



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

Report to:	<b>Pensions Committee</b>
Date:	<b>16 March 2023</b>
Subject:	<b>Pensions Administration Report</b>

**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 October 2022 to 31 December 2022.

<b>KPI's for the period 01.10.22 to 31.12.22</b>						
<b>WORKTYPE</b>	<b>TOTAL CASES</b>	<b>TARGET DAYS FOR EACH CASE</b>	<b>TARGET MET CASES</b>	<b>MINIMUM TARGET PERCENT</b>	<b>TARGET MET PERCENT</b>	<b>AVERAGE TIME TAKEN</b>
AVC In-house (General)	48	20	48	85	100	1.98
Change of Address	177	20	177	85	100	1.97
Change of Bank Details	96	20	95	85	98.96	2.09
Death Grant to Set Up	64	10	56	85	87.5	14.42
Death In Retirement	136	10	112	85	82.35	12.72
Death In Service	6	10	6	85	100	6.13
Death on Deferred	9	10	8	85	88.89	8.02
Deferred Benefits Into Payment Actual	276	5	268	90	97.1	3.08
Deferred Benefits Into Payment Quote	362	35	176	85	48.62	60.01
Deferred Benefits Set Up on Leaving	526	20	453	85	86.12	24.54
Dependant Pension To Set Up	101	5	97	90	96.04	4.08
Divorce Quote	32	40	31	85	96.88	10.91
Estimates for Deferred Benefits into Payment	9	10	8	90	88.89	16.88
General Payroll Changes	99	20	99	85	100	1.68
Initial letter Death in Retirement	151	10	149	85	98.68	1
Initial Letter Death in Service	10	10	10	85	100	1
Initial letter Death on Deferred	9	10	8	85	88.89	2.33
Interfund Linking In Actual	16	35	10	85	62.5	76
Interfund Linking In Quote	38	35	24	85	63.16	56.37
Interfund Out Actual	133	35	117	85	87.97	14.96
Interfund Out Quote	134	35	118	85	88.06	17.1
Life Certificate	1	10	1	85	100	10
Monthly Posting	796	10	754	95	94.72	3.42

NI adjustment to Pension at State Pension Age	13	20	13	85	100	7.62
Pension Estimate	94	10	74	90	78.72	12.11
Phone Call Received	800	3	762	95	95.25	3.05
Refund Actual	166	10	165	90	99.4	3.15
Refund Quote	280	35	210	85	75	23.54
Retirement Actual	163	10	158	90	96.93	3.29
Transfer In Actual	22	35	22	85	100	19.69
Transfer In Quote	42	35	39	85	92.86	15.95
Transfer Out Payment	9	35	8	85	88.89	18.44
Transfer Out Quote	91	35	80	85	87.91	17.63
Update Member Details	1077	20	910	100	84.49	18.95

Work Type	Reason for underperformance
Death In Retirement	There were a number of cases where there were no further payments to be made and were processed outside the target days. Priority was given to cases where payments were due to beneficiaries.
Deferred Benefits Into Payment Quote	There has been a significant increase in the requests for quotes from members. The requests are being dealt with by the Team in date order of retirement.
Estimates for Deferred Benefits Into Payment	There was one case that was not checked within the target days. Due to the significant increase in estimate requests they are being processed in retirement date order.
Interfund Linking In Actual	The Team had cases where the payment had been received but the record had not been updated due to the Team focussing on other areas of work that were more urgent. New Staff are being trained in this area of work.
Interfund Linking In Quote	Some cases were processed outside of the target days. New staff are currently being trained in this area of work and these have been prioritised from January to reduce the outstanding numbers.
Monthly Posting	Some of the monthly returns needed to be queried with the employer's/payroll providers. This meant there was a delay in processing the return until the queries were resolved.
Pension Estimate	There has been a high volume of estimate requests received across all funds as members look at their options for retirement. Many of the estimates have future dates and estimates that have been

	received with a potential date of retirement within 3 months have been prioritised.
Refund Quote	The Team are completing older cases which were put on hold in the early part of the year as the Team focussed on processing deferred benefits for the valuation extracts.
Update Member Details	A number of hour changes that have previously not been processed due to other work that has taken priority. These are now being completed by the Finance Team. The Finance Team will continue to process hour changes to ensure the member's records are updated and are correct against the data supplied by employers as part of the Monthly postings. This will be beneficial to the anticipated roll out of Monthly Postings Phase 3.

## 2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Pensioner	Frozen	Undecided
LGPS	26,286	25,788	26,951	2,631	634
Percentage of Membership	31.94%	31.34%	32.75%	3.20%	0.77%
Change from Last Quarter	+1,074	-38	+352	+134	-417

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	309	1819	2047	2439	2985	3212	3559	4150	3396	1916	369	85	<b>26,286</b>

2.3 Employer Activity - During 1 October 2022 to 31 December 2022

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

### 3.0 Member and Employer Contact

3.1 Over the quarter October to December 2022 we received **3** online customer responses.

Over the quarter October to December 2022, **171** Lincolnshire member's sample survey letters were sent out and **26 (15.3%)** returned:

Overall Customer Satisfaction Score:

<b>October to December 2021</b>	<b>January to March 2022</b>	<b>April to June 2022</b>	<b>July to September 2022</b>	<b>October to December 2022</b>
91.5%	95.3%	80.2%	90.4%	81.3%

Appendix A – Customer Surveys

### 3.2 Employer Training

Over the quarter 1 October 2022 to 31 December 2022 we held the following webinars which were attended by employers across all four Funds that WYPF administer:

- Introduction to the LGPS
- Employer Roles and Responsibilities
- Employer Discretions
- Internal Dispute Resolution Procedure
- Authorised contacts and outsourcing your payroll

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**

There are currently no appeals outstanding.

<b>Date of appeal</b>	<b>Reason for appeal</b>	<b>Current position /Outcome</b>	<b>Date decision letter sent</b>
06/09/2022	Appeal against being refused a refund of contributions.	Action was correctly taken with regard to awarding the deferred benefit. The deferred benefit notification has now been issued by the Service Centre on 02/11/2022.	07/11/2022

### **Stage 1 appeals against scheme employers**

There are currently no appeals outstanding.

<b>Date of appeal</b>	<b>Reason for appeal</b>	<b>Current position /Outcome</b>	<b>Date decision letter sent</b>
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. LCC chased up – 01/12/2022. A copy of the decision letter was provided by LCC on 07/12/2022 which had been sent to the member on 17/11/2022. A further medical referral has been offered by LCC.	17/11/2022

### **Stage 2 appeals**

One appeal is currently outstanding.

<b>Date application received</b>	<b>Reason for appeal</b>	<b>Current position/outcome</b>	<b>Date decision letter sent</b>
11/07/2022	Appeal against refusal of employer to award an ill health pension.	The appeal has been turned down.	10/11/2022
03/10/2022	Appeal against refusal for employer to award ill health pension.	Information requested from LCC as scheme employer – 03/11/2022 following receipt of consent form on 02/11/2022. A holding letter	

		<p>was sent to the member on 01/12/2022. A request was sent to LCC for further information which a reply was received but it did include the required attachments. These were requested again on 20/12/2022. Response received from LCC on 04/01/2023. Further holding letter sent to member – 04/01/2023.</p>	
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#### 4.2 Ombudsman

There are currently no appeals outstanding.

### 5.0 Administration Update

#### 5.1 Employer Work

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

##### Academies/Prime location schools

- One new academy joined the Fund from 1 November 2022 – this is recorded as part of Voyage Education Trust. A new employer has been set up for members employed by Aspire Schools Trust (Head Office).

##### Admission bodies

- Three admissions relate to outsourcings which are due to take place in 2023
- Eight 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** - After the recent round of recruitment we have welcomed 7 new Pension Officers in the Service Centre. Recruitment is currently ongoing to fill the last few vacant posts.

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

**Employer Relations Team** - There is one vacancy in the Employer Relations Team for a Pension Fund Representative and this will be advertised shortly.

### 5.3 Audits undertaken by Bradford Councils Internal Audit:

#### a) AVC arrangements

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

The audit review has determined that the identified risks are being effectively managed. The control environment is largely as expected but would benefit from some enhancements to support the achievement of key business objectives.

Internal Audit made **4** recommendations for improvement and these have now been implemented.

### 5.4 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 and we are still chasing for a response.

We have started to look at our internal capabilities by using Google analytics to produce the statistics in this area. A series of slides will be presented at the meeting (Appendix B).

### 6.0 Current Technical Issues

See Appendix C.

### 7.0 Web Registrations

The number of members registered for online member web are:

Status	July to September 22	% of membership	October to December 22	% of membership
Active	10,334	40.99%	10,957	41.64%
Deferred	8,004	30.99%	8,218	31.90%
Pensioner	9,710	36.51%	10,490	38.90%



## 8.0 Shared service Budget

### 8.1 WYPF Shared Service cost monitoring December 2022

WYPF SHARED SERVICE	21/22 FINAL PD13	21/22 COST PER MBR	22/23 BDGT	22/23 ACT PD09 DEC	22/23 FRCST PD09 DEC	22/23 VAR BGT - PD09	22/23 COST PER MBR PD9	23/24 ORG BDGT	23/24 ORG BDGT COST PMBR
	£000		£000	£000	£000	£000		£000	
Accommodation	203	£0.42	125	116	179	-54	£0.36	171	0.34
Actuary	0	£0.00	0	0	0	0	£0.00	0	0.00
CBMDC Support Services	210	£0.44	215	261	261	-46	£0.52	263	0.52
Computer	439	£0.91	216	656	688	-472	£1.38	688	1.35
Contingency - Invest to save	0	£0.00	500	0	150	350	£0.30	250	0.49
Employees	3,820	£7.94	4,224	3,313	4,510	-286	£9.07	5,267	10.32
Other Running Costs	180	£0.38	191	154	239	-48	£0.48	198	0.39
Printing & stationery	371	£0.77	295	287	388	-93	£0.78	346	0.68
Transaction Costs	0	£0.00	0	0	0	0	£0.00	0	0.00
WYPF Support Services	1,582	£3.29	2,275	0	2,115	160	£4.25	2,342	4.59
<b>WYPF SHARED SERVICE EXPENDITURE</b>	<b>6,805</b>	<b>£14.15</b>	<b>8,041</b>	<b>4,787</b>	<b>8,530</b>	<b>-489</b>	<b>£17.15</b>	<b>9,525</b>	<b>18.68</b>
<b>COST PER MBR sf3</b>	<b>£0.00</b>								
<b>COST PER MBR</b>	<b>£14.15</b>		<b>£17.67</b>				<b>-£0.52</b>		
<b>MBR NUMBER</b>	<b>480,970</b>	<b>480,970</b>	<b>482,400</b>				<b>497370</b>		<b>510,140</b>

Net overspend of £0.489m projected. Overspend projected on accommodation, computer – due to McCloud remedy system costs provisions, latest staff pay award, increased staffing resources for Pension Admin, and printing and stationery. Underspend – transfer of funds from invest to save to support increased staffing resources, computing and IT. Increased computer spend is funded mainly by the extra £1 charge per member across shared services.

Current indication of cost per member 2023/24 is forecast to go up to £18.68 and settled to below £18.50 by 2027/28. Increase mainly due to inflation on service contracts and general cost pressures. This estimate may change during the budget build process, as we gather more cost data.

Planned cost per member was £17.67 (£16.67 + £1 for McCloud), latest is £17.15 (£16.15 + £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 £0.46m, expected review of central support charges was delivered in October22 resulting in increased

charges, this is against the background of increased service take up and staff increase in WYPF, whilst staff numbers in the Council has reduced.

- c. **Computer costs / IT** – overspend of £0.472m, mainly due to provisions being made for McCloud system development, network servers, disaster recovery and digital services. Most of this is being funded by increase charges per member of £1.00 for total shared members.
- d. **Invest to save** - out of a provision of £0.5m, £0.35m is left. £0.15m 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 £0.286m, 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 £0.93m, 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 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 DEC22	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	82,269	£17.15	£1,410,773

2021/22 EST PER MBR MAY2021	MBR NO ESTIMATE MAR24	EST CST PER MBR 23/24	EST 2023/24
CHARGE ACTUAL / FORECAST	84,381	£18.68	£1,576,240

## 9.0 Awards

WYPF are proud to announce that we have won the Good Governance Award at the 2022 LAPF Investment Awards. We were also shortlisted for the Scheme Administration Award.

The Good Governance Award recognises the importance of Governance and how we have implemented Governance in our processes to ensure all parties involved in the

management of the Fund are aligned with our long-term objectives. This includes governance of shared and external services, transparency, and the management and mitigation of risks.

WYPF have also been shortlisted by Pensions Age 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 21 March 2023.

## 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	Civica UPM MyPension Usage
Appendix C	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](mailto:matt.mott@wypf.org.uk).

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