



Aiming high

West Yorkshire Pension Fund assistant director of finance, administration and governance, Yunus Gajra, reflects on how best to manage the challenges that come with administering billions of pounds of pension fund savings

Please tell us about your role at the pension fund.

I am assistant director (finance, administration and governance) at the West Yorkshire Pension Fund (WYPF), where I am responsible for providing pensions administration services to members spread across the UK. We provide pensions administration to WYPF and also three other local government pension scheme (LGPS) funds and 23 fire authorities.

We have over 900 employers participating in those schemes, with membership in excess of 500,000, and our fund alone is worth in excess of £18 billion. The services we provide are not on a third-party basis but a shared service. The partner schemes work with us and we give them a say in how we run the services, so it's a true collaboration rather than a third-party administration arrangement.

What are the challenges in providing good pensions administration today?

Some years ago, pensions administration may have been seen as something simple, but that's certainly not the case today – we do more than just process transactions!

LGPS funds in particular are facing an unprecedented period of pressure. Major projects have to be delivered alongside each other, while we of course have the day-to-day services to provide

as well.

Workloads have increased dramatically over the past few years. For example, five years ago, we processed in one of our quarters just over 500 refund quotes. Most recent figures for the quarter were 2,400. That's a massive increase. Similarly, for retirements, we had 444 retirements in one of our quarters five years ago. In the last quarter, that was over 2,000. So, you can imagine the rise in the workloads across the other work areas.

Pensions dashboards is another area that will have a big impact on pension funds. Needless to say, a lot of schemes will have welcomed the delay to the staging dates but that does not mean we can sit back and do nothing. We still have to continue to work on securing an ISP provision, and internally work on data cleansing and data management to ensure that we can meet our legal obligations in providing timely and accurate information to members.

What we also anticipate is that when the pensions dashboards do go live, the work is not going to stop there. The impact will then transfer onto our administration teams because there will be much more engagement with members at that stage, dealing with partial matches, and increased member engagement as members explore the options of what they can do with their benefits.

Have these challenges had a dramatic impact on costs?

Inevitably, if you get complexities, you get

increasing costs of administration. Costs have risen over the years, but the LGPS is still very low cost and competitive against other sectors. And while cost is of course a major factor, there is no point being the cheapest if it's at the expense of the standard of service that members expect and should get. Our goal is to provide the best service for the lowest cost.

What other challenges come with working with so many employers?

Five years ago, we had 400 employers in our scheme. We now have over 900. So, it's important that we monitor our employers because the risk is to the fund if those employers were to go bust or were not able to meet their liabilities. We need to protect the fund, and we need to monitor and manage the employers that might have potential issues in payment of future contributions.

Employers are also crucial to what we do as a fund because we rely on them to provide us with timely, accurate information. If they don't, that impacts on the service we provide to our members. So engaging with employers and training them is a key role for us.

We provide regular employer training, hold workshops, and provide them with the up-to-date information, knowledge and skills they need to be able to do their job efficiently.

How much work goes into keeping your data quality in order?

Data impacts everything that we do. Within LGPS we have a number of data sources – we hold large volumes of data

from the member, from the employer, third parties, HMRC and DWP and it can come in various formats – in writing, via the telephone, electronically. So, there will be issues with missing or inaccurate data from time to time.

We moved from annual returns to monthly returns a number of years ago. Most LGPS funds have now moved to monthly returns as well. That has meant we get data on a more regular basis, which has ensured that data is more up-to-date, more accurate, but it does take more time and resource to process the returns with the number of members that are part of the scheme.

TPR also requires pension schemes to review their data, at least on an annual basis, and calculate their common scores and scheme specific scores. So, having a data improvement plan is key to ensuring that we monitor our data, and ensure that we have a plan in place to increase the quality of our data on a regular basis.

How important is communication in your role?

We do a lot of communication with employers as we rely on them to provide us with timely and accurate data. So we attend employer forums and employer meetings. We produce factsheets, employer guides, and we make sure that we spend time with our employers and provide them with the knowledge and skills for them to be able to effectively undertake their duties and their

responsibilities. We also have what we call a ‘pensions administration strategy’ that clarifies exactly what we expect of our employers and what they can expect from us as an administrator.

Communication with scheme members has also increased over the years. Members have become more savvy about their pensions, and that is partly to do with all the engagement at a national and local level. Our communication efforts include signposting information about the scheme when members join, and when members leave, providing regular newsletters, annual benefit statements, and having a good website where members can get information, which ultimately reduces the calls we get to our call centre. Then having regular drop-in sessions, surgeries, etc, as well as undertaking surveys with our members to ensure that we are providing the service that our members are expecting.

Communication with our pension board and committees is also key, because they play an important role in the oversight of our administration. Providing regular reports to our pension committees and our boards is crucial.

How much of a worry are pension scams for you?

TPR has placed extra responsibilities on funds to safeguard members’ pensions by introducing additional checks that funds have to carry out before paying out transfers. The threat of pension scams has

increased particularly since the pandemic and since remote working because these scammers will continue to exploit any weaknesses.

TPR has introduced new powers for schemes and introduced a traffic light system. Pension schemes can now refuse transfers, where we identify any issues or any red flags; that does

sometimes delay legitimate transfers which can frustrate members because they may believe we are deliberately withholding the transfers or we’re not processing their transfers efficiently.

Recruitment and retention is a growing area of concern across the industry. What are you doing to address this at the fund?

This is a big issue within the public sector, and within the LGPS at the moment. Not many people deliberately go out and say, “I want a career in pensions!” Some young people still think pensions are run by old people. Public sector pay is also an issue, having traditionally been lower than in the private sector. We don’t have bonuses or incentive schemes. We do have other benefits such as a good pension scheme and flexible working and this is something we need to promote better when we are recruiting.

There are lots of opportunities in pensions, in lots of different roles as well. We have a roles in IT, communications, finance, accountancy, investment, and customer services, to name a few. But some funds do have difficulty demonstrating a viable career to young people, and demonstrating structured career paths.

One solution here is apprentice or graduate programmes. Local authorities and funds are very slow at exploring these options. Many private sector schemes have good graduate schemes, take on apprentices. That’s something we’re currently exploring.

To conclude, while we have challenges, our aim is to deliver the best outcome for our members. By addressing some of those challenges, we can be more confident that we’re delivering the right service for our members, because it’s the members that are important to us, and it’s making sure that we deliver what the members want, not just what we think is important.

Written by Francesca Fabrizi

