

# Report of the Director West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 27 January 2022.

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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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Mr Rodney Barton  
Director

**Portfolio:**

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**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 more recently the London Borough of Barnet and to twenty one 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 July 2021 to 31 December 2021.

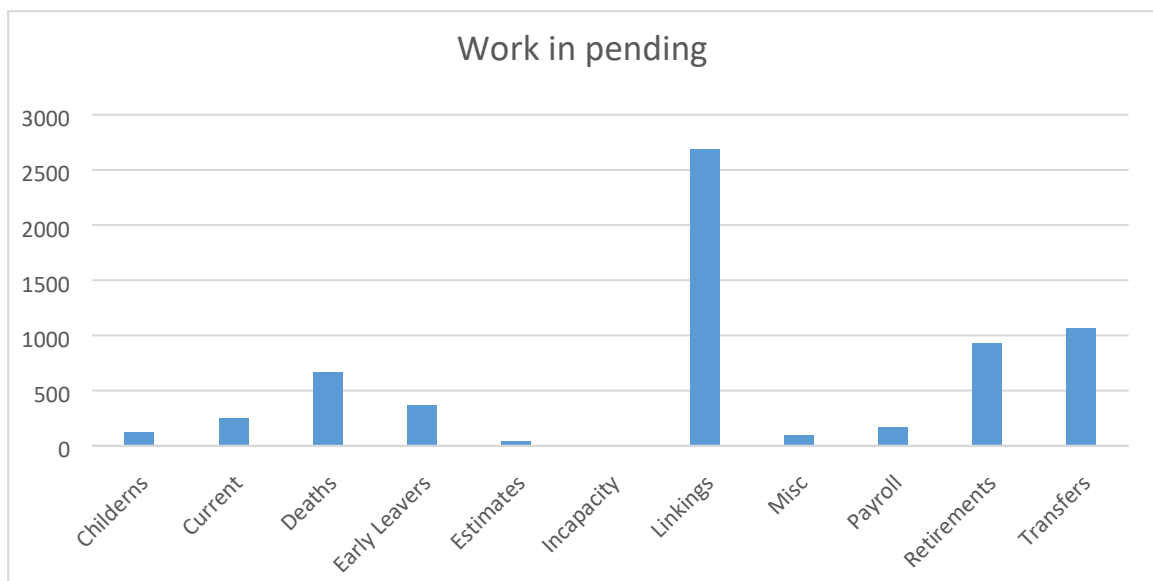
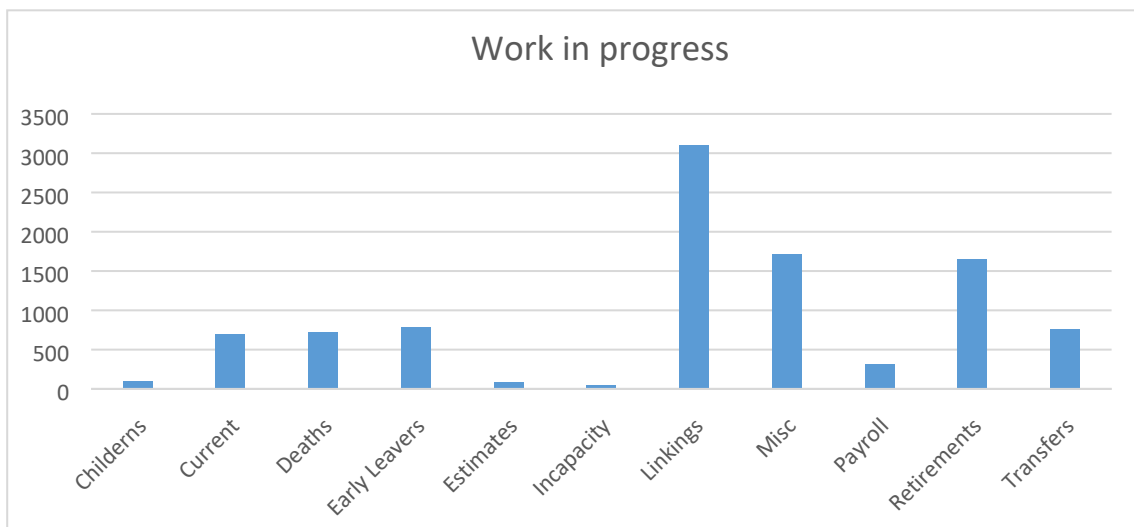
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	593	35	589	85	99.33
Transfer In Actual	369	35	343	85	92.95
Divorce Settlement Pension Sharing order Implemented	15	80	15	100	100
Deferred Benefits Set Up on Leaving	4186	20	2869	85	68.54
Refund Quote	2903	35	2890	85	99.55
Refund Actual	1339	10	1331	95	99.4
Transfer Out Payment	176	35	149	85	84.66
Pension Estimate	1838	10	1290	90	70.18
Retirement Actual	2365	3	2271	90	96.03
Deferred Benefits Into Payment Actual	1972	5	1827	90	92.65
AVC In-house (General)	545	20	530	85	97.25
Deferred Benefits Into Payment Quote	2272	35	2127	85	93.62
Transfer Out Quote	1295	20	1183	85	91.35
Monthly Posting	5518	10	5269	95	95.49
Divorce Quote	334	20	286	85	85.63
Change of Address	2691	10	2563	85	95.24
Change of Bank Details	1300	10	1230	85	94.62
General Payroll Changes	1319	10	1292	85	97.95
Age 55 Increase to Pension	3	20	3	85	100
NI adjustment to Pension at State Pension Age	135	20	131	85	97.04
Enquiry	78	5	76	85	97.44
DWP request for Information	34	20	30	85	88.24
Life Certificate Received	15	10	13	85	86.67
Death Grant Nomination Form Received	5027	20	3975	85	79.07

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
Spouse Potential	99	20	89	85	89.9
Death Grant to Set Up	398	5	351	85	88.19
Initial letter Death in Retirement	1813	5	1754	85	96.75
Death In Retirement	1813	5	1500	85	82.74
Initial Letter Death in Service	58	5	54	85	93.1
Death In Service	58	5	45	85	77.59
Initial letter Death on Deferred	146	5	120	85	82.19
Death on Deferred	146	5	81	85	55.48
Estimates for Deferred Benefits into Payment	55	10	45	90	81.81
Update Member Details	9948	20	9908	100	99.6
Pension Saving Statement	21	20	21	100	100
Payment of Spouses _Child Benefits	807	5	712	90	88.23
Phone Call Received	16140	3	15659	95	97.02

Reasons for underperforming KPI's:

Worktype	Reason
Deferred Benefits Set Up on Leaving	Low priority
Pension Estimate	Estimates with long future dates
Death Grant Nomination Form Received	Low priority
Death in Retirement	Complex cases involving additional work/documents
Death In Service	Additional information required from beneficiaries
Initial letter Death on Deferred	Complex cases involving additional work/documents
Death on Deferred	Complex cases involving additional work/documents
Estimates for Deferred Benefits into Payment	Delays in getting information from members

## 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 21 was 470,031. A full breakdown between the different Funds and Schemes is shown at Appendix A.

3.2 Number of Employers in the West Yorkshire Pension Fund

	<b>Actives</b>	<b>Ceased</b>	<b>Total</b>
Scheduled bodies	266	1	265
Admitted bodies	148	5	143
<b>Total</b>	<b>414</b>	<b>6</b>	<b>408</b>

### 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 July 21 to September 21 is shown at Appendix B – WYPF.

### 4.2 Employer Training

Over the quarter 1 July 2021 to 30 September 2021 we held the following webcasts which were attended by employers from all four Funds that WYPF administer:

- Understanding final pay
- Final pay – ‘the deep dive’
- Overview of the LGPS
- The ill-health process
- Processing pension blocks and quarantines

The sessions were attended by 252 people representing Employers from all our LGPS shared service partners.

### 5.0 Internal Disputes Resolution Procedure (IDRP)

5.1 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 Director of WYPF. Stage 2 appeals are considered by the Chief Executive of the City of Bradford MDC.

A summary of the IDRPs decisions for the period 1.7.20 to 31.12.20 is shown below:

	Number of Determinations	Outcomes	Type
<b>STAGE 1</b>	5		
		5 Turned down	1 Distribution of death grant 1 No death grant payable 1 Allowed to proceed with transfer out 1 Time limit to receive refund of contribution or transfer out. 1 Pay used in calculation of pension benefits.
<b>STAGE 2</b>	3		
<b>AGAINST EMPLOYER</b>	2	1 Turned down	1 Made redundant shortly before 55 <sup>th</sup> birthday.
		1 Referred back to employer to reconsider	1 Tier of ill health retirement awarded
<b>AGAINST WYPF</b>	1	1 Turned down	1 Not entitled to transfer out.

## 6.0 Administration Update

### 6.1 Annual Benefit Statements (ABS) and Deferred Benefit Statements (DBS)

Last year's statements were issued electronically through the secure 'MyPension' portal. A small number of members opted to receive paper copies.

### 6.2 Audits undertaken by Bradford Council's Internal Audit in the period:

#### a) Final Audit Report WYPF Life Existence

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. Three recommendations were made which have been accepted by WYPF.

WYPF continue to use Mortality Screening which provides positive results. This is demonstrated by the participation in the recent NFI (National Fraud Initiative) exercise which only identified 3 deaths. Of those 3 death, only 1 was not already known to WYPF and this was an Overseas Pensioner.

The continued use of Mortality Screening and NFI, should have minimised the risks associated with the Life Certificate process not being fully functional/operational during the pandemic.

A review of the action taken by WYPF during the pandemic with regards to Life Certificates seemed reasonable given the current situation.

b) Follow Up Audit – WYPF Accuracy of Contributions Recorded on Members Record

It is audit's opinion that the standard of control of identified risks in the follow up audit still remains to be **partially effective**.

6 High Priority recommendations have been examined. Of these, 6 High Priority recommendations are deemed to be partially implemented.

It is Internal Audit's view that the implementation of Phase 3 of the Monthly Postings Project should address the previously identified weaknesses and strengthen the overall Control Environment.

Whilst acknowledging that progress has been made moving forwards, there still remains a risk with monthly postings associated with historical flexible retirement and deferred pension cases.

Two new recommendations were made which have been accepted by WYPF.

c) Local Government Pension Scheme Contributions

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.

Two recommendations were made which have been accepted by WYPF.

d) Mitigation of Pension Scams

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.

However, it is noted that there is room for further improvement and development as WYPF have not yet signed up to the pledge to combat pension scams.

Consideration should be given as to whether this is something WYPF would pursue moving forwards and whether the merits of doing so outweigh any further resources required.

#### e) New Pensions and Lump Sums – Death Benefits

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.

It is pleasing to report that there were no issues found with the sample selected for audit testing.

#### 6.3 ISO 9001 Quality Audits

The following internal quality audits were completed by WYPF staff:

Quality Records

Transfers In

Pensioner Services Incapacity Cases/National Fraud Initiative

Any suggestions for improvements to working practices will be analysed by the relevant managers.

6.4 Two new Fire clients, Shropshire and Warwickshire will join WYPF's administration from 1<sup>st</sup> April 2022. This will bring the total number of Fire Authorities under administration to 23.

#### 6.5 Security Breaches

During this period seven Security Breaches were logged which were reported to the Council's Data Protection Officer. Two of the breaches were made by Employers. These were all deemed to be isolated incidents due to human error and were not reported to the ICO.

### 7.0 Staffing



- 7.1 Recruitment to fill existing and additional new posts is continuing.
- 7.2 WYPF headcount is 179 established employees with an average age of 46.5, compared to the Council's average age of 46.5 (see Appendix C).
- 7.3 For the quarter ending Sept 2021 the average number of days absence due to sickness is 5.28 per staff member. This is the lowest in the Council and compares with the Council average of 11.30 days (see Appendix D).
- 7.4 There were 22 new starters during the last 12 months (see Appendix E)
- 7.5 There were 11 leavers during the last 12 months, 2 of which were due to retirement, 4 were casual employees and 1 re-joined (see Appendix F).

## 8.0 Member Portal

### 8.1 Web Registrations

The number of members registered for online member web are:

Membership Type	Number	Percentage
Active	29,338	19.52%
Deferred	15,523	11.37%
Pensioner	22,010	13.81%

## 9.0 Awards

WYPF were shortlisted by **LAPF** under the following categories:

- Good Governance Award
- Scheme Administration Award

Winners should have been announced at a ceremony in London on 15 December 2021 but this was postponed due to concerns with the latest variant of the Coronavirus.

WYPF has also been shortlisted by Pensions Age under the following categories:

- DB Pension Scheme of the Year
- Pension Scheme Communication Award
- Pensions Administration Award

Winners will be announced at a ceremony in London on 23 February 2022.

## 10.0 Conclusion

WYPF continue to provide an efficient, cost effective and high level of service to members and Employers within the Fund.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Membership Numbers
Appendix B	Customer Feedback - WYPF
Appendix C	Workforce Headcount
Appendix D	Absence Performance
Appendix E	Starters
Appendix F	Leavers