

Report of the Director, West Yorkshire Pension Fund, to the meeting of the WYPF Local Pension Board to be held on 22 September 2020.

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Subject:

West Yorkshire Pension Fund (WYPF) production of annual benefit statements for members 2020.

Summary statement:

This report updates the Local Pension Board on WYPF annual benefit statement (ABS) production project 2020 for all members entitled to receive an ABS for the calendar year 2020. Local government pension schemes (LGPS) funds are required to provide active, deferred, deferred pensioners and credit members with an annual benefit statement, within five months of the fund's scheme year end of 31 March, therefore a deadline of 31 August. 2020.

Specific legislative requirement is provided by Regulation 89 of the LGPS Regulations 2013

Management confirm that WYPF has complied with LGPS Regulations 2013 on ABS.

Recommendation

The Pension Board note this report

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Portfolio:

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Overview & Scrutiny Area:

1 SUMMARY

- 1.1 In addition to the primary legislative requirements of the LGPS 2013 Regulations, The Pension Regulator (tPR) also requires all LGPS funds to meet the 31 August deadline each year and where a fund significantly breach this requirement, the fund must self-report the fact to the tPR.
- 1.2 As of 31 August 2020 WYPF performance report on ABS 2020:

Annual benefit statements 2020				
	Active	Deferred	Total	
WYPF members 31 March 2020	95,382	86,042	181,424	181,424
Waiting for data and response to queries from employers	-193		-193	
Ongoing pension administration work by WYPF	-52	-720	-772	-965
Number of cases to be produced	95,137	85,322	180,459	180,459
Number of cases produced	95,134	85,321	180,455	99.998%
Cases in production	3	1	4	0.002%

- 1.3 Despite the impact of Covid-19 this year and relocation of staff to work from home, the result of the 2020 ABS project, is that 99.998% of statements were issued by the deadline of 31 August 2020, this is equivalent to 100%. Of the total number of cases still being worked on, 965 are due to late data from employers and complex cases that need further investigation. This is less than 1% of 181,424 members entitled to ABS in 2020 and as such not significant, therefore we do not need to self-report this as a breach to tPR.
- 1.4 We produce ABSs until January preceding the scheme year end. This is to allow late data notifications from employers and complex cases to be dealt with as far as possible. We anticipate that all the 965 complex and data notification cases above will be reduced to a handful by 31 January 2020.

Shared services ABS production 2020

- 1.5 In addition to the WYPF case, we also produce ABS for other funds, the overall result is provided below:

Annual benefit statements 2020 for all shared service partners 31 March 2020						
	WYPF	Lincolnshire	Hounslow	Fire	Total	
Members 31 March 2020	181,424	47,596	13,500	16,046	258,566	258,566
Waiting for data and response to queries from employers	-193	-416	-106	-886	-1,601	
Ongoing pension administration work by WYPF	-772	-34	-51	-4	-861	-2,462
Number of cases to be produced	180,459	47,146	13,343	15,156	256,104	256,104
Number of cases produced	180,455	47,145	13,342	15,156	256,098	99.998%
Cases in production	4	1	1	-	6	0.002%

2 BACKGROUND

Annual benefit statement (ABS) workflow

- 2.1 Annual benefit statement production involves comprehensive planning and daily corrective processes using members, staff and employers' feedback. The current ABS workflow was developed by WYPF internally and has been in place since the launch of the LGPS career average scheme in April 2014. We moved away from annual data updates in April 2014, member data are updated daily using monthly data returns from employers. Data cleansing is carried out as part of the monthly data return processes. This means March returns are processed just like any other month and once March data is processed we start producing ABS for all members.

Plan
Data requirements
Deadlines - for submitting March monthly data returns 19 April
Employers communication
Key risks to delivery
Real time process reporting
Test
UPM system update and test ABS processes
Secure remote printing facilities - ADARE
Test lost contacts production
Review ABS templates - internally, employers, Aon, members feedback
Deliver
March monthly returns - total pay for year
Pre - production tests
Production schedule 2k per day, alphabetic production by member or employers
Data breaches - wrong addresses - investigate, not resolved move to lost contact.
Use ABS report dashboards to monitor productions, issues, data checks etc. take corrective actions to refocus resources and deliver
Review
Daily internal update Contact Centre to UPM, PRFs, Member Services and Finance
Process review September to December
January to March - update processes.
Review template December to February - Internally, LGA, Aon etc
Start new year ABS project
End of February close old year production
1st Week of April - Start new year ABS production

2.2 The activities listed above are closely aligned to tPR best practice and we have been using this scheme since 2014, before we came under TPR's jurisdiction. We have been delivering over 99% of ABS by deadline since 2014. The various specialist internal services across WYPF have contributed to this annual success - from UPM Team, IT support, Finance Team, Member Services to Contact Centre.

Key checks on members' folders before ABS production

3 A comprehensive list of checks is carried out before ABS are produced, listed in the table below are some of the key checks:

Each member record eligible for ABS is checked for the following:
Check system for all eligible members
Check that all financial data are posted for each folder by finance
Investigate all folders not updated by 30 June
Check pay value over / under 10% of last year
Blocked Statements (Employer)
Check outstanding queries with employers
Based on employer queries quarantine case
Casual Hours missing (for folder pre April 2014)
Lost Contact
Address Query process running
Final pay missing
Blocked Statements (WYPF)
Linking Actual / transfer error
Interfund
Monthly > Earnings > CARE error
Specified process running
Impossible Case
Folder Scheme History errors
Folder Status History
Service errors
Pension Input errors
APC Contract/Contribution mismatch
Unapproved Changes
Marital Status blank/unknown
Pensions Increase
Production
Queue Address split
UK
Overseas
Lost Contacts

4 Reproduction of ABSs

Whilst, reviewing our ABS production and addressing members queries we have identified that ABSs produced for Huddersfield University staff will need to be reproduced. This is because we received erroneous data from University of Huddersfield. To manage IT capacity needed to reset the system and reproduce ABS for University of Huddersfield members, it was decided to revisit these bulk reproduction after the 31 August deadline.

ABS sample template

5 Reproduced in Appendix 1 is a sample active member ABS. Each year we produced about 20 variant ABS templates for LGPS and Fire schemes. More importantly, WYPF produce ABS with illustrative estimates for four key time lines:

- a.) Age 55
- b.) Age 60
- c.) Age 65
- d.) State pension age

The illustrations provided also give benefit with basic lump sum and maximum lump sum. This additional information on the statement has reduced the number of estimate requests received, as members have full information.

6 OTHER CONSIDERATIONS

This report should be considered with Agenda item 10 – breaches of law.

7 FINANCIAL & RESOURCE APPRAISAL

The full resources for producing ABSs is provided for within WYPF annual operational budget.

8 RISK MANAGEMENT AND GOVERNANCE ISSUES

The main risk associated with ABSs is failure to produce them by the annual deadline of 31 August. This risk is significantly reduced by the robust planning and workflow we implemented back in April 2014, reviewed annually and shaped by WYPF continuous improvement processes.

9 LEGAL APPRAISAL

WYPF is required by law to produce ABS for all members entitled to ABS by 31 August each year. This is also a requirement by the Pension Regulator, failure to comply could result in penalties, fines and other sanctions.

10 OTHER IMPLICATIONS

None

11 RECOMMENDATION

- That this report be considered and noted.

12 APPENDICES

Appendix 1 – sample ABS for an active member.