

Report of the Managing Director, West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 26 January 2023.

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Subject:

Pensions Administration

Summary statement:

This report gives an update on West Yorkshire Pension Fund's (WYPF) pensions administration activities for the period 1 July 2022 to 31 December 2022.

EQUALITY & DIVERSITY:

Issues of Equality and Diversity are included within the body of the document.

Mr Euan Miller
Managing 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, the London Borough of Barnet and to twenty three 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 2022 to 31 December 2022.

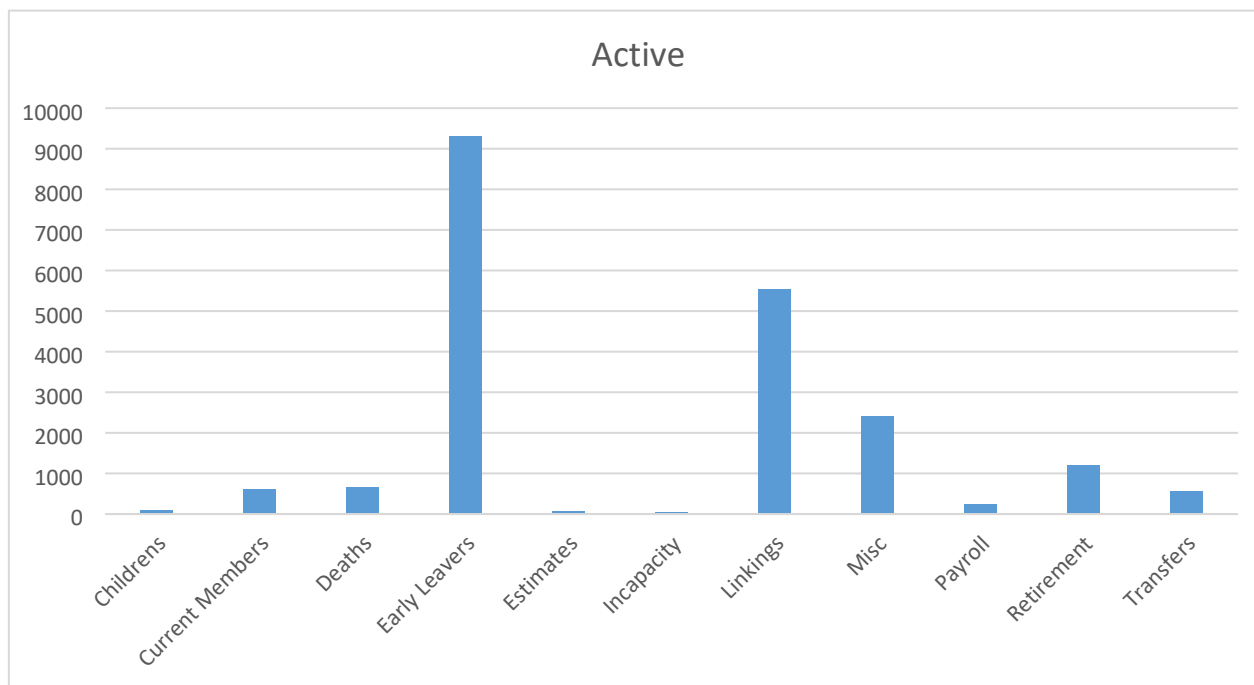
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIMUM TARGET PERCENT	TARGET MET PERCENT
Transfer In Quote	499	35	499	85	100
Transfer In Actual	319	35	294	85	92.16
Divorce Settlement Pension Sharing order Implemented	17	80	17	100	100
Deferred Benefits Set Up on Leaving	4914	20	3739	85	76.09
Refund Quote	2423	35	2177	85	89.85
Refund Actual	1391	10	1382	90	99.35
Transfer Out Payment	137	35	115	85	83.94
Pension Estimate	1772	10	1250	90	70.54
Retirement Actual	2071	10	2065	90	99.71
Deferred Benefits Into Payment Actual	2534	5	2492	90	98.34
AVC In-house (General)	526	20	519	85	98.67
Deferred Benefits Into Payment Quote	3428	35	2648	85	77.25
Transfer Out Quote	1410	35	1354	85	96.03
Monthly Posting	5491	10	5202	95	94.74
Divorce Quote	327	40	322	85	98.47
Change of Address	2778	20	2675	85	96.29
Change of Bank Details	916	20	916	85	100
General Payroll Changes	1291	20	1286	85	99.61
Age 55 Increase to Pension	3	20	3	85	100
NI adjustment to Pension at State Pension Age	143	20	143	85	100
DWP request for Information	24	20	23	85	95.83
Death Grant to Set Up	1945	10	1754	85	90.18
Death In Retirement	1945	10	1754	85	90.18

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIMUM TARGET PERCENT	TARGET MET PERCENT
Death In Service	69	10	60	85	86.96
Death on Deferred	152	10	122	85	80.26
Estimates for Deferred Benefits into Payment	42	10	27	90	64.29
Update Member Details	11261	20	11143	100	98.95
Pension Saving Statement	8	20	8	100	100
Dependant Pension To Set Up	799	5	720	90	90.11
Phone Call Received	18717	3	18071	95	96.55
Interfund Out Quote	1226	35	1001	85	81.65
Interfund Linking In Quote	537	35	190	85	35.38
Interfund Out Actual	1226	35	768	85	62.64
Interfund Linking In Actual	319	35	234	85	73.35

Reasons for underperforming KPI's:

1. **Deferred Benefits set up on leaving** - High volume of cases to process, exacerbated as scheme employers provide data for the Triennial valuation, and this includes Deferred Benefits Set Up on leaving.
2. **Pension Estimate** – Estimates prioritised in date order. Those with future dates not accurately reported. Also some estimates were more complicated and took longer to do.
3. **Deferred Benefits into payment quote** - Significant increase in requests for quotes.
4. **Death on Deferred** - The KPI for Death In Retirement has not been met due to the Pensioner Services Team are currently training new staff in this area of work.
5. **Estimates for Deferred Benefits into payment** - High volume of estimates requests being received as members receive their ABS & DBS. Estimates received with a date of retirement within 3 months have been treated as a priority.
6. **Interfund Out Quote** - Historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding in preparation for the Triennial Valuation. This has had an impact on the levels of work and has increased the numbers of interfunds out.
7. **Interfund Linking In Quote** - Historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding in preparation for the Triennial Valuation. This has had an impact on the levels of work and has increased the numbers of linkings.
8. **Interfund Out Actual** - Historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding in preparation for the Triennial Valuation. This has had an impact on the levels of work and has increased the numbers of interfunds out.
9. **Interfund Linking In Actual** - Historic cases being processed for ABS production. Employers across all funds are currently sending in leaver notifications that have been outstanding in preparation for the Triennial Valuation. This has had an impact on the levels of work and has increased the numbers of linkings.

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 AVCs, 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 3 January 2023 was 477,804
. 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

	Actives	Ceased	Total
Scheme	275	3	272
Admission	152	9	143
Total	427	12	415

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 to September is shown:

Appendix 2 - WYPF

Appendix 3 – Lincolnshire Pension Fund

Appendix 4 – London Borough of Hounslow Pension Fund

Appendix 5 – Barnet Pension Fund

5.0 Internal Disputes Resolution Procedures

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 the Managing 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 1.7.22 to 31.12.22 is shown below:

West Yorkshire Pension Fund

	Number of Determinations	Outcomes	Type
STAGE 1	6		
		1 Upheld	1 Distribution of death grant
		5 Turned down	1 Distribution of death grant 1 Calculation of pension benefits 1 Lack of information on tier 3 ill health retirement 1 Due date for payment of deferred benefits 1 Deduction of tax from refund of contributions
STAGE 2	5		
AGAINST EMPLOYER	4	3 Turned down	1 Not entitled to ill health retirement 1 Time limit not extended to allow transfer in 1 Tier 3 ill health review decision
		1 Referred back to employer to reconsider	1 Not entitled to ill health retirement
AGAINST WYPF	1	1 Turned down	1 Allowed to transfer out

Lincolnshire Pension Fund

	Number of Determinations	Outcomes	Type
STAGE 1	5	1 Upheld	1 Calculation of pension benefits
		4 Turned down	1 Incorrect retirement quote 1 Not entitled to widower's pension 1 Delays in opting opt 1 Calculation of pension benefits
STAGE 2	1		
AGAINST EMPLOYER	1	1 Turned down	1 Not entitled to ill health retirement
AGAINST LPF	0		

London Borough of Barnet Pension Fund

	Number of Determinations	Outcomes	Type
STAGE 1	1		
		1 Turned down	1 Calculation of pension benefits

London Borough of Hounslow Pension Fund

	Number of Determinations	Outcomes	Type
STAGE 1	1		
		1 Turned down	1 Time limit not extended to allow transfer in
STAGE 2	0		

6.1 Employer events

Event	Number
Employer Webcast	8
Employer Training (one to one)	1
Employer Support	7
Member Presentation	8
Member surgeries / one to one	4

Employer webcasts - Feedback (Repeat and Refresh)

Employers from any part of the country can now attend simultaneously so it is not possible to provide fund specific satisfaction scores.

Eight employer webcasts were held between **5 July and 06 September 2022** covering the following topics:

- Final Pay
- Final Pay - deep dive
- Understanding CPP
- Ill Health

Feedback satisfaction score:
(Average across funds) 94.55% based on 37 responses

Do you have any other comments about the length of the webinar?

The examples we went through a little too fast

Really good and informative. Well explained and easy to understand.

The length of the webcast suited but the only slight hiccup was that during the second part of the session, there was a temporary loss of sound.

The length of the webcast was fine but I would say any future ones should not be longer than 1 hour.

It was perfect to fit in a busy day

Short subject however presenter was thorough and precise as always

It was as long as it needed to be. The time flew by as the webcast was extremely interesting.

Did the session meet your expectations?

Yes - 16

No - 0

6.2 Annual Benefit Statements (ABS) and Deferred Benefit Statements (DBS)

This year's statements have been issued electronically. Members have been asked to sign up to the secure 'MyPension' portal to access their statements. However, members who still prefer a paper version will be able to opt out and receive one.

As at 31 August 2022 99.2% of ABS's and 100% of DBS's have been produced for WYPF members who are eligible to receive one. The remaining ABS's are due to queries on records with employers and outstanding transfers and linkings which are being worked on. It is our intention to review the ABS process over the next 12 months to ensure going forward more statements are produced for members.

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

a) Annual Benefits Statement

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 **0** recommendations for improvement.

6.4 ISO 9001 Quality Audits

The following internal quality audits were completed by WYPF staff:

Monthly payroll procedures

Transfers out

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

6.5 Disaster Recovery

Our first disaster recovery on our new infrastructure was planned and executed. This took down our primary system and WYPF tested operational capability from our secondary site before successfully restoring our primary site. This took approximately 4 hours.

Lessons learnt will be implemented for the next test.

6.6 Recruitment

A number of appointments have been made to our pensions administration teams with some vacancies still to fill. On the Investments team we have recruited a Treasury Manager, an Investment Manager and an Investment Analyst.

6.7 Annual Allowance

The LGPS Annual Allowance exercise is now completed as the deadline for issuing a Pensions Savings Statement was 5 October. 85 Pension Saving Statements have been issued to WYPF Pension Fund members.

7.0 Staffing

- 7.1 WYPF headcount is 206 (194 full time equivalent staff) with an average age of 45.8 (Appendix 6).
- 7.2 For the year ending 1 April 2022 the average number of days absence due to sickness is 7.33 per staff member. This compares with the Council average of 14.56 days (Appendix 7).
- 7.3 There were 26 new starters during the last 12 months (Appendix 8)
- 7.4 There were 12 leavers during the last 12 months (see Appendix 9).
- 7.5 A number of recruitment exercises are ongoing to fill vacancies and also for new posts created as a result of increasing workloads.

8.0 Member Portal

8.1 Web Registrations

The number of members registered for online member web are:

Membership Type	Number	Percentage
Active	42,866	39.25%
Deferred	22,397	25.50%
Pensioner	34,135	32.17%

9.0 Awards

IT is very pleasing to report that WYPF won the Good Governance Award at the LAPF Investment Awards last month.

WYPF have 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 21 March 2023.

10.0 OTHER CONSIDERATIONS

- None

11.0 FINANCIAL & RESOURCE APPRAISAL

Sufficient budget to ensure adequate resources to deliver contractual obligations.

12.0 RISK MANAGEMENT AND GOVERNANCE ISSUES

Failure to meet contractual obligations to our shared service partners may result in contract termination.

13.0 LEGAL APPRAISAL

Not applicable.

14.0 OTHER IMPLICATIONS

14.1 SUSTAINABILITY IMPLICATIONS

None

14.2 GREENHOUSE GAS EMISSIONS IMPACTS

None

14.3 COMMUNITY SAFETY IMPLICATIONS

None

14.4 HUMAN RIGHTS ACT

None.

14.5 TRADE UNION

None

15.0 NOT FOR PUBLICATION DOCUMENTS

None

16.0 OPTIONS

None.

17.0. RECOMMENDATIONS

It is recommended that the report be noted.

18.0 APPENDICES

Appendix 1	Membership Numbers
Appendix 2	Customer Survey Results- WYPF
Appendix 3	Customer Survey Results - Lincolnshire Pension Fund
Appendix 4	Customer Survey Results - London Borough of Hounslow Pension Fund
Appendix 5	Customer Survey Results - Barnet Pension Fund
Appendix 6	Headcount
Appendix 7	Absence Performance
Appendix 8	New Starters
Appendix 9	Leavers

19.0. BACKGROUND DOCUMENTS

None