

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

Report to:	<b>Pensions Committee</b>
Date:	<b>18 March 2021</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 Head of Governance and Business Development 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 October 2020 to 31 December 2020.

<b>KPI's for the period 1.10.20 to 31.12.20</b>						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAG E TIME TAKEN
AVC In-house (General)	45	10	45	85	100	1
Change of Address	277	5	261	85	94.22	2.46
Change of Bank	73	Next	73	85	100	2.99

Details		payroll				
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAG E TIME TAKEN
Death Grant Nomination Form Received	582	20	582	85	100	5.52
Death Grant to Set Up	25	5	24	85	96	1.36
Death In Retirement	108	5	104	85	96.3	1.3
Death In Service	2	5	2	85	100	1
Death on Deferred	1	5	1	85	100	1
Deferred Benefits Into Payment Actual	294	5	280	90	95.24	3.05
Deferred Benefits Into Payment Quote	288	35	278	85	96.53	6.49
Deferred Benefits Set Up on Leaving	631	10	603	85	95.56	7.74
Divorce Quote	47	20	43	85	91.49	9.15
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100	4
Enquiry	6	5	5	85	83.33	1.67
Estimates for Deferred Benefits into Payment	2	10	2	90	100	2
General Payroll Changes	38	Next payroll	38	85	100	1
Initial Letter Death in Service	2	5	2	85	100	1
Initial letter Death in Retirement	108	5	107	85	99.07	1
Initial letter Death on Deferred	1	5	1	85	100	1
Monthly Posting	791	10	772	95	97.6	1.08
NI adjustment to Pension at State Pension Age	5	20	5	85	100	15
Payment of Spouses _Child Benefits	43	10	41	90	95.35	5.3
Pension Estimate	112	10	102	75	91.07	4.35
Pension Saving Statement	1	20	1	100	100	1
Refund Actual	143	10	143	95	100	1
Refund Quote	213	35	213	85	100	1
Retirement Actual	164	3	156	90	95.12	1.09
Set Up New Spouse Pension	43	5	37	85	86.05	9.6
Spouse Potential	8	20	7	85	87.5	6.38
Transfer In Actual	30	35	29	85	96.67	4.87

Transfer In Quote	31	35	31	85	100	3.13
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAG E TIME TAKEN
Transfer Out Payment	7	35	7	85	100	5.43
Transfer Out Quote*	77	20	62	85	80.52	15.7
Update Member Details	581	20	577	100	99.31	1

\*Transfer Out Quote – additional requirements from TPR to protect against pension scams. Process is being reviewed and will be updated.

## 2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	22,857	26,263	540	24,482	2,523
Percentage of Membership	29.81	34.26	0.70	31.93	3.30
Change from Last Quarter	+216	-1,440	-288	+1,370	-139

## 2.2 Age Profile of the Scheme

Status	Age Groups												
	U20	20-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	70 +	TOTAL
Active	294	1536	1522	1994	2491	2726	3533	3766	3000	1645	271	79	22857

## 2.3 Employer Activity - During October 20 to December 20

New Academies and Education Trusts	0
New Town and Parish Council	0
New Admission Bodies	2
<b>Total of New Employer</b>	<b>2</b>
Employers Exited	2
<b>Total Numbers of employers</b>	<b>270</b>

## 3.0 Member and Employer Contact

3.1 Over the quarter October to December we received 0 online customer responses.

3.2 Over the quarter October to December 163 Lincolnshire member's sample survey letters were sent out and 29 (17.8%) returned:

3.3 Overall Customer Satisfaction Score:

October to December 2019	January to March 2020	April to June 2020	July to September 2020	October to December 2020
84.5%	78.7%	92.7%	94.9%	82.1%

3.4 **Appendix A** – Customer survey results.

3.2 Employer Training. Over the quarter October to December we held sixteen Employer webcasts which were attended by Employers across all four Funds that WYPF administer.

**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.

4.2 Stage 1 appeals against the fund

No appeals currently outstanding.

4.3 Stage 1 appeals against scheme employers

One appeal decision in this period. One appeal currently outstanding.

Date of appeal	Reason for appeal	Current position /Outcome	Date decision letter sent
8/9/2020	Against 'Rule of 85' protection not applying.	The appeal was turned down as the decision to apply a reduction to benefits at age 60 was correct. But WYPF had not provided a complete explanation of the actions taken with the initial incorrect recording of 'qualify service' by the previous scheme administrator and it's subsequent removal and was therefore required to provide further clarification to the member.	8/10/2020
2/12/2020	Appeal against being refused an ill health pension.	Referred to Serco as the scheme employer.	

#### 4.4 Stage 2 appeals

No appeals in this period.

#### 4.5 Ombudsman

No cases in this period.

### 5.0 Administration Update

#### 5.1 CEM Benchmarking

WYPF took part in a Pension Administration Benchmarking Analysis together with a number of other Funds, both public and private. CEM not only measure our cost per member but also the quality of service. Results were recently received which show that:

- (i) Our pension administration costs of £15.28 per member were £10.84 below the adjusted peer average of £26.12.
- (ii) Our Business-As-Usual (BAU) costs of £15.28 per member were £7.24 below the adjusted peer average of £22.52.
- (iii) Our total administration cost per member fell by -3.8% in the last year.
- (iv) Our total member service score was 64 out of 100. This was above the peer median of 63.
- (v) Our governance costs of £1.29 per member were £5.92 below the per member average of £7.22.

#### **Summary:**

##### **Pension Administration Costs**

- Our total costs were £10.84 per member below the peer average.
- Our Business as Usual (BAU) costs were £7.24 per member below the peer average.
- Our cost per member fell by -3.8% (CPI 1.3%) in the year.

##### **Member Service**

- Our total service score was above the peer median.
- We scored well for service in these areas:
  - Service over the telephone
  - Service Level Agreement
  - Benefit Statements
  - Feedback

- We scored below your peers in these areas:
  - Secure member website
  - Meeting members individually
  - Tracing members
  - Estimates

### **Cost effectiveness**

- We were positioned as high member service, low cost on the CEM administration cost effectiveness graph.

### **Employer Service**

- We scored well for meeting with and reporting to employers, and training employer staff.

NB. Please note that the results are in draft and may change subject to clarification on a couple of issues.

## **6.0 Current Technical Issues**

6.1 See **Appendix B**.

## **7.0 Shared service Budget**

7.1 Latest projected spend for 2020/21 is £12.76m, against a budget of £14.85m, underspend of £2.09m. Impact of Covid-19 continues and so does pressure on services, face to face activities are still suspended, therefore we will continue to increase our investment in digital services and communication. Pleased to report that we are delivering a good level of service in terms of quality, volume and price.

7.2 For 2021/22 a budget of £15.43m was approved for all WYPF operational activities including shared services.

WYPF ALL SERVICES	2019/20 OUTTURN £000	2020/21 BUDGET £000	2020/21 FORECAST PD10 £000	2020/21 VAR BGT - PD10 FAV (ADV) £000	2021/22 BUDGET £000
Accommodation	422	369	305	64	290
Actuary	533	300	300	0	300
Computer	991	803	1,135	-332	900
Contingency	0	0	50	-50	110
Employees	7,711	8,167	6,779	1,388	9,229
Internal Recharge	454	454	454	0	454
Other Running Costs	1,174	1,370	1,285	85	870
Transaction Costs	2,770	2,725	1,900	825	2,725
Printing & Stationery	518	662	552	110	500
Strategy	0	0	0	0	50
<b>TOTAL EXPENDITURE</b>	<b>14,573</b>	<b>14,850</b>	<b>12,760</b>	<b>2,090</b>	<b>15,428</b>
Charge to WYPF Account	-12,306	-12,364	-10,580	-1,784	-12,695
Other Income	-309	-186	-233	47	-233
Shared Service Income	-1,958	-2,300	-1,947	-353	-2,500
<b>TOTAL INCOME</b>	<b>-14,573</b>	<b>-14,850</b>	<b>-12,760</b>	<b>-2,090</b>	<b>-15,428</b>

7.3 With increasing shared service partners and reduced cost of operation our cost per member for pension administration is £13.22 for 2020/21 and original budget for 2021/22 is £15.08. We will be funding the following cost pressures from the 2021/22 £15.43m budget:

- a. Increase investment in digital services for members and employers.
- b. Improve remote + mobile access for staff to IT systems.
- c. Supply of fit for purpose IT equipment and services
- d. Cost of implementing McCloud and Goodwin remedies
- e. Improve back office – HR and client support for shared service

7.4 The latest projection of £13.22 per member, means all partners will receive over £3 per member refund / reduction for 2020/21 financial year. This will be processed in May 2021 when we raise invoices for 2021/22, we have made provisions for this in the income for 2020/21.

7.5 Lincolnshire projected shared service charges

Lincolnshire LGPS	MEMBER No	NUMBER OF MONTHS	FACTORED MEMBER No	BUDGET PER MEMBER	2020/21 BUDGET	FORECAST COST PER MEMBER	2020/21 FORECAST PD10
Lincolnshire LGPS	76,646	12	76,646	£14.42	£1,104,864	£13.22	£1,013,603

## **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.

## **Consultation**

### **a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Pensions Manager.

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Customer survey results
Appendix B	Current Issues

## **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)