



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

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|------------|---------------------------------------|
| Report to: | Pensions Committee |
| Date: | 17 March 2022 |
| Subject: | Pensions Administration Report |

Summary:

This is the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF).

Yunus Gajra, Assistant Director (Finance, Administration and Governance) 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 2021 to 31 December 2021.

| KPI's for the period 01.10.21 to 31.12.21 | | | | | | |
|------------------------------------------------------|-------------|---------------------------|------------------|-----------------------|--------------------|--------------------|
| WORKTYPE | TOTAL CASES | TARGET DAYS FOR EACH CASE | TARGET MET CASES | MINIUM TARGET PERCENT | TARGET MET PERCENT | AVERAGE TIME TAKEN |
| AVC In-house (General) | 30 | 20 | 30 | 85 | 100 | 1.3 |
| Change of Address | 217 | 10 | 205 | 85 | 94.47 | 1.77 |
| Change of Bank Details | 84 | 10 | 83 | 85 | 98.81 | 2.62 |
| Death Grant Nomination Form Received | 426 | 20 | 379 | 85 | 88.97 | 6.77 |
| Death Grant to Set Up | 37 | 5 | 35 | 85 | 94.59 | 2.57 |
| Death In Retirement | 136 | 5 | 118 | 85 | 86.76 | 3.93 |
| Death In Service | 7 | 5 | 7 | 85 | 100 | 4 |
| Death on Deferred | 18 | 5 | 16 | 85 | 88.89 | 2.67 |
| Deferred Benefits Into Payment Actual | 216 | 5 | 215 | 90 | 99.54 | 1 |
| Deferred Benefits Into Payment Quote | 227 | 35 | 215 | 85 | 94.71 | 12.97 |
| Deferred Benefits Set Up on Leaving | 539 | 20 | 391 | 85 | 72.54 | 23.87 |
| Divorce Quote | 41 | 20 | 37 | 85 | 90.24 | 11.73 |
| Divorce Settlement Pension Sharing order Implemented | 1 | 80 | 1 | 100 | 100 | 1 |
| Enquiry | 4 | 5 | 4 | 85 | 100 | 1.25 |
| Estimates for Deferred Benefits into Payment | 8 | 10 | 8 | 90 | 100 | 2.38 |
| General Payroll Changes | 85 | 10 | 84 | 85 | 98.82 | 1.13 |
| Initial Letter Death in Service | 7 | 5 | 7 | 85 | 100 | 1 |
| Initial letter Death in Retirement | 136 | 5 | 128 | 85 | 94.12 | 1.37 |
| Initial letter Death on Deferred | 18 | 5 | 18 | 85 | 100 | 2.42 |
| Interfund Linking In Actual | 52 | 35 | 34 | 85 | 65.38 | 29.25 |
| Interfund Linking In Quote | 93 | 35 | 40 | 85 | 43.01 | 45.18 |

| WORKTYPE | TOTAL CASES | TARGET DAYS FOR EACH CASE | TARGET MET CASES | MINIUM TARGET PERCENT | TARGET MET PERCENT | AVERAGE TIME TAKEN |
|-----------------------------------------------|--------------|---------------------------|------------------|-----------------------|--------------------|--------------------|
| Interfund Out Actual | 104 | 35 | 40 | 85 | 38.46 | 103.02 |
| Interfund Out Quote | 104 | 35 | 92 | 85 | 88.46 | 13.05 |
| Monthly Posting | 811 | 10 | 773 | 95 | 95.31 | 1.63 |
| NI adjustment to Pension at State Pension Age | Next payroll | 20 | 16 | 85 | 100 | 18.06 |
| Payment of Spouses _Child Benefits | 84 | 5 | 79 | 90 | 94.05 | 3.32 |
| Pension Estimate | 191 | 10 | 153 | 90 | 80.64 | 6.02 |
| Phone Call Received | 844 | 3 | 822 | 95 | 97.39 | 1 |
| Refund Actual | 140 | 10 | 138 | 95 | 98.57 | 1 |
| Refund Quote | 283 | 35 | 280 | 85 | 98.94 | 1.78 |
| Retirement Actual | 209 | 3 | 205 | 90 | 98.09 | 1 |
| Spouse Potential | 9 | 20 | 9 | 85 | 100 | 8.44 |
| Transfer In Actual | 18 | 35 | 16 | 85 | 88.89 | 13.5 |
| Transfer In Quote | 31 | 35 | 31 | 85 | 100 | 2.45 |
| Transfer Out Payment | 11 | 35 | 11 | 85 | 100 | 11.82 |
| Transfer Out Quote | 145 | 20 | 127 | 85 | 87.59 | 9.21 |
| Update Member Details | 719 | 20 | 719 | 100 | 100 | 1 |

Comment – The KPI for Deferred Benefits Set Up on Leaving was not met this quarter as this area of work was lower priority and other areas of work such as paying benefits on time was prioritised. The backlog is now being done in overtime and this is being reviewed by the Team Managers on a weekly basis.

Comment – The KPI's for the Interfund area of work has not been met this quarter due to the focus on other areas. A recruitment campaign to recruit additional Senior Pensions Officers is currently underway which will be followed by recruitment of Pensions Officers to address workload issues.

Comment - The KPI for Pension Estimate has not been met this quarter due to the high volume of pension estimate requests across all funds.

2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

| Numbers | Active | Deferred | Undecided | Pensioner | Frozen |
|--------------------------|--------|----------|-----------|-----------|--------|
| LGPS | 23,953 | 25,726 | 683 | 25,514 | 2,581 |
| Percentage of Membership | 30.42 | 32.67 | 0.87 | 32.40 | 3.28 |
| Change from Last Quarter | +787 | +355 | -31 | +278 | +81 |

2.2 Age Profile of the Scheme

| | Age Groups | | | | | | | | | | | | |
|--------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|--------|
| Status | U20 | 20-25 | 26-30 | 31-35 | 36-40 | 41-45 | 46-50 | 51-55 | 56-60 | 61-65 | 66-70 | 70+ | TOTAL |
| Active | 292 | 1,687 | 1,704 | 2,120 | 2,688 | 2,916 | 3,415 | 3,888 | 3,127 | 1,740 | 309 | 67 | 23,953 |

2.3 Employer Activity - During 1 October 2021 to 31 December 2021

| | |
|------------------------------------|------------|
| New Academies and Education Trusts | 0 |
| New Town and Parish Council | 1 |
| New Admission Bodies | 0 |
| Total of New Employer | 1 |
| Employers Exited | 1 |
| Total Numbers of employers | 274 |

3.0 Member and Employer Contact

3.1 Over the quarter October to December we received **2** online customer responses.

Over the quarter October to December **161** Lincolnshire member's sample survey letters were sent out and **21 (13.1%)** returned:

Overall Customer Satisfaction Score:

| October to December 2020 | January to March 2021 | April to June 2021 | July to September 2021 | October to December 2021 |
|--------------------------|-----------------------|--------------------|------------------------|--------------------------|
| 82.1% | 86.8% | 81.7% | 96.9% | 91.5% |

Appendix A – Customer Surveys

3.2 Employer Training

Over the quarter 1 October 2021 to 31 December 2021 we held the following webcasts which were attended by employers across all four Funds that WYPF administer:

- Overview of the LGPS
- Managing absences in the LGPS
- Understanding pay protection in the LGPS
- Final pay 'the deep dive'
- Additional Pension Contributions (APC's)
- Understanding employer costs

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 by the Pension Fund Manager. Stage 2 appeals are considered by WYPF.

Stage 1 appeals against the fund

There are no appeals currently outstanding.

| Date of appeal | Reason for appeal | Current position /Outcome | Date decision letter sent |
|----------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 03/08/2021 | Appeal against the decision of who the recipients of a death grant should be. | Request acknowledged – 04/08/2021. IDRP report received from Member Services Manager – 09/08/2021. Details of case referred to Jo Ray as regards possible compensation for maladministration – 30/09/2021. Appeal turned down – 13/10/2021. | 13/10/2021 |

Stage 1 appeals against scheme employers

One appeal is currently outstanding.

| Date of appeal | Reason for appeal | Current position /Outcome | Date decision letter sent |
|-----------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 02/12/2020 | Appeal against being refused an ill health pension. | Referred to Serco as the scheme employer. 2nd medical review being arranged. Serco confirmed that this issue has now been concluded with the 2 nd medical opinion and a ill health pension has now been awarded – 22/11/2021. | 22/11/2021 |
| 28/04/2021 | Appeal against being refused an ill health pension. | Referred to Lincoln College as the scheme employer. Advised by Lincoln College, that after further liaison with the member and their Union Rep. that the appeal had been withdrawn. | Appeal withdrawn |
| 07/06/2021 | Appeal against being refused an ill health pension. | Referred to LCC as the scheme employer. 2 nd medical appeal being arranged. Last e-mail to LCC – 11/11/2021. LCC responded 24/12/2021 to say they are expecting a further medical report to be received soon. | |

Stage 2 appeals

One appeal is currently outstanding.

| Date application received | Reason for appeal | Current position/outcome | Date decision letter sent |
|----------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 07/06/2021 | Appeal against transfer out being allowed to proceed. | IDRP acknowledged – 25/06/2021. Decision letter drafted – 21/09/2021. | 04/10/2021 |
| 08/06/2021 | Appeal against decision re ill health retirement. | No action taken until 29/09/2021. Wrote to scheme employer to obtain further personal information that is needed – 06/10/2021. Holding letter sent – 08/12/2021. | |

4.2 Ombudsman

There are no appeals currently outstanding.

| Date application received | Details of complaint | Current position/outcome | Date completed |
|----------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 03/10/2021 | Request from TPO referred to scheme employer regarding ill health appeal. | LCC (as scheme employer) responded to confirm that they were now requesting a further medical opinion to deal with the appeal. | 20/10/2021 |

5.0 Administration Update

5.1 Prudential

The Scheme Advisory Board (SAB) met on 13 December 2021 and the agenda included delegation from the Prudential. In response to concerns expressed by the Board on behalf of scheme stakeholders about the performance and level of communication, the delegation from the Prudential explained that migration to a new platform coupled with the disruption of normal working methods caused by the Covid emergency had resulted in a performance level below acceptable standards.

The Prudential also confirmed at the meeting that they had reported themselves to TPR after failing to meet its statutory deadlines.

The Board was assured that performance in key areas such as servicing updates and client customer support has improved and will continue to do so as new working methods and training of new staff unfolds. The Prudential agreed to work with the Secretariat to formulate a communication for scheme stakeholders.

TPR and the Financial Conduct Authority (FCA) have had meetings with the Prudential and a TPR spokesperson said “We are aware of the issue and understand the impact these problems can have. Providers of personal pensions, such as Prudential are principally regulated by the FCA. We have monitored the issues reported by Prudential savers and will continue to work with the FCA as appropriate”.

Lincolnshire pension Fund had 360 retirements in the period 1 October 2021 to 31 December 2021 and 8 members had AVCs for which we have received the payment from Prudential.

5.2 Employer Work

During this period WYPF worked on 2 new Academies/Prime location schools and 9 new admission bodies.

5.3 Staffing

Finance – there are currently 5 vacancies in Finance, 3 Senior Finance Officers and 2 Finance Officers. Recruitment for these posts is currently ongoing and the closing date for applications is 14/02/2022.

Service Centre – There are currently 10 vacancies in the Service Centre, 2 Senior Pensions Officer posts and 8 Pensions Officer posts. 4 of the Pensions Officer posts became vacant when staff were promoted to Senior Pensions Officers. Recruitment for the Pensions Officer posts is currently at interview stage and the recruitment for the senior posts will commence shortly.

5.4 Audits undertaken by Bradford Councils Internal Audit:

a) **Scheme contributions**

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

The audit review has determined that most of the risks examined were found to be effectively managed. The control environment is largely as expected but would benefit from some enhancement to support the achievement of key business objectives.

Internal Audit made **2** recommendations for improvement which Managers are currently looking at implementing.

b) Mitigation of pension scams

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.

However, it is noted that there is room for further improvement and development as WYPF have not yet signed up to make the pledge to combat pension scams.

Consideration should be given as to whether this is something WYPF would pursue moving forwards and whether the merits of doing so outweigh any further resources required.

Internal Audit made **no** recommendations for improvement.

WYPF are currently working on signing up to the pledge and are looking at where we already meet the pledge and where improvements need to be made.

c) New pensions and lump sums – death benefits

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.

Internal Audit made **no** recommendations for improvement.

6.0 Current Technical Issues

See Appendix B

7.0 Web Registrations

The number of members registered for online member web are:

| Status | July 21 to September 21 | % of membership | October 21 to December 21 | % of membership |
|---------------|------------------------------------|----------------------------|--------------------------------------|----------------------------|
| Active | 7,757 | 33.48% | 8,072 | 33.70% |
| Deferred | 5,774 | 22.76% | 6,166 | 23.97% |
| Pensioner | 5,205 | 20.40% | 6,285 | 24.63% |

8.0 Shared service Budget

8.1 Cost per member

The latest 2021/22 projected cost per member of £14.31 means a reduction of £0.81 against a budget of £15.12.

| Lincolnshire LGPS | CLIENT NO | ADJ MEMBER No DEC 2021 | 2021/22 FORECAST PD09 DEC £000 | COST PER MEMBER |
|-------------------|-----------|------------------------|--------------------------------|-----------------|
| Lincolnshire LGPS | 8 | 77,975 | £1,115,928 | £14.31 |

9.0 Awards

WYPF has been shortlisted by **Pensions Age Awards 2022** under the following categories:

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

Winners will be announced at a ceremony in London on 23 February 2022.

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 Surveys |
| Appendix B | Current Technical Issues |

Consultation

a) Risks and Impact Analysis

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

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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