

# Report of the Managing Director, West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 25 January 2024.

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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 2023 to 31 December 2023.

## **EQUALITY & DIVERSITY:**

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

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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 2023 to 31 December 2023.

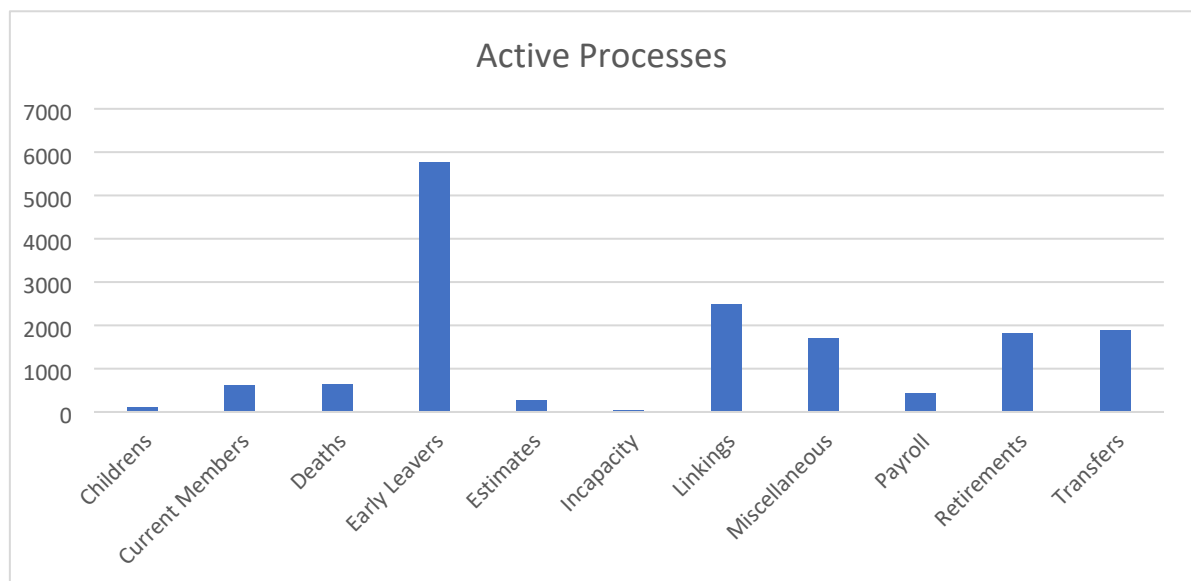
| WORKTYPE   | TOTAL CASES | TARGET DAYS FOR EACH CASE | TARGET MET CASES | MINIMUM TARGET PERCENT | TARGET MET PERCENT |
|--|-------------|---------------------------|------------------|------------------------|--------------------|
| Age 55 Increase to Pension                           | 5           | 20                        | 5                | 85                     | 100                |
| AVC In-house (General)                               | 701         | 20                        | 675              | 85                     | 96.03              |
| Change of Address                                    | 1812        | 20                        | 1798             | 85                     | 99.23              |
| Change of Bank Details                               | 1174        | 20                        | 1168             | 85                     | 99.49              |
| Death Grant to Set Up                                | 508         | 10                        | 111              | 85                     | 21.85              |
| Death In Retirement                                  | 2086        | 10                        | 1281             | 85                     | 61.41              |
| Death In Service                                     | 81          | 10                        | 54               | 85                     | 66.67              |
| Death on Deferred                                    | 118         | 10                        | 97               | 85                     | 83.62              |
| Deferred Benefits Into Payment Actual                | 2413        | 10                        | 2375             | 90                     | 98.43              |
| Deferred Benefits Into Payment Quote                 | 2947        | 35                        | 2790             | 85                     | 94.64              |
| Deferred Benefits Set Up on Leaving                  | 9241        | 20                        | 4872             | 85                     | 52.72              |
| Dependant Pension To Set Up                          | 895         | 5                         | 706              | 90                     | 78.87              |
| Divorce Quote  | 517         | 40                        | 490              | 85                     | 94.78              |
| Divorce Settlement Pension Sharing order Implemented | 16          | 80                        | 16               | 100                    | 100                |
| DWP request for Information                          | 23          | 20                        | 21               | 85                     | 91.3               |
| Estimates for Deferred Benefits into Payment         | 34          | 10                        | 32               | 90                     | 94.12              |
| General Payroll Changes                              | 1386        | 20                        | 1383             | 85                     | 99.78              |
| Interfund Linking In Actual                          | 1016        | 35                        | 614              | 85                     | 60.43              |
| Interfund Linking In Quote                           | 677         | 35                        | 305              | 85                     | 45.05              |
| Interfund Out Actual                                 | 914         | 35                        | 631              | 85                     | 69.04              |
| Interfund Out Quote                                  | 912         | 35                        | 601              | 85                     | 65.9               |
| Life Certificate                                     | 332         | 10                        | 307              | 85                     | 92.47              |
|  |             |                           |                  |                        |                    |
|  |             |                           |                  |                        |                    |

| WORKTYPE                                      | TOTAL CASES | TARGET DAYS FOR EACH CASE | TARGET MET CASES | MINIMUM TARGET PERCENT | TARGET MET PERCENT |
|---|-------------|---------------------------|------------------|------------------------|--------------------|
| Linking Quote UPM                             | 4796        | 5                         | 3897             | 85                     | 81.26              |
| Monthly Posting                               | 4990        | 10                        | 4714             | 95                     | 94.47              |
| NI adjustment to Pension at State Pension Age | 117         | 20                        | 113              | 85                     | 96.58              |
| Pension Estimate                              | 2889        | 10                        | 2048             | 90                     | 70.89              |
| Pension Saving Statement                      | 10          | 20                        | 10               | 100                    | 100                |
| Phone Call Received                           | 11646       | 3                         | 11158            | 95                     | 95.81              |
| Refund Actual                                 | 2025        | 10                        | 2024             | 90                     | 99.95              |
| Refund Quote                                  | 3429        | 35                        | 3416             | 85                     | 99.62              |
| Retirement Actual                             | 2353        | 10                        | 2207             | 90                     | 93.8               |
| Retirement Quote                              | 3002        | 10                        | 18.02            | 85                     | 59.99              |
| Transfer In Actual                            | 351         | 35                        | 190              | 85                     | 54.13              |
| Transfer In Quote                             | 783         | 35                        | 768              | 85                     | 98.08              |
| Transfer Out Payment                          | 138         | 35                        | 97               | 85                     | 70.29              |
| Transfer Out Quote                            | 1398        | 35                        | 1266             | 85                     | 90.56              |
| Update Member Details                         | 9264        | 20                        | 8787             | 100                    | 94.85              |

Reasons for underperforming KPI's:

1. **Death in service** – Delays in receiving information from beneficiaries.
2. **Deferred Benefits set up on leaving** - Moved to low priority.
3. **Dependant Pension to set up** - Delays in receiving information from beneficiaries.
4. **Pension Estimates** – High volumes of requests.
5. **Retirement quote** – Quotes requested for future dates, priority given to those that were retiring.
6. **Transfer/Interfund** - Work had to be put on hold due to changes in calculation factors which were not released by the Government Actuary's department until recently.

## 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:

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

Linkings – multiple employments where member can link those employments

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 31 December 2023 was 503,488. 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> |
|--------------|----------------|---------------|--------------|
| Scheme       | 275            | 0             | 275          |
| Admission    | 144            | 3             | 141          |
| <b>Total</b> | <b>419</b>     | <b>3</b>      | <b>416</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 to September is shown:

Appendix B - WYPF

Appendix C – Lincolnshire Pension Fund

Appendix D – London Borough of Hounslow Pension Fund

Appendix E – Barnet Pension Fund

### **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 Managing 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 1.7.23 to 31.12.23 is shown below:

## West Yorkshire Pension Fund

|                         | Number of Determinations | Outcomes        | Type  |
|-------------------------|--------------------------|-----------------|---|
| <b>STAGE 1</b>          | 6                        |                 |   |
|                         |                          | 1 Upheld        | 1 Delays in providing deferred retirement quote   |
|                         |                          | 5 Turned down   | 2 Distribution of death grant.<br>1 Not entitled to child's pension<br>1 Not entitled to transfer out<br>1 Reductions not waived on early payment of deferred benefits. |
| <b>STAGE 2</b>          | 7                        |                 |   |
| <b>AGAINST EMPLOYER</b> | 4                        |                 |   |
|                         |                          | 2 Referred back | 1 Tier of ill health retirement<br>1 Reductions not waived on flexible retirement   |
|                         |                          | 2 Turned down   | 1 Increase in member contributions rate<br>1 Extending transfer in time limit   |
| <b>AGAINST WYPF</b>     | 3                        | 3 Turned down   | 1 Delays in dealing with AVCs<br>1 Errors dealing with transfer in<br>1 Reductions not waived on early payment of deferred benefits                                     |

## Lincolnshire Pension Fund

|                | Number of Determinations | Outcomes      | Type   |
|----------------|--------------------------|---------------|--|
| <b>STAGE 1</b> | 2                        |               |  |
|                |                          | 2 Turned down | 1 Delays in providing retirement options<br>1 Not entitled to spouse's pension |
| <b>STAGE 2</b> | 0                        |               |  |

## London Borough of Barnet Pension Fund

|                | Number of Determinations | Outcomes      | Type   |
|----------------|--------------------------|---------------|--|
| <b>STAGE 1</b> | 3                        |               |  |
|                |                          | 3 Turned down | 1 Allowed to transfer out<br>1 LTA Tax Charge<br>1 Date for payment of pension credit benefits |

## London Borough of Hounslow Pension Fund

|                  | Number of Determinations | Outcomes      | Type  |
|------------------|--------------------------|---------------|---|
| <b>STAGE 1</b>   | 1                        |               |   |
|                  |                          | 1 Turned down | 1 Distribution of death grant   |
| <b>STAGE 2</b>   | 2                        |               |   |
| Against Employer | 0                        |               |   |
| Against LHPF     | 2                        | 2 Turned down | 1 Payment of deferred benefits from Normal Retirement Date<br>1 Payment date of deferred benefits |

## 6.0 Administration Update

### 6.1 ISO 9001:2015 Re-certification

A successful Quality Management System Re-certification took place in December 2023. No non conformities or observations were identified. The Assessor commented 'The organisation continues to manage their quality and risks effectively with embedded processes and a high level of organisational knowledge'.

#### Internal Quality Audits

The following internal quality audits were completed by WYPF staff:

Diary control – Childrens' Pensions

Guaranteed Minimum Pensions

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

## 6.2 Pension Awareness Week

Following last year's resounding success WYPF produced another great week of events engaging with close to 1,000 LGPS members during a series of online events. We launched 'engage with your pension' sessions which pull in over 100 members every month on a variety of LGPS topics. It is intended to continue with these sessions as there is clearly member demand.

## 6.3 Employer Engagement Forum

We were joined by 115 employers at our Employer Engagement Forum this month which was open to all the employers we work with across each of our shared service partners. Employers heard about up and coming priorities as well key messages that are all part of the roles and responsibilities associated with being an LGPS employer. The event was run over a morning online via Microsoft Teams and included:

- Guest Speaker from 'The Pensions Regulator'
- Preparation for pensions dashboards
- Employer Relations Team update
- Introduction to new monthly postings
- Communications Update

## 6.4 Recruitment

Recruitment to staffing in our pensions administration team is ongoing. However, we have struggled to fill a Team Manager post which remains vacant.

## 6.5 Ransomware Test

WYPF took part in an Incident Response (IR) Exercise with the City of Bradford Metropolitan District Council (CBMDC). Incident Response exercises, and the associated testing of Business Continuity (BC) and Disaster Response (DR) plans are a key element of proactive incident response planning. This exercise focused specifically on challenging the IT and management team's responses to multiple cyber incidents, offering an opportunity to review plans, rehearse situations, and to learn if improvements can be made.

The exercise provided CBMDC and WYPF's management teams with an effective mechanism to assess and validate our existing response procedures. The processes were clarified at each step, roles and responsibilities confirmed, and recommendations for improvement provided. Furthermore, the exercise included extended scenarios designed to elicit worst case scenarios and identify the limitations of the business continuity and disaster response plans.

## 6.6 Annual Meetings

Our annual meetings for Employers and Members were held on 26 October and 1 November respectively. Both meetings were held online. The agenda included an update and strategic overview and there was also input from the Actuary at the employers' meeting.

## 6.7 Monthly Posting Phase 3 (MP3)

MP3 has finally gone live after undergoing rigorous penetration testing. A phased rollout will take place over the next few months.

## 8. Staffing

- 8.1 WYPF headcount is 211 (199 full time equivalent staff) with an average age of 45.9 (Appendix F).
- 8.2 For the year ending 1 April 2023 the average number of days absence due to sickness is 6.11 per staff member. This compares with the Council average of 14.04 days (Appendix G).
- 8.3 There were 15 new starters during the last 12 months (Appendix H)
- 8.4 There were 10 leavers during the last 12 months (see Appendix I).
- 8.5 A number of recruitment exercises are ongoing to fill vacancies and also for new posts created as a result of increasing workloads.

## 9.0. Member Portal

### 9.1 Web Registrations

The number of members registered for online member web are:

| Membership Type | Number | Percentage |
|-----------------|--------|------------|
| Active          | 50,613 | 46.39%     |
| Deferred        | 28,311 | 32.56%     |
| Pensioner       | 44,616 | 41.16%     |

## 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 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS**

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 A | Membership Numbers  |
| Appendix B | Customer Survey Results- WYPF                                     |
| Appendix C | Customer Survey Results - Lincolnshire Pension Fund               |
| Appendix D | Customer Survey Results - London Borough of Hounslow Pension Fund |
| Appendix E | Customer Survey Results - Barnet Pension Fund                     |
| Appendix F | Headcount   |
| Appendix G | Absence Performance   |
| Appendix H | New Starters  |
| Appendix I | Leavers   |

## **19.0 BACKGROUND DOCUMENTS**

None