	10	163	75	97.02	2.36
Pension Saving Statement	1	20	1	100	100	1
Refund Actual	227	10	222	95	97.8	1.19
Refund Quote	228	35	226	85	99.12	2.6
Retirement Actual	121	3	117	90	96.69	1.59
Set Up New Spouse Pension	59	5	49	85	83.05	3.36
Spouse Potential	2	20	2	85	100	2.5
Transfer In Actual	39	35	37	85	94.87	6.87
Transfer In Quote	59	35	58	85	98.31	3.71
Transfer Out Payment	25	35	23	85	92	9.84
Transfer Out Quote	64	20	58	85	90.63	8.84
Update Member Details	1568	20	1564	100	99.74	1.28

## 2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	22,973	27,043	580	23,524	2,536
Percentage of Membership	29.97	35.28	0.76	30.69	3.30
Change from Last Quarter	-157	-371	-119	+200	-81

2.2 The number of new joiners in the Fund were during the period 1 January 20 to 31 March 20 were 1083 made up as:

Lincolnshire County Council	349
Other Employers	734

2.3 The number of members who are in the 50:50 scheme are 183 made up as:

Lincolnshire County Council	86
Other Employers	97

2.4 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	320	1,481	1,554	1,986	2,493	2,730	3,672	3,720	3,043	1,630	261	83	22,973

2.3 Employer Activity - During Jan 20 to March 20

New Academies and Education Trusts	5
New Town and Parish Council	0
New Admission Bodies	0
<b>Total of New Employer</b>	<b>5</b>
Employers Exited	6
<b>Total Numbers of employers</b>	<b>276</b>

3.0 Member and Employer Contact

3.1 Over the quarter January to March we received **0** online customer responses.

Over the same period **193** Lincolnshire member's sample survey letters were sent out and **25 (13%)** returned:

Overall Customer Satisfaction Score:

<b>January to March 2019</b>	<b>April to June 2019</b>	<b>July to September 2019</b>	<b>October to December 2019</b>	<b>January to March 2020*</b>
81.3%	83.5%	87.9%	84.5%	78.7%

\* There were no identifiable reasons indicated in the survey responses as to why the scores were lower in the last period.

**Appendix A** – Customer survey results.

3.2 Employer Training

Over the quarter October 2019 to 31 December 2019 one Employer training session on ‘Your Monthly Return’ was held.

LPF Customer satisfaction score was 90.87%.

**Appendix B** – Employer feedback summary.

**4.0 Internal Disputes Resolution Procedures**

4.1 All occupational pension schemes are required to operate an IDRP. 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 WYPF.

**Stage 1 appeals against the fund**

No appeals in this period.

**Stage 1 appeals against scheme employers**

No appeals in this period.

## **Stage 2 appeals**

Two decision made in this period.

<b>Date application received</b>	<b>Reason for appeal</b>	<b>Current position/Outcome</b>	<b>Date decision letter sent</b>
21/1/2020	Appeal re details of pay/contributions used in calculation of benefits.	Turned down. Pay information provided by LCC (Serco) checked across the member's post and we were happy with the information provided.	27/3/2020
31/10/19	Refusal to pay CETV when member was within a year of normal retirement age.	Information requested from employer. Holding letter sent to extend deadline to 10/1/2020. Appeal now concluded and turned down.	10/1/2020

## **Ombudsman**

### 4.2 One case outstanding

<b>Date application received</b>	<b>Details of complaint</b>	<b>Current position/outcome</b>	<b>Date complete</b>
5/7/2019	The member's appeal was in regard to a dispute over the periods of service used in her pension calculation. The member had worked changing hours in a number of different employments over the years. The scheme employer did not hold complete historical information of her working hours.	Being dealt with by LCC Legal. Information provided to them. Further information provided to LCC Legal in September. Payment of £500 compensation agreed in October. Chasing up with LCC Legal to see if final decision has been made.	

## **5.0 Administration Update**

### 5.1 On 23 March the Prime Minister asked that everyone stay at home except for a few restricted activities one of which was:

'Travelling to and from work, but only where work absolutely cannot be done from home'.

Urgent negotiations commenced with Bradford Council's IT to procure remote working equipment for the bulk of the staff that could not work from home, and within a matter of a couple of weeks all staff were enabled to work remotely.

Staff now only attend the office on a needs basis, i.e. to print, to scan post etc. Alternative arrangements for these tasks are now also in place.

After a short period of downtime for some individual members of staff who may have been self-isolating or had childcare issues when schools closed, it is now almost business as usual.

5.2 The Pension Regulator's advice applicable to DB schemes for administrators recommends that the focus of service delivery at this time should be on the following areas:

- Payment of benefits
- Employer contributions
- Minimising the risk of scams
- Supporting good decision making.

5.3 TPR also provided some comfort to administrators by recognising that some administrative breaches may occur at this time but they will maintain a 'proportionate and fair approach' to any action to take.

5.4 Payroll

We have tested and proved that our payroll can be run by members of staff working from home if necessary. However, we have made one change which is that our daily payroll will now be run weekly each Thursday.

5.5 Transfer Values

The processing of transfers is a second level priority. Club transfers and transfers from schemes with a guarantee date will be processed although it might be more slowly.

5.6 Transfers in

Transfers in from personal pensions i.e. money purchase or defined contribution (DC) schemes are more of a concern as investment values are likely to have dropped in the period between receiving the member's election forms and requesting the money.

We are currently investigating with some of the bigger personal pension providers what their view is on proceeding in these circumstances and what the members' options might be. When we have more information on this we will write to affected members in line with the TPRs direction to support good decision making.

5.7 Transfers Out

We are aware that unscrupulous financial advisers may still try to target firefighters to release benefits. We have therefore added the tPR's latest guidance on scams to our website and briefed both the Contact Centre and Fire Team staff on these issues.

5.8 Children's Pensions

Because schools, colleges and universities have closed, we will continue to pay children's pensions where we know students are only part-way through a course. For students who we know are in their last year of school, we would ask them as normal if they intend to go on to further study. If they say they are intending to continue their studies we will continue to pay their pension as normal (this is usual

practice). For college or university students who we know are in their final year of study, we will suspend the pension as normal in June.

#### 5.9 Deferred Benefit Statements (DBS)

The number of Deferred Benefit Statements produced for all LPF members currently stands at 21,728 which represents 82.1% of members eligible to receive one. The number of statements produced each day was initially reduced from 2,000 to 500 each day. Now that working arrangements are more settled the limit has been increased to 1,000 per day.

#### 5.10 Annual Benefit Statements (ABS)

The number of Annual Benefit Statements produced for LPF members currently stands at 74.1% of members eligible to receive one. Similar to DBS's, the number of statements produced each day was initially reduced from 2,000 to 500 each day. Now that working arrangements are more settled the limit has been increased to 1,000 per day.

#### 5.11 Remote Working

The arrangements for staff working remotely are operating well, with staff being able to do their normal work without any major issues. In line with Government advice, the arrangements are set to continue for the foreseeable future.

#### 5.12 Security Breaches

During this period one security breach was logged which were reported to the Council's Data Protection Officer. This was deemed to be an isolated incident due to human error and was not reported to the ICO.

#### 5.13 Bradford Council Internal Audits

The following Internal Audits have been undertaken by the Council's Internal Auditors:

- Accuracy of contributions recorded on member records

Seven recommendations have been made which are welcomed. Most of them focus on exceptional cases. The issues arise for deferred and pensioner members (active members are fine). Phase three of the monthly contribution project has started which will address some of these recommendations. As part of this engagement Finance will work with Employers and Payroll providers to address some issues identified.

- Annual benefits statements

It is audit's opinion that the standard of control of identified risks in the system is **excellent**.

The audit review has determined that the identified risks are being effectively managed. The control environment is as expected and supports the achievement of key business objectives.

A key improvement in the production of annual benefits statements and deferred benefits statements has been the information made available to members on the value of their benefits at a number of stages from age 55 to their normal retirement age.

In addition to providing useful information to the members in receipt of the statements, the improvement has also had the added benefit of reducing the number of members making contact with the Pension Fund, who would otherwise be requesting this information.

#### 5.14 ISO9001 Quality Audits

The following internal quality audits were completed by WYPF staff:

- Diary Control System to verify entitlement to Children's Pensions;
- Divorce;
- General Payroll Maintenance; and
- Suggestions for improvements to working practices are being analysed by the relevant managers.

### 6.0 Current Technical Issues

See Appendix C.

### 7.0 Shared service Budget

#### 7.1 Cost per member

<b>LPF PENSION ADMIN</b>	<b>2018/19 OUTTURN £000</b>	<b>2019/20 BUDGET £000</b>	<b>2019/20 FORECAST PD09 £000</b>	<b>2019/20 OUTTURN PD13 £000</b>	<b>2019/20 VAR BGT - PD13 FAV (ADV) £000</b>	<b>2020/21 BUDGET £000</b>
<b>LPF member number</b>	<b>77,042</b>	<b>Number reduced as a result of linking members records</b>		<b>76,734</b>		<b>76,734</b>
<b>Cost per member</b>	<b>£13.45</b>			<b>£15.69</b>		<b>£16.60</b>
	<b>£1,036,211</b>			<b>£1,204,057</b>		<b>£1,273,563</b>



## 7.2 Shared Service Budget

<b>WYPF PENSION ADMIN</b>	<b>2018/19 OUTTURN £000</b>	<b>2019/20 BUDGET £000</b>	<b>2019/20 FORECAST PD09 £000</b>	<b>2019/20 OUTTURN PD13 £000</b>	<b>2019/20 VAR BGT - PD13 FAV (ADV) £000</b>	<b>2020/21 BUDGET £000</b>
Accommodation	£158	£142	£182	£282	£-140	£182
Actuary	£0	£0	£165	£165	£-165	£0
Computer	£15	£240	£265	£297	£-57	£265
Contingency	£0	£866	£0	£0	£866	£0
Employees	£3,165	£3,454	£3,419	£3,532	£-78	£3,547
Internal Recharge	£1,920	£2,235	£1,954	£1,722	£513	£2,244
Other Running Costs	£107	£70	£148	£142	£-72	£148
Transaction Costs	£0	£0	£0	£0	£0	£0
Printing & stationery	£259	£366	£593	£512	£-146	£650
<b>TOTAL EXPENDITURE</b>	<b>£5,624</b>	<b>£7,373</b>	<b>£6,726</b>	<b>£6,652</b>	<b>£721</b>	<b>£7,036</b>
<b>Total member number</b>	<b>418,143</b>			<b>423,929</b>		<b>423,929</b>
<b>Cost per member</b>	<b>£13.45</b>			<b>£15.69</b>		<b>£16.60</b>
Charge to WYPF Account	£-3,636	£-5,304	£-4,677	£-4,687	£-617	£-4,900
Other Income	£-163	£-126	£-36	£-40	£-86	£-36
Shared Service Income	£-1,825	£-1,943	£-2,013	£-1,925	£-18	£-2,100
<b>TOTAL INCOME</b>	<b>£-5,624</b>	<b>£-7,373</b>	<b>£-6,726</b>	<b>£-6,652</b>	<b>£-721</b>	<b>£-7,036</b>

## 8.0 Awards

WYPF were winners of the DB Scheme of the Year at the Pensions Age Awards held in London in February 2020.

### 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 A	Customer survey results
Appendix B	Employer Feedback summary
Appendix C	Current Technical Issues

## **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 Pensions Manager.

## **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).