



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

Report to:	<b>LGPS Local Pension Board</b>
Date:	<b>9 November 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, Head of Governance and Business Development from WYPF, will update the Board on current administration issues.

**Recommendation(s):**

That the Board 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 KPI narrative

The information shown below provides details of the KPIs where the target has not been met in the period 1 April 2023 to 30 June 2023. The full table of KPIs are in Appendix A.

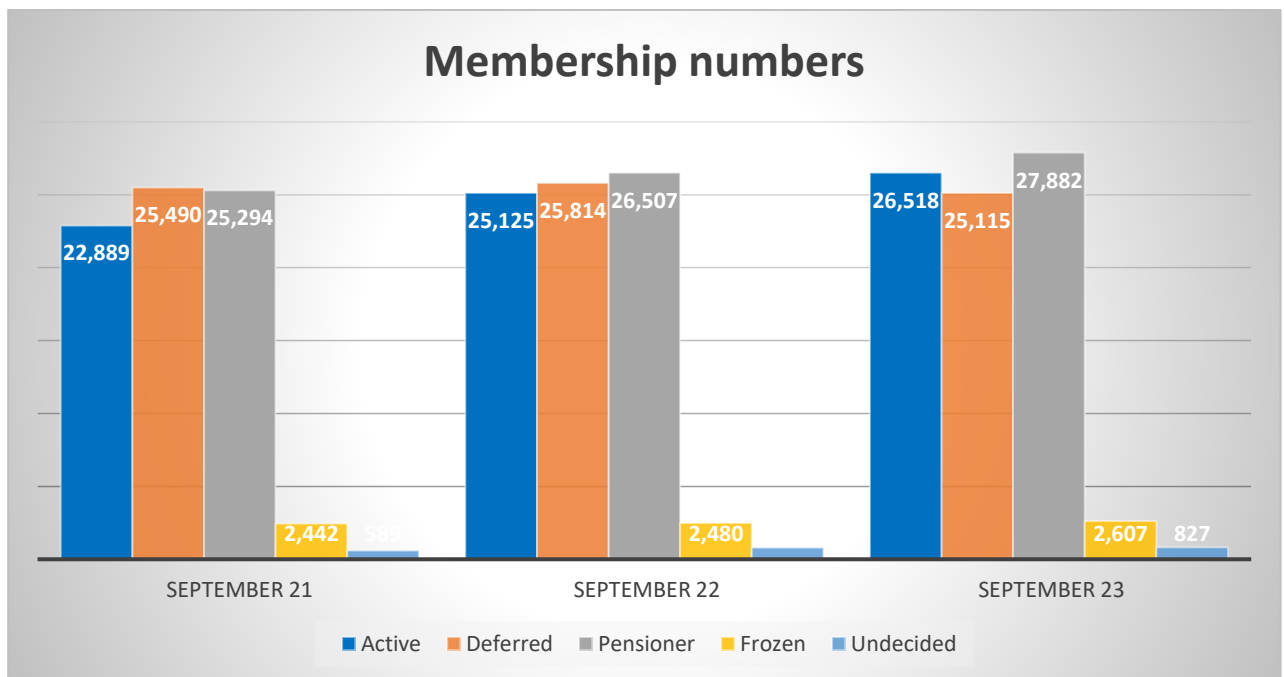
<b>Work Type</b>	<b>Reason for underperformance</b>	<b>Target % met</b>
Death on Deferred	A number of staff were on annual leave in April and there has been a significant increase	72.73%

	in post received by the team due to Pensions Increase. This has led to an increase in the time taken by Senior Pension Officers (SPO's) to pass work out to the Pension Officers (PO's) which has an effect on the SPO's time to authorise processes and also the time for the PO's who are dealing with these processes.	
Deferred Benefits Into Payment Quote	The Team are working their way through the older quotes that have been delayed as other retirement work had previously been prioritised. These are being dealt with in date order.	59.63%
Deferred Benefits Set Up on Leaving	The Team are working on older cases as well as new BAU cases. The Team continue to work on the older cases to reduce the numbers.	66.35%
Dependant Pension To Set Up	A number of staff were on annual leave in April and there has been a significant increase in post received by the team due to Pensions Increase. This has led to an increase in the time taken by Senior Pension Officers (SPO's) to pass work out to the Pension Officers (PO's) which has an effect on the SPO's time to authorise processes and also the time for the PO's who are dealing with these processes.	87.14
Estimates for Deferred Benefits into Payment	The Team are working their way through the older quotes that have been delayed as other retirement work had previously been prioritised. These are being dealt with in date order.	50%
Monthly Posting	The Finance Team have been working on the March year end returns which has delayed some of the April returns being processed within the target days.	93.62%
Pension Estimate	Two members of staff were on leave and another member of staff was on sick leave.	89.89%
Update Member Details	The Contact Centre are processing record maintenance forms in between phone calls. The number of calls received has increased due to the production of Annual Benefit Statements & Deferred Benefit Statements.	95.27%

## 2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Pensioner	Frozen	Undecided
LGPS	26,518	25,115	27,882	2,607	827
Percentage of Membership	31.97%	30.28%	33.61%	3.14%	1.00%
Change from last Quarter	-67	-342	+579	-100	+218



## 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	277	1716	2010	2444	3008	3301	3393	4254	3565	2038	418	94	<b>26,518</b>

## 3.0 Member and Employer Contact

3.1 Over the quarter April to June 2023 we received **2** online customer responses.

Over the quarter April to June 2023, **139** Lincolnshire member's sample survey letters were sent out and **18 (13%)** returned:

Overall Customer Satisfaction Score:

<b>April to June 2022</b>	<b>July to September 2022</b>	<b>October to December 2022</b>	<b>January to March 2023</b>	<b>April to June 2023</b>
80.2%	90.4%	81.3%	89.9%	88.9%

## Appendix B – Customer Surveys

### 3.2 Employer Training

Over the quarter 1 April to 30 June 2023 we held the following webinars which were attended by employers across all four Funds that WYPF administer:

- Authorised contacts and your year-end responsibilities
- Completing your March return: steps to success
- Understanding CPP (pay for CARE pension)
- Understanding Final Pay
- Assumed Pensionable Pay

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.

IDRPs for the period 1 April 2023 to 30 June 2023 are shown below -

#### **Stage 1 appeals against the fund**

There are currently no appeals outstanding.

<b>Date appeal received</b>	<b>Reason for appeal</b>	<b>Current position / outcome</b>	<b>Date decision letter sent</b>	<b>Decision deadline</b>
01/02/2023	Decision on death benefits and contacting	Appeal turned down on the basis that the correct procedure had been	22/03/2023	01/04/2023

	other potential beneficiaries.	followed in contacting other family members.		
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**Stage 1 appeals against scheme employers**

There are currently no appeals outstanding.

**Stage 2 appeals**

There are no appeals currently outstanding.

<b>Date appeal received</b>	<b>Reason for appeal</b>	<b>Current position / outcome</b>	<b>Date decision letter sent</b>	<b>Decision deadline</b>
03/10/2022	Appeal against refusal for employer to award ill health pension.	Holding letters were sent to the member, 01/12/2022, 04/01/2023, 14/02/2023 & 21/03/2023 as further medical evidence was needed from the employer but was not being sent. Employer called on 04/04/2023 to confirm that their health care provider will not release any further medical information direct to us but the member can request it. The member called and does not wish us to consider any further medical evidence. The appeal has been turned down.	13/06/2023	02/12/2022
08/01/2023	Member appealing as he regards his pension calculation to be incorrect.	The appeal was turned down but £500 to be paid by WYPF for distress and inconvenience.	06/03/2023	07/03/2023
13/02/2023	Delays in providing quotation for payment.	Acknowledgement sent to member – 22/02/2023. The appeal has been turned down.	03/04/2023	12/04/2023

## 4.2 Pensions Ombudsman

There are currently two complaints outstanding.

<b>Date complaint received</b>	<b>Reason for complaint</b>	<b>Current position</b>	<b>Outcome</b>
14/03/2022	Member is unhappy that they did not receive unreduced pension benefits on ceasing employment.	A response was sent on 17/03/2022 opposing the allegations as it is the employer that determines the reason for leaving. The adjudicator at Stage 2 had carefully considered all the evidence provided and could not conclude from this that the employer had terminated the member's employment by mutual consent on the grounds of business efficiency.	Awaiting a response back from The Pensions Ombudsman.
06/01/2023	Member is unhappy that the employer did not award ill health retirement on termination of their employment.	A response was sent on 27/01/2023 opposing the allegations as it is the employer who determines whether a member is entitled to ill health retirement.	Awaiting a response back from The Pensions Ombudsman.

## 5.0 Shared Service Update

### 5.1 Staffing

**Finance** – Applications for the Senior Finance Officer post has now closed and shortlisting for interviews has started. The applications for the Finance Officer post have now closed.

**Service Centre** – Applications for the Pension Officer posts has now closed and shortlisting for interviews will start soon. The new Member Services Manager started at the beginning of July.

**Technical Team** - There is one vacancy in the Technical Team for a Technical Advisor which is an additional post and this will be advertised shortly.

**Employer Relations Team** - There is one vacancy in the Employer Relations Team for a Pension Fund Representative which is an additional post within the Team. They are looking to recruit to this post soon.

## 5.2 Audits undertaken by Bradford Councils Internal Audit:

### a) Exiting Employers

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 two recommendations for improvement, and these have been implemented.

## 5.3 Shared Service Budget

WYPF SHARED SERVICE	22/23	22/23	23/24	23/24	23/24	23/24	23/24
	FINAL	PER MBR	BDGT	ACT	FRCST	VAR BGT	PER
	£000		£000	PD03 JUN	PD03 JUN	- PD03	MBR PD3
Accommodation	189	£0.38	171	95	188	-17	£0.38
Actuary	0	£0.00	0	0	0	0	£0.00
CBMDC Support Services	261	£0.52	263	0	261	2	£0.52
Computer	750	£1.50	688	253	750	-62	£1.50
Contingency - Invest to save	0	£0.00	250	0	0	250	£0.00
Employees	4,430	£8.85	5,290	1,138	5,121	169	£10.23
Other Running Costs	250	£0.50	175	52	250	-75	£0.50
Printing & stationery	403	£0.80	346	107	404	-58	£0.81
Transaction Costs	0	£0.00	0	0	0	0	£0.00
WYPF Support Services	2,054	£4.10	2,304	0	2,346	-42	£4.69
<b>WYPF SHARED SERVICE EXP</b>	<b>8,337</b>	<b>£16.65</b>	<b>9,487</b>	<b>1,645</b>	<b>9,320</b>	<b>167</b>	<b>£18.62</b>
<b>PER MBR sf3</b>	<b>£0.00</b>						
<b>PER MBR</b>	<b>£16.65</b>		<b>£18.56</b>				<b>£0.06</b>
<b>MBR NUMBER</b>	<b>500,749</b>	<b>511,052</b>					<b>500,533</b>

Net underspend of £0.17m projected.

- a. **Accommodation**  
2023/24 net overspend of £0.02m.
- b. **CBMDC support service cost** – very small underspend projected.
- c. **Computer costs / IT** – very small overspend projected, however this will change as we start increase automation, move UPM from Oracle to SQL servers and script.
- d. **Invest to save** - There is a £0.25m provision not being used, this may be called upon as we see increased regulations and also the need to address a number of government and regulatory proposals in investment

management and pension administration projects.

- e. **Employees** – there is a £0.17m underspend in pension admin.
- f. **Other running costs** overspend of £0.08m, mainly on cost of performance measurement, planned reduction in discount received from NT for financial asset custody.
- g. **Printing and stationery** overspend of £0.06m, increased printed communications for new shared service partners’ members. We expect this forecast to go down – direct savings from increased uptake of digital services.
- h. **WYPF support services** Overspend of £0.04m, due to technical support in IT for Pension Admin

Lincolnshire LGPS	MBR NO MAR23	2022/23 REVISED BUDGET	2022/23 ACTUAL	VAR BDGT-ACT PD12	2023/24 COST PER MBR	2023/24 BUDGET	MBR NO MAR23	2023/24 COST PER MBR PD13	2023/24 FORECAST PD1
CHARGE ACTUAL / FORECAST	82,776	-£1,378,752	1,541,305.68	£2,920,058	18.62	£1,542,945	82,776	£18.62	£1,541,306

Lincolnshire LGPS	MBR NO ESTIMATE MAR24	EST CST PR MBR 24/25	EST 2024/25
CHARGE ACTUAL / FORECAST	79,483	£18.52	£1,471,810

#### 5.4 Shared Service Risk Register

Over the last 12 months as part of the collaboration of Shared Service Partners, a Risk Register has been produced. This considers the shared risks faced by all in the delivery of the Local Government Pension Scheme administration.

The Risk Register will be reviewed at the next Shared Service meeting in September 2023.

#### Appendix C – Shared Service Risk Register

#### 5.5 Policy Changes

The policy changes for the period 1 April 2023 to 30 June 2023 are –

##### **McCloud Remedy**

- As part of the McCloud project to ensure member’s records are correct with part time hours, service breaks and final salary data, we requested employers’



complete data spreadsheets and return them back to WYPF.

- Few employers across the Shared Partnership returned spreadsheets despite numerous reminders. Agreement, therefore, was reached by all Partners to use the current data on member records as correct as this had previously already been validated. Furthermore, WYPF has continued to update part time hours, service breaks and final salary data as per the 2008 scheme regulations, even though they are not required in the 2014 CARE scheme.
- For the removal of age discrimination from the LGPS, calculating and paying benefits from the 2008 scheme between 1 April 2014 and 31 March 2022 requires the records to hold part time hours, service breaks and final salary data.

#### **Shared Service Refresh**

- A decision has been made to refresh the Shared Service Agreement we use at WYPF when we take on new Local Government Clients. This will ensure it is a joint agreement that is fit for purpose and importantly future proofed. A meeting has been arranged in September to discuss this with all Shared Service Partners.

#### **ISP Provider**

- WYPF have recently awarded Bravura to be the 3<sup>rd</sup> Party Integrated Service Provider (ISP) so we can meet the requirements of the Pensions Dashboard Programme.

### **5.6 Annual Benefit Statements (ABS) & Deferred Benefit Statements (DBS)**

Statements have been issued electronically through the secure 'MyPension' portal. By the statutory deadline of 31 August 2023, the number of ABS produced was 99% of those members eligible to receive a statement and the number of DBS produced was 100%.

Those members that have opted out of receiving online communications have been sent a paper copy of their statement.

### **6.0 Regulatory Update**

#### **a) Superannuation Contribution Adjusted for Past Experience (SCAPE) discount rate and impact on actuarial factors**

Further to the e-mail received on 1 June 2023 containing some but not all the revised factors, WYPF have now received e-mails on 3 July & 28 July 2023 advising that a second & third batch of actuarial factors have been cleared for use. The revised factors have now been loaded onto our system and we have started to process the transfer cases we have had to hold back.

The early retirement factors have also been revised and the new factors came into force from 3 July 2023. The factors are applied to a members' benefits if

they take their pension before Normal Retirement Date (NRD). Anyone with an early retirement date after 3 July 2023 will have the new factors applied. The new factors are lower than the ones in force before 3 July 2023. Any early retirement benefits already quoted will be increased because of the change.

WYPF have updated the website to reflect the new early retirement factors.

#### Appendix D – Regulatory Update

### 7.0 Web Registrations

The number of members registered for online member web are:

Status	January to March 23	% of membership	April to June 23	% of membership
Active	11,852	44.58%	12,854	47.46%
Deferred	8,484	32.28%	9,213	36.68%
Pensioner	11,910	43.62%	12,572	45.09%

### 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	KPI Table
Appendix B	Customer Surveys
Appendix C	Shared Service Risk Register
Appendix D	Regulatory Update

### Consultation

#### a) Risks and Impact Analysis

Lincolnshire Pension Fund also 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)