

# **Report of the Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Pension Board to be held on 22 September 2020**

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**Subject: Pensions Administration**

## **Summary statement:**

This report gives an update on West Yorkshire Pension Fund's (WYPF) pensions administration activities over the last six months.

## **Recommendation:**

It is recommended that the Joint Advisory Group note the report.

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Rodney Barton  
Director

**Portfolio**

Report Contact Yunus Gajra  
Phone: (01274) 434343  
Email: Yunus.gajra@bradford.gov.uk

**Overview & Scrutiny Area**

## 1.0 Background

1.1 As well as providing pensions administration for WYPF scheme members, WYPF provides a full administration service to Lincolnshire Pension Fund, the London Borough of Hounslow and to sixteen Fire Authorities. This includes pensioner payroll (except for the London Borough of Hounslow), all member and scheme level events, reporting to statutory bodies, provision of data to external bodies such as actuaries, and local authorities for the production of the scheme accounts.

## 2.0 Performance and Benchmarking

2.1 The table below shows the performance against key areas of work for the period 1 January 2020 to 30 June 2020.

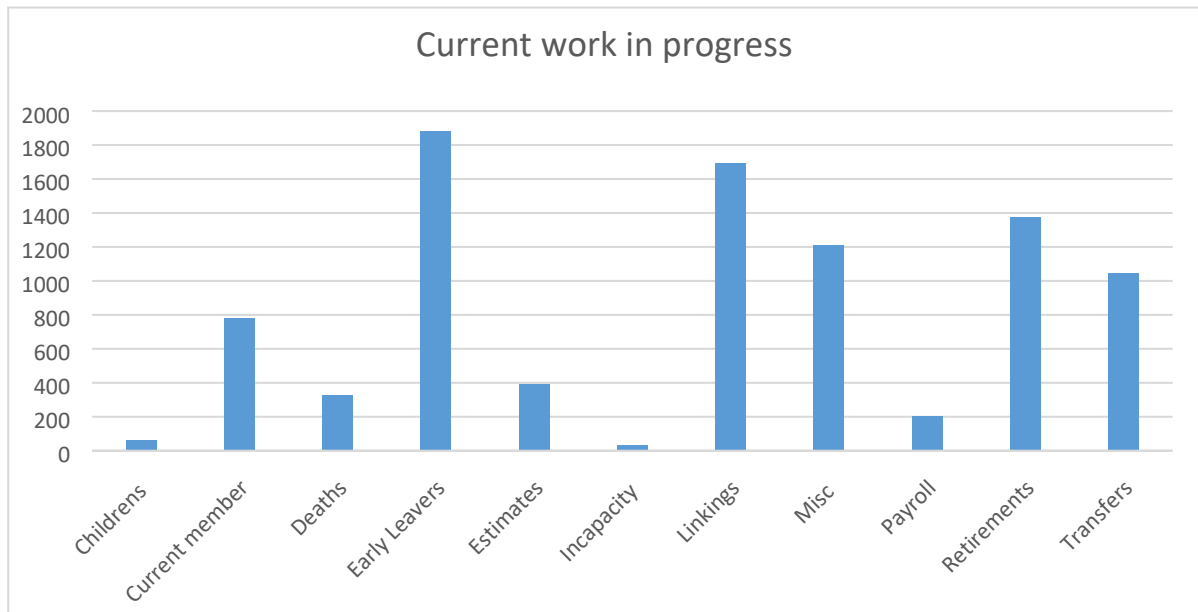
KPI's for the Period 1.1.20 to 30.6.20					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	459	35	456	85	99.35
Transfer In Actual	375	35	354	85	94.4
Divorce Settlement Pension Sharing order Implemented	6	80	6	100	100
Deferred Benefits Set Up on Leaving	5073	10	4855	85	95.7
Refund Quote	1995	35	1982	85	99.35
Refund Actual	1746	10	1718	95	98.4
Transfer Out Payment	164	35	148	85	90.24
Pension Estimate	1860	10	1820	75	97.85
Retirement Actual	1506	3	1435	90	95.29
Deferred Benefits Into Payment Actual	2194	5	2102	90	95.81
AVC In-house (General)	678	10	638	85	94.1
Deferred Benefits Into Payment Quote	2464	35	2421	85	98.25
Transfer Out Quote	778	20	618	85	79.43
Monthly Posting	4631	10	4399	95	94.99
Set Up New Spouse Pension	714	5	598	85	83.75
Divorce Quote	284	20	268	85	94.37
Change of Address	2769	5	2606	85	94.11
Change of Bank Details	865	5	759	85	87.75
General Payroll Changes	1225	5	1188	85	96.98
Age 55 Increase to Pension	15	20	15	85	100
NI adjustment to Pension at State Pension Age	72	20	69	85	95.83
Enquiry	17	5	15	85	88.24

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
DWP request for Information	242	10	233	85	96.28
Life Certificate Received	1684	10	1612	85	95.72
Death Grant Nomination Form Received	6003	20	5996	85	99.88
Spouse Potential	91	20	81	85	89.01
Death Grant to Set Up	302	5	292	85	96.69
Initial letter Death in Retirement	2030	5	1987	85	97.88
Death In Retirement	2030	5	1890	85	93.1
Initial Letter Death in Service	64	5	62	85	96.88
Death In Service	64	5	53	85	82.81
Initial letter Death on Deferred	84	5	78	85	92.86
Death on Deferred	84	5	78	85	92.86
Estimates for Deferred Benefits into Payment	82	10	79	90	96.34
Update Member Details	9064	20	9043	100	99.77
Pension Saving Statement	35	20	35	100	100
Payment of Spouses _Child Benefits	714	10	676	90	94.68

Reasons for underperforming KPI's:

Worktype	Reason
Transfer out quote	Extra checks undertaken as a result of TPR guidance in relation to pension scams.
Set up new Spouse pension	Locating pensioners mainly from lost contact cases.
Death in Service	Delay in receiving final documents

## 2.2 Work in progress



The above graph shows the total volume of work in progress categorized into work groups. Work volumes will fluctuate depending on how much work comes in and how much work is completed. Some of the larger volume work cover:

Current Member – changes to member records, changes to AVC's, queries from monthly postings

Early Leavers – calculation of refunds, calculation of deferred benefits, contribution postings queries

Linkings – multiple employments where member can link those employments

Misc – All other types of work i.e. phones calls to return, general enquiries.

Retirements - Retirement quotes and actuals, deferred benefits into payment (quote and actual)

Transfers – Transfers in and out (quote and actual), AVC transfers, Divorce

## 3.0 Scheme Information

3.1 Membership for all schemes administered as at June 20 was 428,496. A full breakdown between the different Funds and Schemes is shown at Appendix 1.

### 3.2 Number of Employers in the West Yorkshire Pension Fund

Scheduled Bodies – Academies	124
Scheduled Bodies – Others	182
Admitted Bodies	160
Total	466

### 4.0 Praise and Complaints

4.1 As part of our commitment to improving our services we carry out a random survey of customers who have been in contact with us regarding their pension benefits. We also have an online survey which any member can complete at any time. An analysis of the responses received for the quarter January to March for each of the Funds is shown:

- Appendix 2 - WYPF
- Appendix 3 - LPF
- Appendix 4 - LBH
- Appendix 5 - Fire

### 5.0 Internal Disputes Resolution Procedures

5.1 All occupational pension schemes are required to operate an IDR. 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 the Director of WYPF. Stage 2 appeals are considered by the Chief Executive of the City of Bradford MDC.

A summary of the IDR decisions for the period 1.1.20 to 30.6.20 is shown below:

	Number of Determinations	Outcomes	Type
<b>STAGE 1</b>	8		
		8 Turned down	1 Distribution of death grant 1 Recovery of overpaid pension 3 Incorrect deferred benefit statements 2 Exceeding Annual Allowance due to reduction in pay protection
<b>STAGE 2</b>	8		
<b>AGAINST EMPLOYER</b>	5	3 Turned down	1 Suspension of tier 3 ill health pension 2 Not allowed to link previous membership
		2 Referred back to employer to reconsider	2 Tier of ill health benefits
<b>AGAINST WYPF</b>	3	3 Turned down	1 Distribution of death grant 1 Not allowed to transfer in 1 Incorrect deferred benefit statement

## Pensions Ombudsman

5.2 The Pensions Ombudsman (PO) made two determinations on the following cases.

Ill health retirement. – The member claimed he should have been awarded ill health retirement on termination of his employment. The complaint was not held against WPF. However, his complaint against his employer, University of Bradford, was partly upheld. The Pensions Ombudsman directed University of Bradford to pay the member £1,000.00 for the serious distress and inconvenience which he had suffered.

Mis-sold pension – The member claimed she had been mis-sold membership of the LGPS. The Pensions Ombudsman discontinued the complaint as member was aware of the pension provisions that the scheme provided when she retired in 1995. As this was some 15 years ago, under the Limitations Act 1980, the Pensions Ombudsman could not accept it.

## 6.0 Administration Update

6.1 On 23 March the prime Minister asked that everyone stay at home except for a few restricted activities one of which was:

'Travelling to and from work, but only where work absolutely cannot be done from home'.

Urgent negotiations commenced with Bradford Council's IT to procure remote working equipment for the bulk of the staff that could not work from home, and within a matter of a couple of weeks all staff were enabled to work remotely.

Staff now only attend the office on a needs basis, i.e. to print, to scan post etc. Alternative arrangements for these tasks are now also in place.

After a short period of downtime for some individual members of staff who may have been self isolating or had childcare issues when schools closed, it is now almost business as usual.

6.2 The Pension Regulator's advice applicable to DB schemes for administrators recommends that the focus of service delivery at this time should be on the following areas:

- Payment of benefits
- Employer contributions
- Minimising the risk of scams
- Supporting good decision making.

6.3 TPR also provided some comfort to administrators by recognising that some administrative breaches may occur at this time but they will maintain a 'proportionate and fair approach' to any action to take.

6.4 Payroll

We have tested and proved that our payroll can be run by members of staff working from home if necessary. However, we have made one change which is that our daily payroll will now be run weekly each Thursday.

6.5 Transfer Values

The processing of transfers is a second level priority. Club transfers and transfers from schemes with a guarantee date will be processed although it might be more slowly.

6.6 Transfers in

Transfers in from personal pensions i.e. money purchase or defined contribution (DC) schemes are more of a concern as investment values are likely to have dropped in the period between receiving the member's election forms and requesting the money.

We are currently investigating with some of the bigger personal pension providers what their view is on proceeding in these circumstances and what the members' options might be. When we have more information on this we will write to affected members in line with the TPR's direction to support good decision making.

6.7 Transfers Out

We are aware that unscrupulous financial advisers may still try to target firefighters to release benefits. We have therefore added the tPR's latest guidance on scams to

our website and briefed both the Contact Centre and Fire Team staff on these issues.

#### 6.8 Children's Pensions

Because schools, colleges and universities have been closed, we suspended any reviews to ensure that pensions were not suspended unnecessarily. These reviews have now recommenced.

#### 6.9 Deferred Benefit Statements (DBS)

The number of Deferred Benefit Statements produced for all Local Government clients currently stands at 120,000 which represents 99.9% of members eligible to receive one. The number of statements produced was initially reduced from 2,000 to 500 each day to manage the number of queries received by the Contact Centre. Now that working arrangements are more settled the limit has been increased to 1000 per day.

#### 6.10 Annual Benefit Statements (ABS)

The number of Annual Benefit Statements produced for all Local Government clients currently stands at 122,164, which represents 98.4% of members eligible to receive one. Similar to DBS's, the number of statements produced was initially reduced from 2,000 to 500 each day. Now that working arrangements are more settled the limit has been increased to 1000 per day.

#### 6.11 Remote Working

The arrangements for staff working remotely are operating well, with staff being able to do their normal work without any major issues. In line with Government advice, the arrangements are set to continue for the foreseeable future.

#### 6.12 Security Breaches

During this period five Security Breaches were logged which were reported to the Council's Data Protection Officer. These were all deemed to be isolated incidents due to human error and were not reported to the ICO.

### **7.0 Staffing**

7.1 WYPF headcount is 154 Full time equivalent staff with an average age of 47, compared to the Council's average age of 46.8 (see Appendix 6).

7.2 For the year ending 1 April 2020 the average number of days absence due to sickness is 6.02 per staff member. This compares with the Council average of 12.96 days (see Appendix 7).

7.3 There were 2 new starters during the last 12 months (see Appendix 8)

7.4 There were 9 leavers during the last 12 months, 6 of which were due to retirement (see Appendix 9). A recruitment exercise to recruit 6 additional senior Pensions Officers has just been completed.

### **8.0 New Business**



- 8.1 WYPF has been awarded the contract to provide pensions administration for the London Borough of Barnet Pension Scheme. The contract will commence 1 November 2020 and will be for a duration of six years with an option to extend for an additional three years.
- 8.2 WYPF has also been successful in its bid for administration for the Leicestershire, Nottinghamshire and Derbyshire Fire Authorities. The contracts are due to commence 1 December 2020. This will bring the total number of Fire Authorities under WYPF's administration to 19.

## **9.0 Awards**

- 9.1 WYPF were winners of the Best Administration Award presented by Pensions Age magazine at a ceremony held in London on 28 February.

## **10.0 Conclusion**

WYPF continue to work closely with the Lincolnshire and the London Borough of Hounslow Pension Funds as shared service partners to provide an efficient and effective service to all stakeholders across all Funds and Schemes.

## Appendices

These are listed below and attached at the back of the report	
Appendix 1	Membership Numbers
Appendix 2	Customer Feedback - WYPF
Appendix 3	Customer Feedback - LPF
Appendix 4	Customer Feedback - LBH
Appendix 5	Customer Feedback - Fire
Appendix 6	WYPF Workforce
Appendix 7	Absence Performance
Appendix 8	Starters
Appendix 9	Leavers