

## **Report of the Managing Director, West Yorkshire Pension Fund, to the meeting of West Yorkshire Pension Fund Local Pension Board to be held on 13 September 2023.**

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### **Subject:**

West Yorkshire Pension Fund (WYPF) production of annual benefit statements for members 2023.

### **Summary statement:**

This report updates the Local Pension Board on WYPF annual benefit statement (ABS) production project 2023 for all members entitled to receive an ABS for the calendar year 2023.

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 2023.

Specific legislative requirement is provided by Regulation 89 of the LGPS Regulations 2013. An administering authority must issue an annual benefit statement to each of its active, deferred, deferred pensioner and pension credit members.

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

In order to manage our carbon footprint and increase our digital service offering to members and employers we have moved our ABS production to online. Members are encouraged to register for our online service for members "MyPension" to access their ABS. Members wishing to receive paper ABS by post are required to opt out of digital service, once this choice is made WYPF sends paper copy by post to the member.

### **EQUALITY & DIVERSITY:**

No new policy or service is being proposed by 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. Where a fund significantly breach this requirement, the fund must self-report the fact to the tPR and provide a plan of actions that will remedy such failure as soon as possible.
- 1.2 As of 20 August 2023 WYPF performance on ABS 2023 is 99.63%. We have changed the way this is calculated to include all members with active and deferred records as that had a pension savings with WYPF, regardless of receiving data from their employers or not. This allow us to show a combined performance for WYPF and employers.

Annual benefit statements 2023	Active	Deferred	2023	2022
<b>WYPF members 31 March 2023</b>	<b>96,134</b>	<b>85,337</b>	<b>181,471</b>	<b>181,285</b>
Waiting for data and response to queries from employers	- 150		-150	-198
On going pension administration work by WYPF	- 420	- 4	-424	-2,636
<b>Number of cases in production</b>	<b>95,564</b>	<b>85,333</b>	<b>180,897</b>	<b>178,451</b>
<b>Number of cases produced</b>	<b>95,538</b>	<b>85,254</b>	<b>180,792</b>	<b>178,365</b>
<b>% Produced of members at 31 March</b>	<b>99.38%</b>	<b>99.90%</b>	<b>99.63%</b>	<b>98.39%</b>
<b>Cases in production</b>	<b>26</b>	<b>79</b>	<b>105</b>	<b>86</b>
<b>% of Cases in production</b>	<b>0.03%</b>	<b>0.09%</b>	<b>0.06%</b>	<b>0.05%</b>
<b>Cases being worked on by employers and WYPF</b>	<b>570</b>	<b>4</b>	<b>574</b>	<b>2,834</b>
<b>% of Cases in production</b>	<b>0.59%</b>	<b>0.00%</b>	<b>0.32%</b>	<b>1.56%</b>

- 1.3 We have produced 99.63% of statements as of 20 August 2023. This performance is very close to 100%. Of the 2,834 cases being worked on, 150 are due to late data from employers and complex cases that need further investigation. This is less than 1% of 181,471 members entitled to ABS in 2023 and as such not significant. We do not need to self-report this as a breach to tPR, however good practice dictates that we monitor our progress in producing 100% ABS.
- 1.4 In order to produce 100% ABSs, we continue producing 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 cases not produced due to complex and data notification issues will be reduced to a handful by 31 January 2024.

### **Shared services ABS production 2023 99.35%**

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

Annual benefit statements 2023 for all shared service partners 31 March 2023							2022
	West Yorkshire	Lincolnshire	Hounslow	Barnet	Fire	Total	Total
<b>Members 31 March 2023</b>	<b>181,471</b>	<b>46,698</b>	<b>13,507</b>	<b>16,843</b>	<b>23,371</b>	<b>281,890</b>	<b>281,509</b>
Waiting for data and response to queries from employers	-150	-28	-8	-19	-635	-840	-1,106
On going pension administration work by WYPF	-424	-207	-53	-111	-13	-808	-3,299
<b>Number of cases in production</b>	<b>180,897</b>	<b>46,463</b>	<b>13,446</b>	<b>16,713</b>	<b>22,723</b>	<b>280,242</b>	<b>277,104</b>
<b>Number of cases produced</b>	<b>180,792</b>	<b>46,429</b>	<b>13,439</b>	<b>16,683</b>	<b>22,719</b>	<b>280,062</b>	<b>276,617</b>
<b>% Produced of members at 31 March</b>	<b>99.63%</b>	<b>99.42%</b>	<b>99.50%</b>	<b>99.05%</b>	<b>97.21%</b>	<b>99.35%</b>	<b>98.26%</b>
<b>Cases in production</b>	<b>105</b>	<b>34</b>	<b>7</b>	<b>30</b>	<b>4</b>	<b>180</b>	<b>487</b>
<b>% of Cases in production</b>	<b>0.06%</b>	<b>0.07%</b>	<b>0.05%</b>	<b>0.18%</b>	<b>0.02%</b>	<b>0.06%</b>	<b>0.17%</b>
<b>Cases being worked on by employers and WYPF</b>	<b>574</b>	<b>235</b>	<b>61</b>	<b>130</b>	<b>648</b>	<b>1,648</b>	<b>4,405</b>
<b>% of Cases in production</b>	<b>0.32%</b>	<b>0.50%</b>	<b>0.45%</b>	<b>0.77%</b>	<b>2.77%</b>	<b>0.58%</b>	<b>1.56%</b>

**1.6** As of 20 August 2023, we have produced 99.35% of all ABS needed for members. The lowest performance is for fire services, where we are still waiting for some fire authorities to provide pension data. There are payroll reporting and system issues at a number of fire authorities. It is the fire authority's responsibility to self-report to tPR on this type of failure.

## **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.

<b>Key steps for ABS</b>
<b>Planning</b>
Data requirements and training to employers.
Deadlines - for submitting March monthly data returns 19 April.
Employers communication and briefings are provided between December and July.
Key risks to delivery – systems / processes, staffing resources.
Real time process reporting is used for monitoring and allow us to take corrective actions.
<b>Testing</b>
UPM system update and test ABS processes
Secure remote printing facilities - ADARE

<b>Key steps for ABS</b>
Test lost contacts ABS suppression tools to none are printed or posted.
Review ABS templates - internally, employers, Aon, members feedback
<b>Deliver</b>
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
<b>Review</b>
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
<b>Start new year ABS project</b>
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 work schedule since 2014, before we came under TPR's jurisdiction. We have been delivering over 99% of ABS by deadline since 2014. The various specialist staff and 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**

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

<b>Member record checks</b>
<b>Each member record eligible for ABS is checked for the following:</b>
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
<b>Blocked Statements (Employer)</b>
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
<b>Blocked Statements (WYPF)</b>
Linking Actual / transfer error
Interfund
Monthly > Earnings > CARE error

<b>Member record checks</b>
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
<b>Pensions Increase</b>
<b>Production</b>
<b>Queue Address split</b>
UK
Overseas
<b>Lost Contacts</b>

### **ABS sample template**

**2.4** 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.

### **3 OTHER CONSIDERATIONS**

This report should be considered with Agenda item 11 – breaches of law.

### **4 FINANCIAL & RESOURCE APPRAISAL**

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

### **5 RISK MANAGEMENT AND GOVERNANCE ISSUES**

The main risk associated with ABSs is failure to produce all ABS letters 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.

### **6 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.

## **7 OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

The services covered in this report are committed to mitigating climate change by using energy efficient supplies and services, avoid waste and where not possible minimise waste. Reuse materials and where facilities are available, recycle office waste.

### **7.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS**

WYPF operates from a modern “Aldermanbury House”, the building was bought in 2014 and we have invested significant sums to improve the energy efficiency of the building, however there is still more to do. We are working with our property managers to further improve the energy efficiency of the building for staff, visitors and our commercial tenants. Electricity supplied to the building is sourced from renewable suppliers and there is programme to review water boilers and other equipment in the building.

In terms of our operations a significant number of our staff have always been able to work from home before the Covid-19 pandemic and since the start of the pandemic all staff that want to work from home have been able to work from home. This has reduced our staff daily journeys into work and reduced our operational greenhouse gas emission significantly. When on business travel, our staff are encouraged to use public transport, unless lower greenhouse gas emission alternatives are available.

In order to maintain a balance service, we have moved to a hybrid operation on a standard two days office working and three days home working each week. This approach is supported by most staff members.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

None.

### **7.4 HUMAN RIGHTS ACT**

None.

### **7.5 TRADE UNION**

The services covered by this report will provide additional employment and apprenticeship opportunities within the local area.

### **7.6 WARD IMPLICATIONS**

None.

### **7.7 AREA COMMITTEE LOCALITY PLAN IMPLICATIONS**

None.

### **7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

None.

### **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

None.

**8 NOT FOR PUBLICATION DOCUMENTS**

No

**9 OPTIONS**

The Local Pension Board should note WYPF performance on ABS, and may make recommendations to management on any part of this report.

**10 RECOMMENDATION**

- That this report be considered and noted.

**11 APPENDICES**

None

**12 BACKGROUND DOCUMENTS**

None