

# Report of the Director West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 30 January 2020.

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## Subject:

**CIPFA Benchmarking Reports**

## Summary statement:

WYPF takes part in the CIPFA Benchmarking Club for Pensions Administration. This report provides information about the costs of WYPF's pensions administration service, and compares those costs with other LGPS funds who are part of the CIPFA Benchmarking Club.

## Recommendations:

It is recommended that the CIPFA Benchmarking Report is noted.

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**Overview & Scrutiny Area:**

## **1.0 Background**

- 1.1 A number of LGPS funds reported their administration costs, membership details, workload and staff movements to CIPFA who analysed and reported on the data in comparative tables and graphs. The benchmarking relates to the whole membership administration function of the Fund (including Lincolnshire and Hounslow Pension Funds) and does not cover investments.

## **2.0 Overview**

- 2.1 The results detailed in **Appendix 1** compare WYPF with all members of the benchmarking club.
- 2.2 The Fund has also chosen to compare its costs against 18 other Local Authority Funds from the benchmarking club. **Appendix 2 (Not for publication)** shows Comparator results with WYPF being the third lowest annual cost per member.

## **3.0 Key Points of Interest**

### **Cost per member**

- 3.1 The WYPF cost per member is £15.23 per annum, compared to the all fund average of £21.34.

### **Benefits processing**

- 3.2 The costs of processing benefits of £5.12 compares favourably to group average of £8.37.

### **Employer Engagement**

- 3.3 Employer engagement costs of £1.19 compare favourably to group average of £1.41.

### **Member Engagement**

- 3.4 The cost of engaging with members of £2.40 is more expensive than the group average of £1.27. This is because on top of engagement with members i.e. newsletters, presentations, Annual Benefit Statements WYPF have included the full costs for the Contact Centre who, as well as answering calls and providing a front desk service, do a lot more back office work.

### **IT**

- 3.5 The cost of IT of £1.32 per member compares favourably to all funds average of £3.14.

## **Payroll**

- 3.6 The cost of Pensioner payroll of £2.02 is more expensive than the group average of £1.15. However, the WYPF costs are for the payroll team who, as well as maintaining the pensioner payroll, do other work such as calculating death and dependant's benefits and calculating children's pensions.

## **Unprocessed Leavers**

- 3.7 WYPF has a small percentage of unprocessed leavers (1%) compared with the group average of 3.5%.

## **Number of LGPS Employers**

- 3.8 The number of Employers dealt with by WYPF total 1,143 compared to the group average of 369.

## **Staff experience and qualification**

- 3.7 35.2% of staff have more than 15 years experience with the Fund which is above the Club average of 31.6%. WYPF is above the average regarding the number of staff with full qualifications, 44.6% against the Club average of 31.3%.

## **Workload Measures**

- 3.8 The number of cases completed in almost all categories are well in excess of the group average.

## **Historical performance**

- 3.9 Costs per member over previous years is as follows:

2012	2013	2014	2015	2016	2017	2018	2019
£20.96	£18.74	£17.71	£15.39	£14.39	£13.92	£15.10	£15.23

Taking into account the additional work generated by administration of the Lincolnshire and Hounslow pension Funds, the table above demonstrates the savings made by WYPF year on year without compromising on quality of service. Our current cost per member makes us one of the cheapest for pensions administration.

## **4. CONCLUSION**

- 4.1 The Fund's unit costs are one of the lowest across all pension funds. Member surveys reveal good levels of satisfaction from different categories of members. WYPF continue to win awards over the years for quality of service and best administration. Overall the administration service is considered effective and low cost, however the Fund will continue to seek efficiencies and savings to squeeze costs further.

**5. Appendix**

Appendix 1 WYPF 2019 Pensions administration/benchmarking club

**6. Not for publication**

Appendix 2 Comparator report summary data 2019