

Wolverhampton City Council**OPEN DECISION ITEM**

Committee / Panel	<u>PENSIONS</u>	Date	<u>26 JUNE 2013</u>
Originating Service Group(s)	<u>WEST MIDLANDS PENSION FUND</u>		
Contact Officer(s)/ Telephone Number(s)	<u>GEIK DREVER</u> <u>2020</u>	<u>NADINE PERRINS</u> <u>2727</u>	
Title/Subject Matter	<u>PENSIONS ADMINISTRATION REPORT FROM</u> <u>1 APRIL 2013 – 31 MAY 2013</u>		

RECOMMENDATION

- a) That the contents of the report be noted.
- b) That Members are requested to approve the Admitted Bodies Applications contained in paragraph 6.0 of this report.
- c) That Members approve the proposal to review the fund administration KPI's in line with future Pension Regulator data requirements and provide an assurance that costs are deducted and quality maintained.

PENSIONS MEMBER SERVICES MANAGEMENT REPORT
FROM 1 APRIL 2013 – 31 MAY 2013

1 PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the work undertaken by Pensions Member Services and other operational matters during the period 1 April 2013 – 31 May 2013.

2 SCHEME ACTIVITY

- 2.1 The number of scheme members in the Fund in all three categories stands at 262,488 with an overall increase since 31 March 2013 of 1,179. Of the active membership of 97,860, 48% are full-time and 52% part-time. This is a reflection of the flexible working conditions amongst employers. The longer-term trend over an 11 year period in membership is set out in Appendix A which illustrates a move into a more mature profile whereby active memberships are falling and pensioners and deferreds are increasing.
- 2.2 The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 April 2013 – 31 May 2013 (Appendix B).
- 2.3 During the period covered by this report 23,028 administrative processes were commenced and 22,632 completed. On 31 May 2013 there were 14,598 items of work outstanding. Of this 5,672 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. Within pensions administration, 8,926 processes can either proceed to the next stage of the process or through to final completion.
- 2.4 A detailed analysis of the key processes in calculating benefits for retirements and pensioners alongside the maintenance updating of employee details is shown in (Appendix C).
- 2.5 The Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 18 new organisations being admitted to the fund during the period 1 April 2013 – 31 May 2013. The current number of employers as at 31 May 2013 is 360. The level of ongoing work being processed at the end of the period is as follows:-
- 61 admission agreements
 - 88 academies
 - 19 employer terminations
- 2.6 Admission bodies within the Fund cease when they no longer have any active scheme members which results in the termination of an admission agreement and can occur for a number of reasons, principally:
- The last active member of the admission agreement leaves, retires or transfers to another employer and ceases to be a member of the Fund and the employer does not wish to admit any more employees to that admission agreement.
 - The contract to which the admission agreement relates, comes to an end or it is terminated prematurely.
 - The employer ceases to exist, e.g. it goes into liquidation or is taken over by/merged with another organisation.

When an admission agreement terminates, the Regulations require that a termination valuation is undertaken with the purpose of determining the level of any surplus or deficit in an employer's share of the Fund as at the date of termination of the admission agreement.

Payment of the exit liabilities upon termination is the responsibility of the admission body and, in the event that the admission body is unable to pay, the guarantor will pay any excess when the admission body is only able to pay part of the exit liabilities.

- 2.7 An analysis of employer telephone calls is shown which details the immediate response provided by the Fund when addressing fundamental pension queries for all our employers (Appendix D). We continue to aim to provide a high quality response rate at first point of contact both for scheme members, the 7 districts, admitted bodies and academies.
- 2.8 Overall items scanned are consistent with the yearly trend and remain slightly lower than the previous year. April was a low month for receiving items from major employers which has been reviewed and monitored by the employer liaison. We were unable to complete more processes than was started in April due to not receiving many responses from employers for that month. Indexing errors for April (10) is the average for a month however May was the lowest ever. Please refer to Appendix E.

3. **ADMINISTRATION PERFORMANCE PROPOSAL**

- 3.1 As part of the implementation of the new organisational restructure and the requirement to relocate staff into new functions KPI performance for processing has been temporarily suspended. It is proposed that new KPI's are established which have a cross-cutting benefit for all administration purposes and activities, by tracking end to end processes resulting in a more meaningful performance measurement. This would also incorporate a specific KPI related to pension scheme data records to increase quality and drive individual and team ownership for this function.
- 3.2 The Pensions Regulator has issued guidance on pension scheme record keeping which will result in Trustees and employers having precise information relating to financial liabilities at triennial valuation periods. The Regulator will set targets for completed and accurate data held by funds and the performance will be reviewed with a requirement to resolve data issues quickly or be forced to improve by the regulator.
- 3.3 The following types of data will be tested by the Regulator:-
- Common data – data which identifies a unique scheme member
 - Conditional data – scheme specific data which is required for the effective administration of the scheme.
 - Numerical Information – e.g. the numbers of the scheme members in a particular category, part-time, AVC payers.
- 3.4 By reviewing the KPI framework over the next 3 months alongside the Regulator data requirement the fund will be able to report on data accuracy and focus on reducing the risks of misstated liabilities and customer data errors. The funds pension system (UPM) already reduces the need to process manually through automatic calculations provided that experienced staff deal with the non-standard pension issues. In future staff will receive focused in-house training which identifies a range of processing errors and the correct solution to deliver the best results for all customers.

4. **IDRP (INTERNAL DISPUTE RESOLUTION PROCEDURE) CASEWORK**

- 4.1 In the 2013/2014 financial year two cases have been received both of which are still in progress.

5. **DEATH GRANT**

- 5.1 In the 2013/2014 financial year one case relating to the payment of the death grant has been referred to the Legal Department for consideration.

6 **APPLICATION FOR ADMISSION BODY STATUS.**

- 6.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Fund following Pensions Committee approving the applications. Sometimes, a decision is required which is not compatible with the cycle of Pensions Committee meetings and admission agreements cannot be backdated (LGPS Regulations). In these circumstances, Pensions Committee has delegated responsibility for approving such applications to the Director of Pensions in consultation with the Chair and Vice Chair.
- 6.2 The table below lists the applications received for admission to the West Midlands Pension Fund which have been approved/or awaiting approval by the Director of Pensions, the Chair and Vice Chair and Pensions Committee.

Committee is requested to approve these admissions:-

EMPLOYER NAME	GUARANTEE STATUS (AGREEMENT)	NUMBER OF EMPLOYEES (SCHEME MEMBERS)	STATUS
1. Alliance in Partnership Ltd	Birmingham City Council	1 (1)	Awaiting approval
2. European Eletronicque Ltd (Tile Hill Wood School and Language College)	Coventry	2 (2)	Awaiting approval
3. Culture Coventry	Coventry	150 (93)	Awaiting approval
4. Call First Cleaning Limited	Solihull MBC	1 (1)	Awaiting approval

7 **PENSIONS IN PAYMENT**

- 7.1 The gross annual value of pensions in payment in May 2013 was £391.6m, of which £18.4m (£8.6m for pensions increase and £9.8m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.
- 7.2 Monthly payroll numbers were:

April 2013 - 71,143 May 2013 - 71,360

May 2013 sees the successful implementation of the payslip reduction project. The aim of this project was to reduce the number of payslips produced and issued to pensioner members on a monthly basis. There will continue to be a selection of exception cases where the Fund will have the ability to produce a payslip, for example for Power of Attorney or Court Protection purposes.

In May 2013 payments have been made to 71,360 members of which 2,419 member have been issued a payslip (equating to 3% of members). As a direct impact, the Fund has received approximately 1,000 calls with the majority being satisfied once the process was reaffirmed to them and the web-portal concept explained.

8 **COMMUNICATIONS & MARKETING ACTIVITY**

8.1 **Communicating With Members**

The June scheme members (including AVC) events have been finalised and an invitation has been mailed to individual members and emailed to all employers in order for the events to be promoted within each organisation. This one hour session is aimed at all employees who want information about the benefits of being a member of the LGPS and the options available to increase pension savings. The decision to hold the event at local authority venues has improved attendance and an evening session has been arranged at two of the locations as a result of customer feedback. The success of the evening events will be reviewed at the next monthly meeting with Prudential with an option to continue this remit for the September events.

As part of our key objective to move to the self-service model, the Fund's web portal facility will be promoted at these events.

Details of the events are as follows:

Date	Location	Session times
Tuesday 4 June	Training and Development Centre (TDC), Popes Lane, Oldbury	11.30 am, 1.30 pm, 4.15 pm and 6 pm
Tuesday 11 June	Room 1, Mander House, Wolverhampton	11.30 am, 1.30 pm and 4.15 pm
Monday 24 June	Room 14, Saltwells Education Centre, Bowling Green Road, Dudley	11.30 am, 1.30 pm and 4.15 pm
Tuesday 25 June	Council Chamber, Civic Suite, Solihull	11.30 am, 1.30 pm, 4.15 pm and 6 pm
Friday 12 July	Room G13, Woodcock Street, Birmingham	11.30 am, 1.30 pm and 4.15 pm

8.2 **Presentations**

During the period fund officers have continued to deliver presentations upon request from employers, and the emphasis is on retaining and promoting membership and educating members on the changes due to be implemented in 2014.

Examples of activity during the period are as follows:

29 April	Sandwell MBC	Face to face surgery
10 May	Walsall Housing Group	Induction and AVC
13 May	Wolverhampton City Council	Redeployment workshop
17 May	Coventry University	Induction and AVC

8.3 **Benefit Statements**

The artwork for the 2013 deferred benefit statement has been finalised and the data checked for accuracy. Printer procurement has been completed and approximately 66,300 statements will be distributed to deferred scheme members during week commencing 17 June. It is intended that active member and councillor benefit statements will be issued in September 2013.

8.4 **Business Support**

During the period, the Fund issued 18,083 items of postal communication direct from Mander House, an average of 9,041 items per month. The number of items received and processed through the Business Support office during the period was 10,432 including 140 cheques and 455 certificates.

8.5 **Mid-year review meeting**

Following the success of the first annual general meeting in December 2012, we are holding a mid-year review meeting for employers on Wednesday 17 July, 2013. The event has been promoted in the May edition of the employer brief and invitations are due to be sent to all employers and stakeholders no later than Wednesday 12 June.

9 **LEGAL IMPLICATIONS**

- 9.1 The fund on behalf of the Council will enter into a legally binding contract with organisations applying to join the Local Government Pension Scheme under an admission agreement.

10 **FINANCIAL IMPLICATIONS**

- 10.1 The report contains financial information which should be noted.
- 10.2 Employees of organisations who become members of the Local Government Pension Scheme will contribute the percentage of their pensionable pay as specified in the Regulations. The Fund's actuary will initially, and at each triennial valuation, set an appropriate employer's contribution rate based on the pension assets and liabilities of the individual employer.

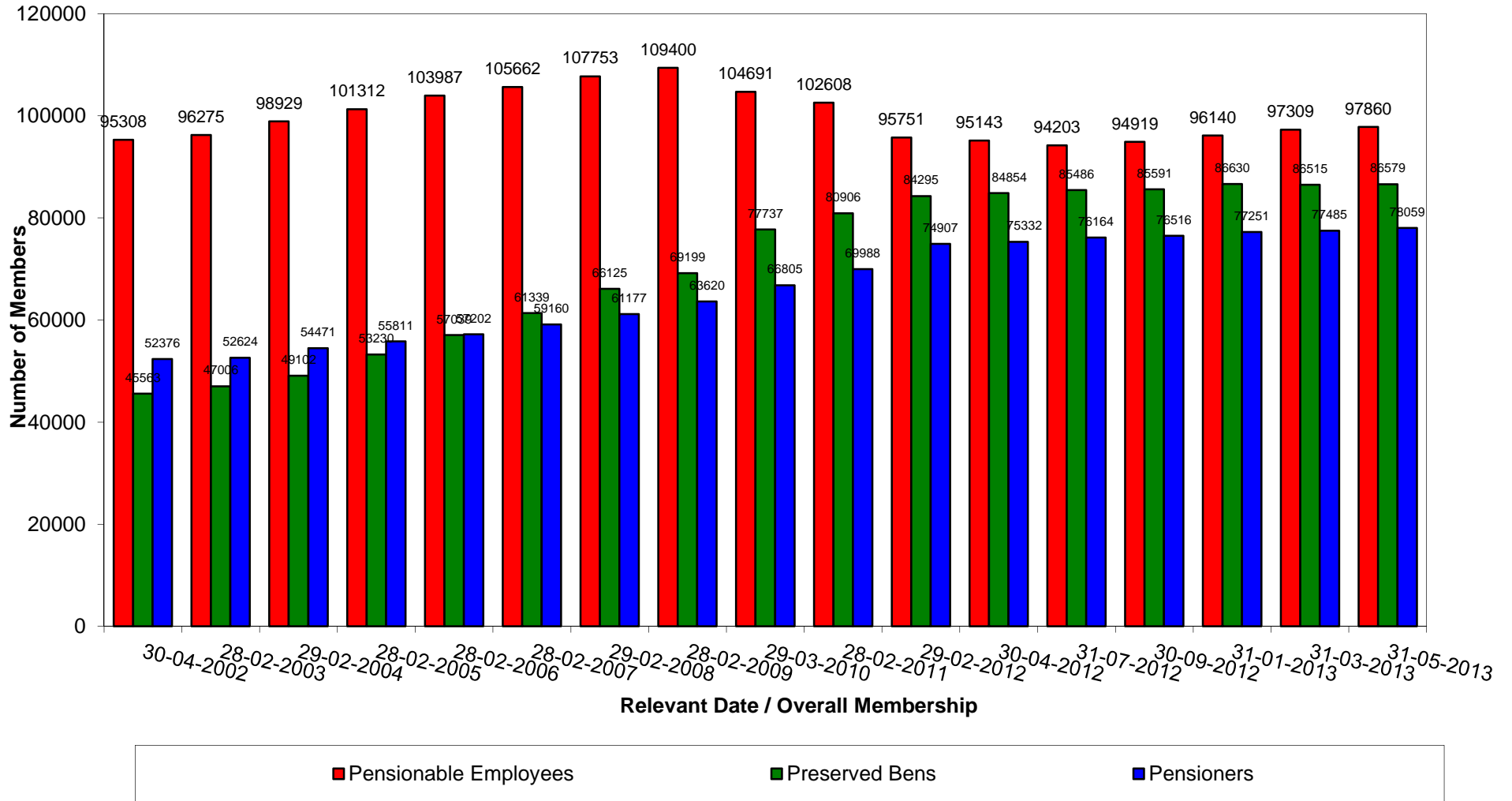
11 **ENVIRONMENTAL IMPLICATIONS**

- 11.1 The report contains no direct environmental implications.

12 **EQUALITIES IMPLICATIONS**

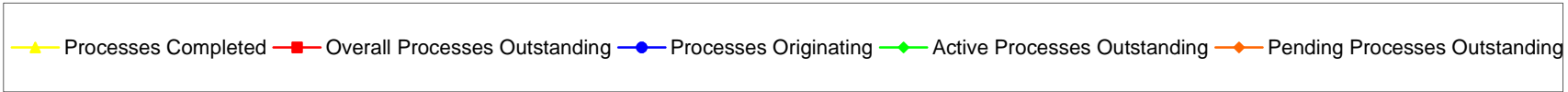
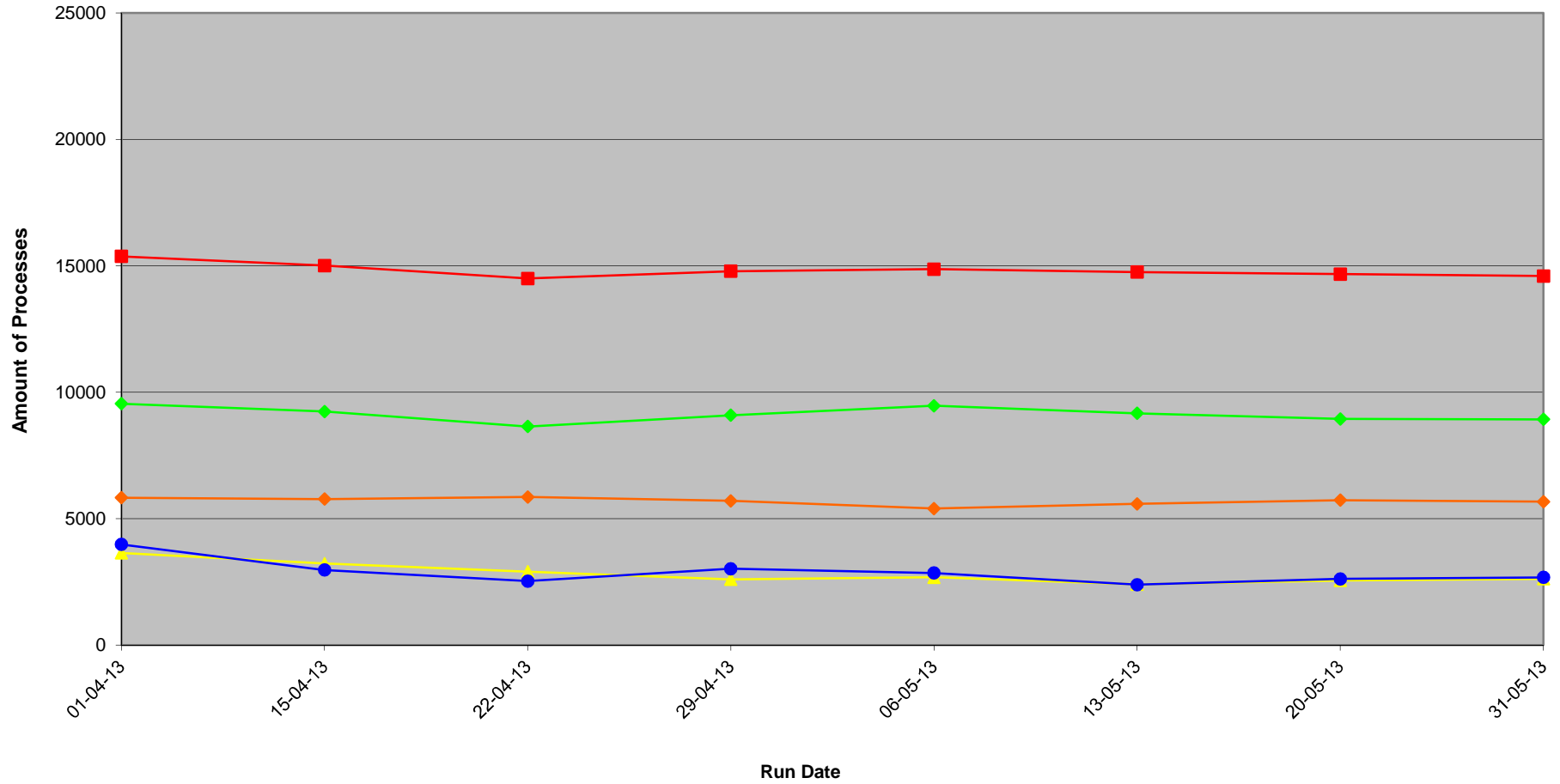
- 12.1 This report has implications for the Council's equal opportunities policies, since it deals with the pension rights of employees.

Overall Membership



April - May 2013

Process Analysis



2013/14

2009/10	2010/11	2011/12	2012/13	April	May	YTD 2013/14
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Active & Deferred members

Process type							
Joiners and Rejoiners	11,437	8,763	6,403	11,138	792	840	1,632
Changes in circumstances eg change in hours	27,341	18,759	15,303	12,385	824	1,149	1,973
Deferments	6,915	5,939	7,818	5,741	411	409	820
Active Retirements (Employer retirements)	2,652	3,317	3,950	2,475	237	184	421
Deferred Retirements	4,106	3,332	2,970	2,971	221	277	498
Deaths of members	253	295	262	287	18	30	48

Pensioner members

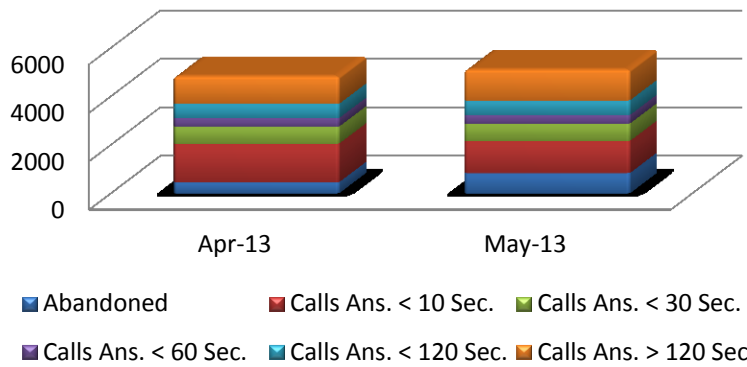
Process type							
Changes in circumstances:-							
Data eg Passwords, NI Numbers	7,407	1,310	1,804	1,865	183	310	493
Changes of Address	2,222	2,420	2,681	2,131	193	162	355
Changes of Bank	1,125	2,927	2,531	2,783	377	198	575
Deaths of pensioners	2,014	2,085	2,145	2,101	208	168	376

Payroll					Monthly	Monthly	
Actual number paid	763,022	792,724	837,189	870,804	71,143	71,360	142,503

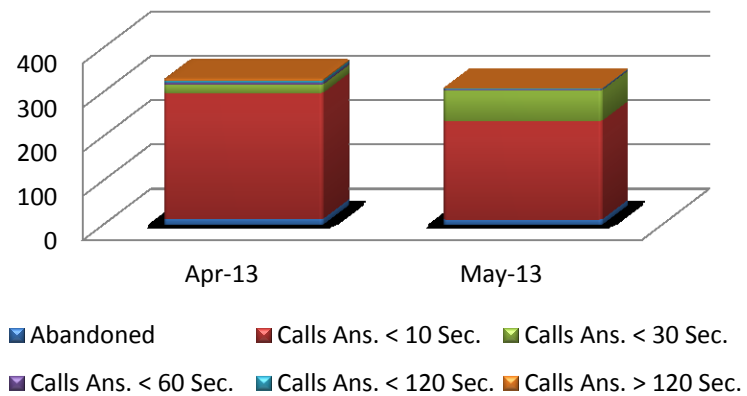
Customer Service Telephone Statistics

1 April 2013 – 31 May 2013

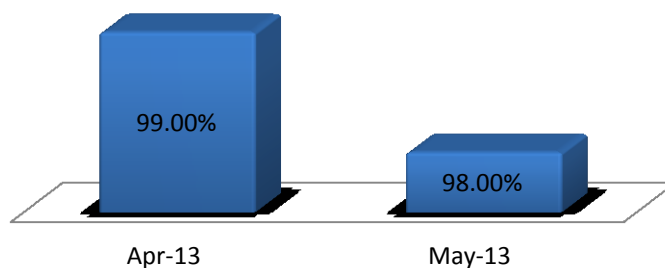
Members Line



Employer Line



Calls resolved at first point of contact

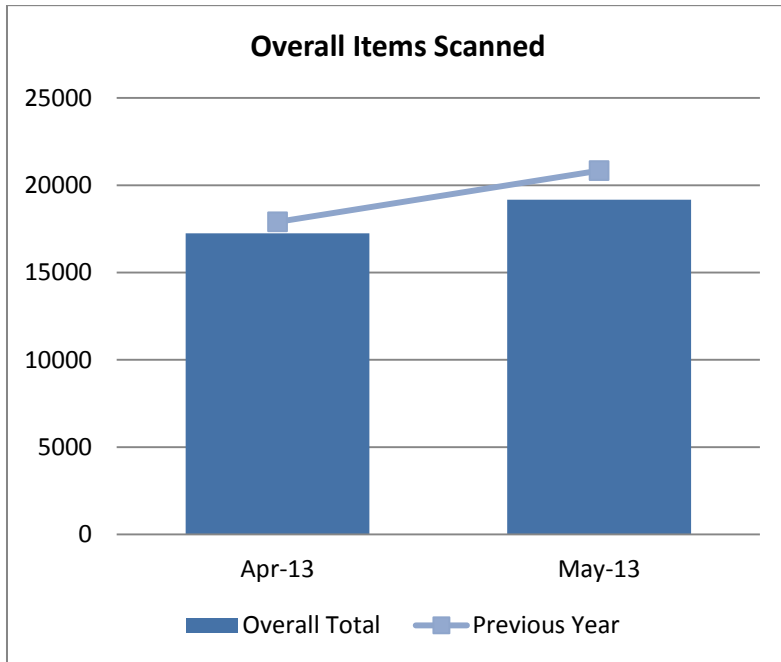


An account of the total calls from 1 April 2013 – 31 May 2013

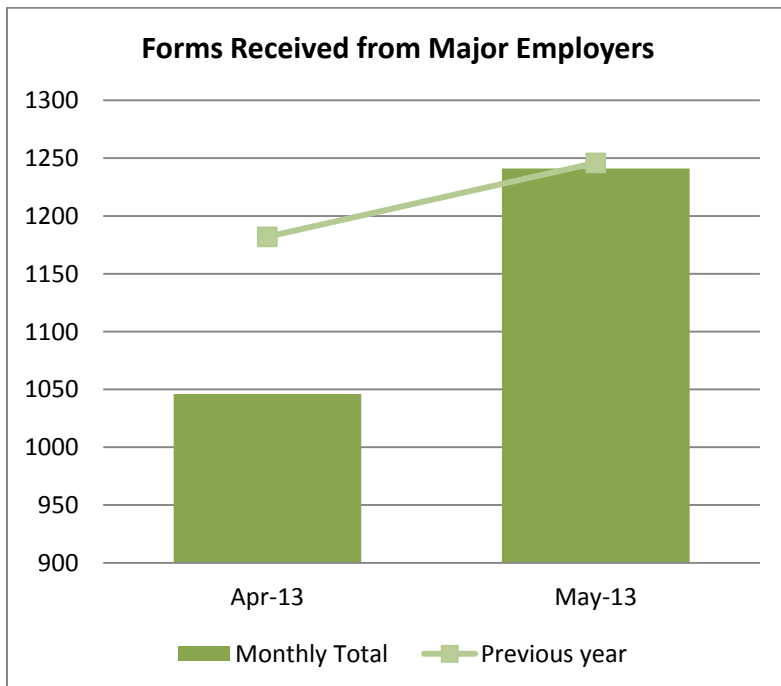
	Offered	Answered	% Ans
Total Calls	9270	7948	85.74
Mem. Calls	8657	7360	85.02
Emp. Calls	613	588	95.92

Data Management Statistics

1st April 2013 – 31st May 2013



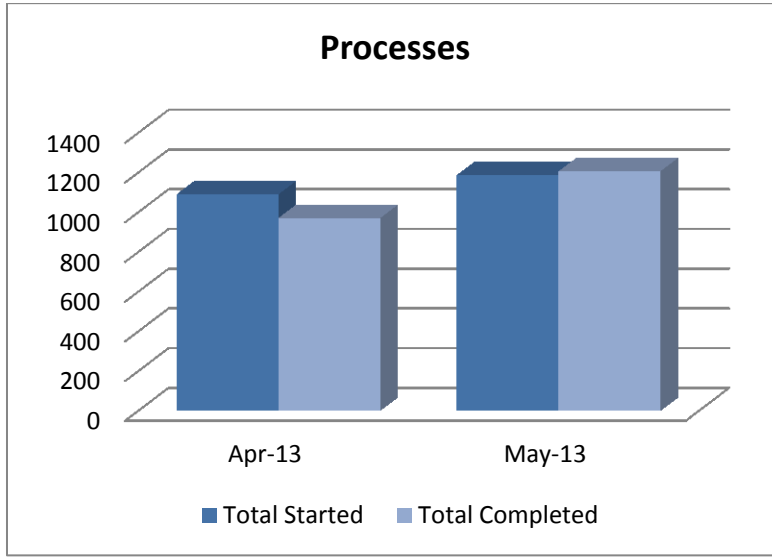
	Overall Total	Previous Year
Apr-13	17247	17903
May-13	19167	20833



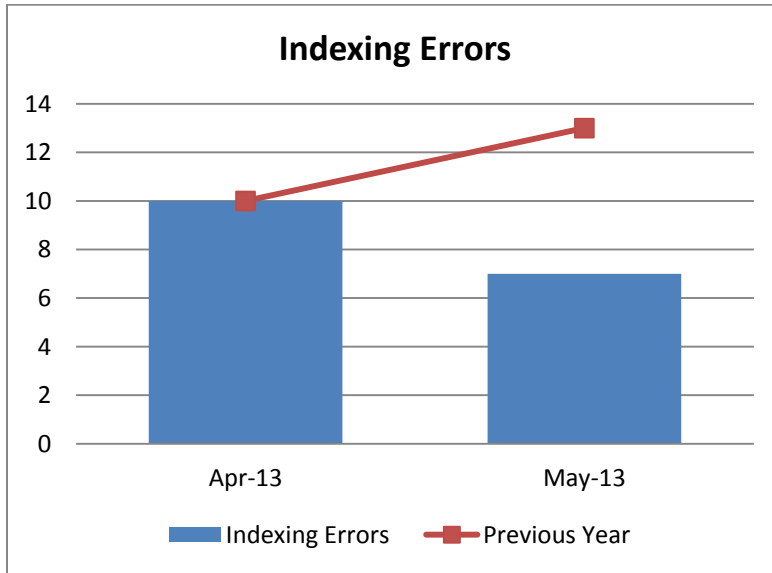
	Monthly Total	Previous year
Apr-13	1046	1182
May-13	1241	1246

Data Management Statistics

1st April 2013 – 31st May 2013



	Apr-13	May-13
Total Started	1090	1187
Total Completed	971	1207



	Indexing Errors	Previous Year
Apr-13	10	10
May-13	7	13

	Overall Scanned	Indexing errors	%
Apr-13	17247	10	0.058
May-13	19167	7	0.037

Indexing errors are errors made while attaching an electronic imaged document to a member’s record. It is identified and then corrected.

The issue could range from a document going onto an incorrect record or being assigned the wrong document type.