



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

Report to:	Pensions Committee
Date:	1 December 2022
Subject:	Pensions Administration Report

Summary:

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

Matt Mott, Governance and Business Development Manager from WYPF, will update the Committee on current administration issues.

Recommendation(s):

That the Committee discuss the activity and performance of the administration service during the last quarter.

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 over the page shows the performance against key areas of work for the period 1 July 2022 to 30 September 2022.

KPI's for the period 01.07.22 to 30.09.22						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIMUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Age 55 Increase to Pension	1	20	1	85	100	1
AVC In-house (General)	53	20	52	85	98.11	3.28
Change of Address	277	10	260	85	93.86	2.32
Change of Bank Details	84	10	75	85	89.29	7.12
Death Grant Nomination Form Received	391	20	373	85	95.4	4.36
Death Grant to Set Up	33	10	32	85	96.97	3.97
Death In Retirement	137	10	120	85	87.59	4.65
Death In Service	3	10	2	85	66.67	12
Death on Deferred	21	10	18	85	85.71	8.33
Deferred Benefits Into Payment Actual	259	5	256	90	98.84	1.14
Deferred Benefits Into Payment Quote	344	35	289	85	84.01	20.37
Deferred Benefits Set Up on Leaving	397	20	196	85	49.37	35.97
Divorce Quote	44	20	41	85	93.18	12.98
Divorce Settlement Pension Sharing order Implemented	3	80	3	100	100	9.67
DWP request for Information	1	20	1	85	100	1
Estimates for Deferred Benefits into Payment	2	10	1	90	50	26.5
General Payroll Changes	94	10	94	85	100	1
Initial letter Death in Retirement	137	10	137	85	100	1
Initial Letter Death in Service	3	10	3	85	100	1

Initial letter Death on Deferred	21	10	21	85	100	1.43
Interfund Linking In Actual	39	35	25	85	64.1	44.21
Interfund Linking In Quote	55	35	28	85	50.91	48.45
Interfund Out Actual	78	35	41	85	52.56	78.06
Interfund Out Quote	78	35	66	85	85	18.42
Monthly Posting	926	10	881	95	95.14	2.5
NI adjustment to Pension at State Pension Age	14	20	14	85	100	10.71
Payment of Spouses _Child Benefits	73	5	66	90	90.41	2.38
Pension Estimate	151	10	86	90	56.95	14.03
Phone Call Received	1311	3	1268	95	96.72	1
Refund Actual	82	10	82	95	100	1
Refund Quote	154	35	150	85	97.4	4.84
Retirement Actual	168	3	166	90	98.81	1
Spouse Potential	10	20	8	85	80	8.8
Transfer In Actual	56	35	56	85	100	8.25
Transfer In Quote	73	35	73	85	100	2.33
Transfer Out Payment	11	35	10	85	90.91	19.73
Transfer Out Quote	135	35	129	85	95.56	8.79
Update Member Details	363	20	363	100	100	1

Comment – The KPI for Death In Service was not met this quarter due to one case in September not being processed within the target days. There was a delay in getting pay information from the employer.

Comment – The KPI for Deferred Benefits Into Payment Quote was not met this quarter due to a significant increase in the requests for quotes from members. There has also been a significant increase in retirements across all funds and these have been prioritised. This area of work is also under review to be automated and a significant amount of testing has already been done.

Comment – The KPI for Deferred Benefits Set Up On Leaving was not met this quarter due to staff working on older cases to reduce outstanding numbers.

Comment – The KPI for Estimates for Deferred Benefits into Payment was not met this quarter due to one case which was not completed within the target days. There has been a significant increase in the number of estimates requested for both active and deferred members. The date for this estimate was 3 months or more in the future and other estimates with dates within 3 months were prioritised.

Comment – The KPI’s for some of the Interfund areas of work has not been met this quarter due to historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding. This has had an impact on the levels of work and has increased the numbers of linkings and interfunds out.

Comment – The KPI for Pension Estimate has not been met this quarter due to a number of cases not being checked within the target days. The reason for the estimates not being done in time was they had dates 3 months or more in the future and other estimates with dates within 3 months were prioritised over them. Team Early Leavers have been working hard to reduce the number of outstanding estimates and have significantly reduced the numbers over the last 6 weeks from 350 to 130 estimates (across all funds). This has been helped by members of the Team being trained to check estimates due to the increase in numbers received.

Comment – The KPI for Spouse Potential was not met this quarter due to other areas of work being prioritised within the Pensioner Services Team. Although all work is important this area of work does not impact on the payment of benefits, however, all members that have notified WYPF of their marital status should be referred to their ABS/original retirement documents in the first instance.

2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Pensioner	Frozen	Undecided
LGPS	25,212	25,826	26,599	2,497	1,051
Percentage of Membership	31.06	31.81	32.76	3.08	1.30
Change from Last Quarter	+40	-118	+261	-9	+371

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	279	1774	1888	2328	2795	3046	3406	4084	3322	1858	356	76	25,212

2.3 Employer Activity - During 1 July 2022 to 30 September 2022

New Academies and Education Trusts	3
New Town and Parish Council	0
New Admission Bodies	1
Total of New Employer	4
Employers Exited	0
Total Numbers of employers	279

3.0 Member and Employer Contact

3.1 Over the quarter July to September 2022 we received **1** online customer responses.

Over the quarter July to September 2022, **153** Lincolnshire member's sample survey letters were sent out and **21 (13.8%)** returned:

Overall Customer Satisfaction Score:

July to September 2021	October to December 2021	January to March 2022	April to June 2022	July to September 2022
96.9%	91.5%	95.3%	80.2%	90.4%

Appendix A – Customer Surveys

3.2 Employer Training

Over the quarter 1 July 2022 to 30 September 2022 we held the following webinars which were attended by employers across all four Funds that WYPF administer:

- Final pay
- Final pay – the deep dive
- Understanding cumulative pension pay (CPP)
- The ill health process
- Information needed for HMRC checks

All previous webinars have been recorded and are available to employers on the employer website.

4.0 Internal Dispute Resolution Procedure (IDRP)

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 Head of Pensions. Stage 2 appeals are considered by WYPF.

Stage 1 appeals against the fund

One appeal is currently outstanding.

Date of appeal	Reason for appeal	Current position /Outcome	Date decision letter sent
24/05/2022	Appeal against pay figures used in pension estimate.	Appeal upheld as the assessment of final pay had not taken into account the provisions of the 1997 Regulations. Referred back to Service Centre (WYPF) who have requested the employer (LCC) to undertake a further assessment.	25/07/2022
03/08/2022	Appeal against delays in providing a retirement quote.	The appeal was turned down. However, in view of the delays in providing a retirement quote and the lack of response when the member was chasing this, Jo Ray requested a further response from WYYPF with regard to what actions were being taken to prevent this from re-occurring. A response has since been provided.	12/09/2022
16/08/2022	Appeal against notification that in the event of her death her partner is not eligible for a survivors pension.	The appeal was turned down. The member left in 1985 and therefore there is no survivor's benefit entitlement in the event of death. We did make reference to the Goodwin Ruling in the Teachers Scheme and that, whilst this may have some impact on LGPS, we did not know yet what this might be.	06/10/2022
06/09/2022	Appeal against being refused a refund of contributions.	Acknowledgement sent to the member – 20/09/2022. A report has been requested from the Member Services Manager – 29/09/2022. Draft decision letter sent to Jo Ray – 02/11/2022.	

Stage 1 appeals against scheme employers

One appeal is currently outstanding.

Date of appeal	Reason for appeal	Current position /Outcome	Date decision letter sent
22/09/2022	Appeal against being turned down for ill health pension.	Acknowledgement sent to member and referred to LCC as the scheme employer – 23/09/2022. LCC have confirmed that they are currently working on this appeal – 20/10/2022.	

Stage 2 appeals

One appeal is currently outstanding.

Date application received	Reason for appeal	Current position/outcome	Date decision letter sent
11/07/2022	Appeal against refusal of employer to award an ill health pension.	Consent form received from member – 12/08/2022. Information requested from LCC as scheme employer – 26/08/2022. Response not received from LCC. A reminder has been sent and a holding letter has been sent to the member – 21/09/2022. Information received from LCC- 06/10/2022. Decision letter being drafted – 27/10/2022.	

4.2 Ombudsman

There are currently no appeals outstanding.

5.0 Administration Update

5.1 Employer Work

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

Academies/Prime location schools

- Two of the academies joined the Fund from 1 September 2022 with a further new academy forming from a merger of two existing academies and a further new academy is due to join from 1 November 2022.

Admission bodies

- Three admissions relate to outsourcings which are due to take place in 2023
- Seven admissions relate to transfers that have taken place, but the admission is still being concluded

5.2 Staffing

Finance - There are currently no vacancies in the Finance Team.

Service Centre - There are currently 13 Pension Officer vacancies in the Service Centre and after the recent round of recruitment, 6 candidates were offered a post and references and qualifications are currently being requested. Once these are received contracts will be issued. The next round of interviews began on 06/10/2022 to fill the other vacancies.

Technical Team - There are currently no vacancies in the Technical Team.

Employer Relations Team - Two Additional Employer Pension Fund Representative (EPFR) posts have been created in the Employer Relations Team. One of these posts will be an EPFR for Fire Clients and the other an additional post for LG Clients. After the recent round of interviews, they recruited to one of the posts and the new EPFR will start on 24/10/2022. The other post will be re-advertised but there is no date at the present time when this will be.

5.3 Shared Service (**Budget point 8.1 – e. employees**)

Since setting the budget in January 2022, we have increased the number of staff across the service. The vacancies being filled are extra to the original budget which is why there has been an overspend. However, the overspend on salaries is being managed within the total WYPF service budget.

5.4 Audits undertaken by Bradford Councils Internal Audit:

a) **Annual Benefits Statement**

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 **0** recommendations for improvement.

5.5 Data quality scores

Pension schemes are required by the Pensions Regulator (TPR) to report their common and scheme specific data scores in the annual scheme returns in November. Common data - used to identify scheme members and includes name, address, national insurance number and date of birth. Scheme-specific data – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual’s membership, for example transfers.

The current data scores for Lincolnshire Pension Fund are:

Common	95.97%
Scheme Specific	86.04%

5.6 Data improvement

We have now received the proposal from Civica for access to the image server for the intelligent character recognition software and they have quoted a cost of £140,000. We are now looking at alternatives to the Civica proposal. We are also developing a data quality programme through February/March 2023 as a pre-cursor to the pensions dashboard matching requirements.

5.7 MyPension

WYPF have requested Civica for a change to the functionality on MyPension which will allow WYPF to see how many members have viewed their Annual Benefit Statement. We are currently waiting for Civica to confirm when this will be released. We have not yet received confirmation from Civica when this will happen and a request for an update has been sent.

5.8 Annual Benefit Statements (ABS) and Deferred Benefit Statements (DBS)

This year’s statements have been issued electronically. Members have been asked to sign up to the secure ‘MyPension’ portal to access their statements. However, members who still prefer a paper version will be able to opt out and receive one.

As at 31 August 2022 97.4% of ABS’s and 99.9% of DBS’s have been produced for Lincolnshire members who are eligible to receive one. The remaining ABS’s are due to queries on records with Employers and outstanding transfers and linkings which are being worked on.

It is our intention to review the ABS process over the next 12 months to ensure going forward more statements are produced for members.

6.0 Current Technical Issues

See Appendix B.

7.0 Web Registrations

The number of members registered for online member web are:

Status	April to June 22	% of membership	July to September 22	% of membership
Active	9,819	39.01%	10,334	40.99%
Deferred	7,524	29.00%	8,004	30.99%
Pensioner	9,328	35.42%	9,710	36.51%

8.0 Shared service Budget

8.1 WYPF Shared Service cost monitoring September 2022

WYPF SHARED SERVICE	2021/22	2021/22	2022/23	2022/23	2022/23	2022/23	2022/23	2023/24	2023/24
	OUTTURN PD13	COST PER MBR	BUDGET	ACTUAL	FORECAST	VAR BGT - PD06	COST PER MBR PD6	FORECAST YR1	COST PER MBR
	£000		£000	PD06 SEP £000	PD06 SEP £000	FAV (ADV) £000	£000	£000	
Accommodation	203	£0.42	125	39	179	-54	£0.36	334	£0.67
Actuary	0	£0.00	0	0	0	0	£0.00	0	£0.00
CBMDC Support Services	210	£0.44	215	0	231	-16	£0.47	251	£0.50
Computer	439	£0.91	216	645	756	-540	£1.54	614	£1.22
Contingency - Invest to save	0	£0.00	500	0	306	194	£0.62	500	£1.00
Employees	3,820	£7.94	4,224	2,063	4,392	-168	£9.04	4,337	£8.65
Other Running Costs	180	£0.38	191	124	196	-5	£0.40	259	£0.52
Printing & stationery	371	£0.77	295	221	388	-93	£0.79	438	£0.87
Transaction Costs	0	£0.00	0	0	0	0	£0.00	0	£0.00
WYPF Support Services	1,582	£3.29	2,275	0	2,016	259	£4.10	2,517	£5.02
WYPF SHARED SERVICE EXPENDITURE	6,805	£14.15	8,041	3,092	8,464	-423	£17.32	9,250	£18.45
			£17.67				-£0.34		£0.78
MEMBER NUMBER		480,970	482,400				492,360		501,432
PARTNERS ARE CHARGED	2,450,447	173,174		177,797	3,084,725				
TOTAL (in 2223 £1 was added to £16.67 for McCloud).	6,805,822	480,970	£17.67	490,899	8,516,950		£17.35		

Net overspend of £0.42m projected. Overspend projected on accommodation, computer – due to McCloud remedy system costs provisions, increased staffing resources for Pension Admin, printing and stationery. Underspend – transfer of funds from investments to save and support increased staffing resources, computing and IT, increased spend for computer supplies will be funded by the extra £1 charge per member across shared services.

Current indication of cost per member 2023/24 is £18.45, increase mainly due to inflation on service contracts and general cost pressures.

Planned cost per member was £17.67 (£16.67 + £1 for McCloud), latest is £17.32 (£16.32 + £1 for McCloud).

- a. **Accommodation** overspend of £0.05m – planned repairs and cost of utilities, however, there is reduced foot fall in the building, with resulting reduction in cleaning and general maintenance.
- b. **CBMDC support service cost** - projecting an overspend of £0.02m, we have been informed of a review of central support charges, with our increased number of staff in recent years, we are expecting a small increase.
- c. **Computer costs / IT** – overspend of £0.54m, mainly due to service suppliers cost inflation pressure averaging 10% and provisions being made for McCloud system development. This is being funded by increase charges per member of £1.00 for total shared members of 490,899 (WYPF 313,102; partners 177,797).
- d. **Invest to save** – out of a provision of £0.5m, £0.31m is left. £0.19m is being used to fund staffing resources mainly within Pension Admin, and additional spend for computing cost and IT across WYPF (network, servers, equipment etc. separate from McCloud).
- e. **Employees** – overspend of £0.17m, mainly due to increased staffing resources in pension admin. Whilst, salary increment and increased staffing resources is needed in all areas to address constant shifting regulations, the good news is we have seen more success in recruiting more staff in the Pension Admin area.
- f. **Printing and stationery** overspend of £0.10m, increased printed communications for new shared service partners’ members. We expect this forecast to go down from increased uptake of digital services.
- g. **WYPF support services** cost is fully recharged to Pension Admin and Investment Management proportional to service provided, this is reviewed annually. Currently projecting underspend, due to vacancies and we also have a number of projects that are being delivered using internal resources resulting in efficiency savings.

Lincolnshire LGPS	MBR NO MAR22	2021/22 REVISED BUDGET	2021/22 ACTUAL	VAR BDGT- ACT PD12	2021/22 COST PER MBR	2022/23 BUDGET	MBR NO AUG22	2022/23 COST PER MBR PD06	2022/23 FORECAST PD06
CHARGE ACTUAL / FORECAST	79,131	£1,141,570	£1,122,078	£19,492	14.18	£1,398,245	81,101	£17.32	£1,404,669

2021/22 EST PER MBR MAY2021	MBR NO ESTIMATE MAR24	EST CST PER MBR 23/24	EST 2023/24
CHARGE ACTUAL / FORECAST	82,595	£18.45	£1,523,880

9.0 Awards

WYPF has not been shortlisted for any awards at the current time.

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) 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 Matt Mott, who can be contacted at matt.mott@wypf.org.uk