



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

Report to:	LGPS Local Pension Board
Date:	11 January 2024
Subject:	Pensions Administration Report

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 July 2023 to 30 September 2023.

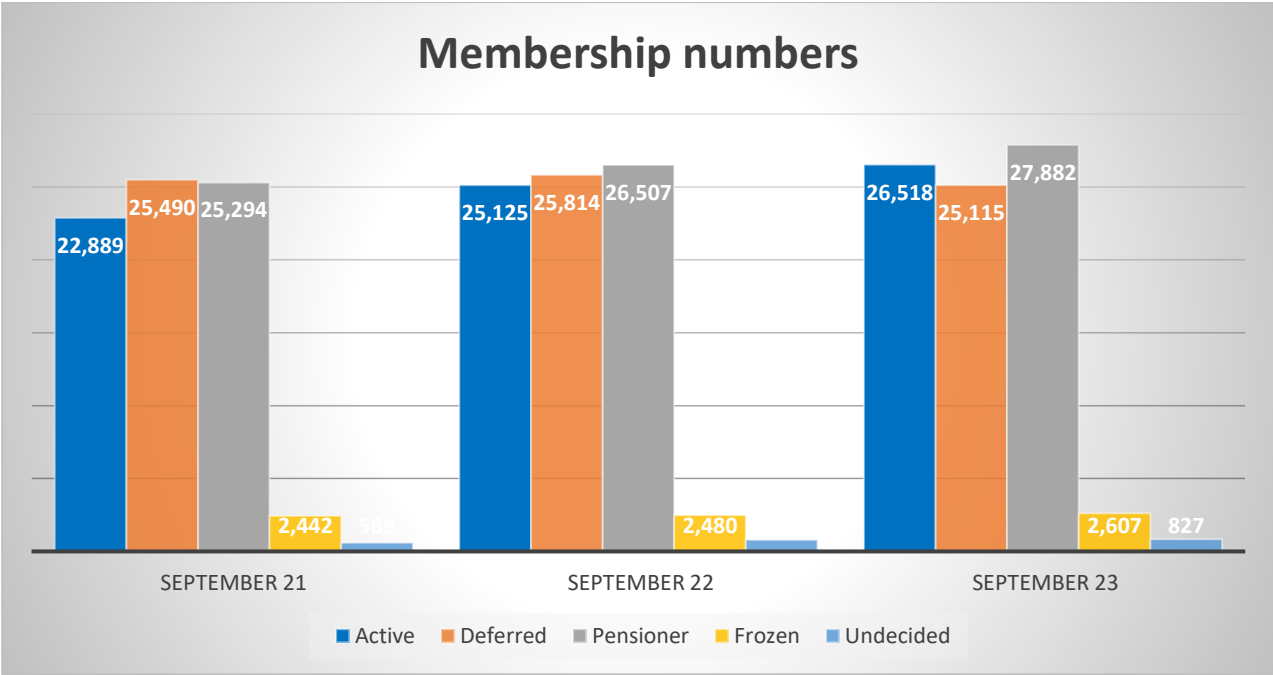
The full table of KPIs are in Appendix A.

Work Type	Reason for underperformance	Target % met
Death Grant to Set Up	There were delays in getting the information from other funds and next of kin to ensure the correct death grants were paid.	82.61%
Deferred Benefits Set Up on Leaving	Team Early Leavers are dealing with older cases and new work splits in the team have been introduced. Some of the Team are dealing with business-as-usual cases and some are now processing and checking the older cases to reduce the backlog.	69.07%
Interfund Linking In Actual	The Team have been processing older cases first for Annual Benefit Statement purposes. There has also been an increase in the number of cases the Team have checked overall as they have increased resource and the training of new staff is going well.	34.58%
Interfund Out Actual	Processing had been paused due to removal of GAD factors. There was also a delay by GAD in providing revised factors, these then had to be uploaded in UPM. The Team are now working their way through the cases in the date order by which they had been put on hold.	74.36%
Transfer In Actual	Processing had been paused due to removal of GAD factors. There was also a delay by GAD in providing revised factors, these then had to be uploaded in UPM. The Team are now working their way through the cases in the date order by which they had been put on hold.	26.67%
Update Member Details	Four forms were not processed within the target days. However, overall the forms are dealt with well within the process target.	99.53%

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	26,518

3.0 Member and Employer Contact

3.1 Over the quarter July to September 2023 we received **1** online customer response.

Over the quarter July to September 2023, we sent **41** sample survey letters and **394** e-mail surveys were sent out and **12 (2.8%)** were returned:

Overall Customer Satisfaction Score:

July to September 2022	October to December 2022	January to March 2023	April to June 2023	July to September 2023
90.4%	81.3%	89.9%	88.9%	91.8%

Appendix B – Customer Surveys

3.2 Employer Training

Over the quarter 1 July 2023 to 30 September 2023, we held the following webinar which were attended by employers across all four Funds that WYPF administer:

- Employer Engagement Forum - guest speaker The Pensions regulator

The Employer Relations Team have been working mainly with member presentations over this period but will start employer training again in the new year.

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 July 2023 to 30 September 2023 are shown below -

Stage 1 appeals against the fund

There are currently no appeals outstanding.

Date appeal received	Reason for appeal	Current position / outcome	Date decision letter sent	Decision deadline
09/05/2023	Delays to retirement award due to AVCs.	Appeal turned down.	07/07/2023	08/07/2023
18/07/2023	Appeal against decision not to award a partner's pension to a cohabiting partner.	Appeal turned down as the Fund has no discretion and cannot award a survivor's pension as the member left active membership prior to 01/04/2008 & the scheme rules do not permit partner pensions for cohabiting partners. Confirmation sent to the partner to clarify the 1997 Scheme Regulations.	30/08/2023	17/09/2023

Stage 1 appeals against scheme employers

There is currently one appeal outstanding.

Date appeal received	Reason for appeal	Current position / outcome	Date decision letter sent	Decision deadline
05/09/2023	Appeal against ill health retirement decision.	Referred to employer to review their decision – 14/09/2023.		05/11/2023

Stage 2 appeals

There are no appeals currently outstanding.

4.2 Pensions Ombudsman

There are currently two complaints outstanding.

Date complaint received	Reason for complaint	Current position	Outcome
14/03/2022	Member is unhappy that they did not receive unreduced pension benefits on ceasing employment.	Response provided to TPO explaining the Stage 2 decision that the employer had confirmed that the reason for leaving was voluntary resignation and not redundancy or business efficiency – 18/03/2022. Receipt of this acknowledged by TPO – 04/04/2022.	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.	Response provided to TPO explaining the Stage 2 decision that the employer had confirmed the member did not meet the criteria for ill health retirement – 27/01/2023. Receipt of this acknowledged by TPO – 31/01/2023.	Awaiting a response back from The Pensions Ombudsman.

5.0 Shared Service Update

5.1 Staffing

Finance – Recruitment to the Senior Finance Officer post has been completed and went to a Finance Officer in the Finance Team. This created another Finance Officer vacancy within the Team and two new Finance Officers have now started in the team.

Service Centre – Six new Pension Officers have been appointed and they have now been allocated to their Service Centre Teams but there are still some vacancies and further interviews are underway to recruit a further 7.5 Pension Officer posts. In addition there are also two Senior Pension Officer posts vacancies and recruitment will start shortly to fill these posts.

Technical Team - There is one vacancy in the Technical Team for a Technical Advisor which is an additional post and this has been advertised.

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 shortly.

5.2 Audits undertaken by Bradford Councils Internal Audit:

a) New Pensions and Lump Sums – Ill Health Pensions

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.

5.3 Shared Service Budget

WYPF SHARED SERVICE	22/23 FINAL	23/24 BDGT	23/24 ACT PD06 SEP	23/24 FRCST PD06 SEP	23/24 VAR BGT - PD06	23/24 PER MBR PD6
	£000	£000	£000	£000	£000	PER
Accommodation	189	171	121	209	-38	£0.41
Actuary	0	0	0	0	0	£0.00
CBMDC Support Services	261	263	0	261	2	£0.52
Computer	750	688	256	827	-139	£1.64
Contingency - Invest to save	0	250	0	250	0	£0.50
Employees	4,430	5,290	2,329	5,076	214	£10.05
Other Running Costs	250	175	126	250	-75	£0.50
Printing & stationery	403	346	208	404	-58	£0.80
Transaction Costs	0	0	0	0	0	£0.00
WYPF Support Services	2,054	2,304	0	2,319	-15	£4.59
WYPF SHARED SERVICE EXP	8,337	9,487	3,040	9,596	-109	£19.00
PER MBR sf3	£0.00					£0.44
PER MBR	£16.65	£18.56				505,000
MBR NUMBER	500,749	511,052				500,533

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 PD6	2023/24 FORECAST PD6
CHARGE ACTUAL / FORECAST	82,776	-£1,378,752	1,572,826.78	-£2,951,579	19.00	£1,542,945	82,776	£19.00	£1,572,827

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 was reviewed at the Shared Service meeting in November 2023 and it was highlighted that Risk 2 will need a further review once the Shared Service Refresh has been completed.

Appendix C – Shared Service Risk Register

5.5 Policy Changes

The policy changes for the period 1 July 2023 to 30 September 2023 are –

Shared Service Refresh

- A meeting to discuss the Shared Service Refresh took place in London in September 23 between all the LG Shared Service Partners. The document has now been re-drafted following the meeting and is now with Bradford Legal Services for approval.

5.6 Resource Plan

The Resource Plan summarises the current performance of the shared service administration and sets out how WYPF intends to resource the administration service for WYPF and the 3 LGPS partners, Lincolnshire Pension Fund, London Borough of Hounslow & London Borough of Barnet.

The Resource Plan is presented at each Collaboration Board meeting which are scheduled every quarter.

Appendix D – Resource Plan

6.0 Regulatory Update

a) McCloud

On 1st October 2023 the remedy regulations came into force for McCloud. The disclosure requirements for McCloud require that all members are informed about the material change to the scheme. We have confirmed our plans meet the disclosure requirements with the Local Government Association (LGA).

A newsletter has been issued to all active, deferred and pensioner members in November and a letter version of the newsletter will be printed and posted to all 'electronic opt out' cases to their home address. The website continues to provide passive communications about McCloud for members.

Full guidance still has not been published by the Local Government Association (LGA) but they are writing a series of three documents as guidance notes and the first guide was issued in November 2023 with the others to follow in due course.

Appendix E – Regulatory Update

7.0 Web Registrations

The number of members registered for online member web are:

Status	April to June 23	% of membership	July to September 23	% of membership
Active	12,854	47.46%	12,959	48.87%
Deferred	9,213	36.68%	9,442	37.60%
Pensioner	12,572	45.09%	12,911	46.31%

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

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

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	Resource Plan
Appendix E	Regulatory Update

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