

CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 2 July 2019
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Report Title	Pensions Administration Report from 1 April 2018 to 31 March 2019	
Originating service	Pension Services	
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Recommendation for noting:

The Board is asked to note:

1. The pensions administration activity for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Authority Fund (the WMITA Fund).

1.0 Purpose

- 1.1 To inform the Local Pensions Board of the work undertaken by the pensions administration service during the period 1 April to the end of March 2019 for both the Main Fund and the WMITA Fund.

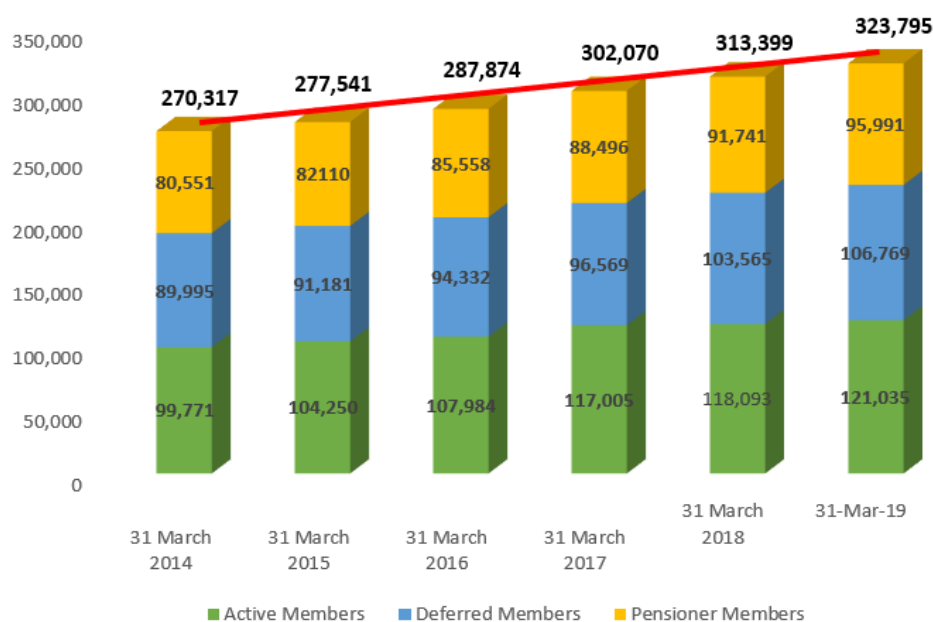
2.0 Background

- 2.1 The Fund provides a pension administration service to its stakeholders, which covers employer, customer and member services, benefit operations, payroll and systems/technical support. This report is designed to focus on the Pensions Administration service area and provide a summary of the work volumes and the performance of the Fund against key performance indicators.
- 2.2 The report is designed to provide a summary of the 2018/19 year and position as at 31 March 2019.

3.0 Scheme Activity

3.1 Membership movement – Main Fund

- 3.1.1 The total number of scheme member records in the Fund at 31 March 2019 stands at 323,795, with an overall increase since December 2018 of 5,294, totalling an increase in members for 2018/19 of 3%. Over the last five years there has been an average annual growth rate in membership of 4%, which is stable year on year. The long-term trend over a 12 year period in membership illustrates a move towards a more mature profile whereby, in general, active, pensioners and deferred membership continues to rise.



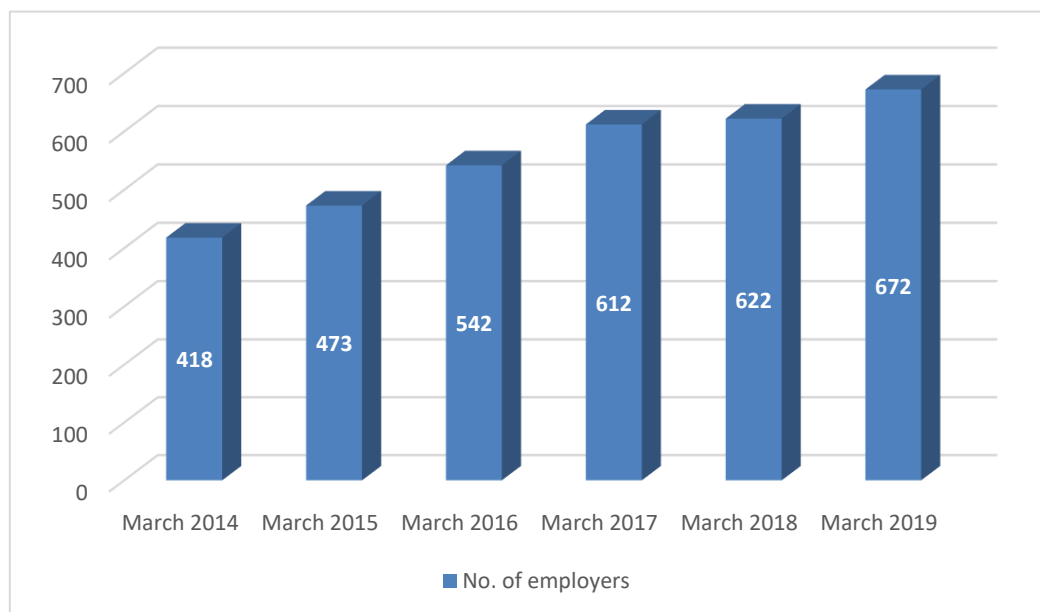
3.2 Membership movement – WMITA Fund

3.2.1 The number of scheme member records in the WMITA Fund in all three categories stood at 4,942 on 31 March 2019, 6% are active members, 13% are deferred and the largest group are pensioner members at 81% of the total membership. The Fund is closed to new joiners but active members continue to accrue benefits. Detailed below are the current membership numbers showing movements between 1 April 2018 and 31 March 2019.

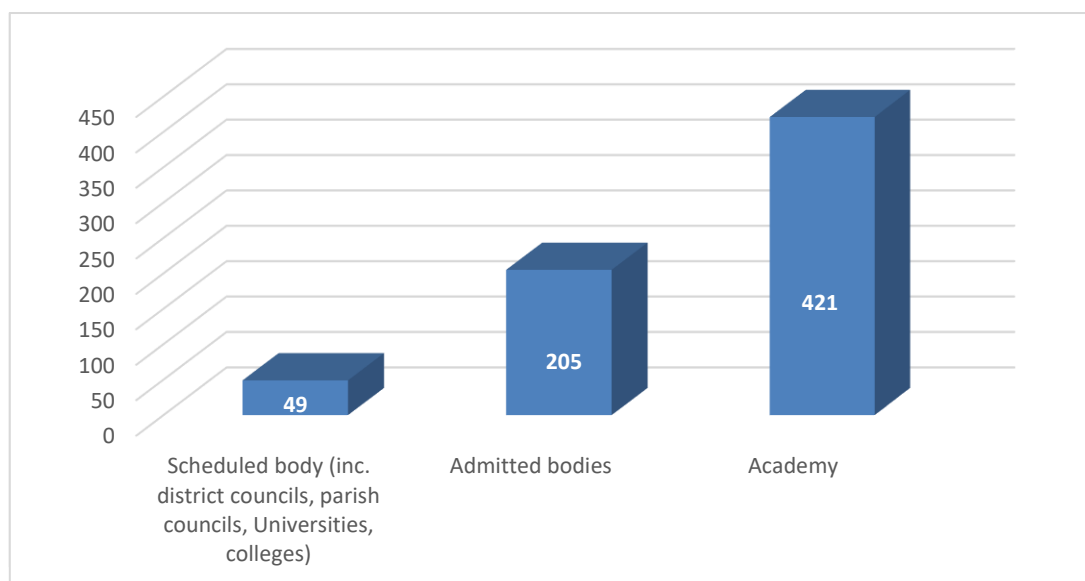
	Membership as at 31 March 2018			Net Movements during the period			Membership as at 31 March 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	352	0	352	-36	0	-36	316	0	316
Deferred Members	709	13	722	-60	-2	-62	649	11	660
Pensioner Members	3,808	115	3,923	51	1	52	3859	116	3975
Total Members	4,869	128	4,997	-45	-1	-46	4824	127	4951

3.3 Employers

3.3.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 14 employers over the previous quarter, due mainly to the establishment of academies and outsourced local government contracts, a total of 50 new organisations being admitted during the period 1 January 2019 to 31 March 2019 (and a number of backdated agreements becoming finalised). The number of employers registered with the Fund as at 31 March 2019 is 675, a 55% increase since March 2014 as shown in the graph below.



3.3.2 The graph overleaf shows the breakdown of the total number of employers as at 31 March 2019 by employer type.



3.3.3 The level of on-going employer transition work being processed at the end of the period is as follows: -

- 100 admission agreements
- 28 academies
- 53 employer terminations

3.4 Workflow statistics

3.4.1 The administration casework is managed through the UPM Pension Administration System, which records all processing activity on a members record.

3.4.2 During the period covered by this report, the Fund has seen a 21% increase in processes commenced compared to 2017/18 and a 15% increase in the number of processes completed compared to 2017/18 (excluding monthly submissions processing).

3.4.3 On 31 March 2019 there were 43,194 items of work outstanding. This represents an increase of 9,514 items outstanding compared to 31 March 2018. Of the 43,194 items of work outstanding, 5,663 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities. Within pensions administration, 37,531 processes are now either proceeding to the next stage of the process or through to final completion.

3.4.4 The number of active processes remains high. From 1 April 2018 to 31 March 2019, the Fund continues to see an increase in the processes commenced, a 21% increase compared to the previous reporting period. The total number of processes outstanding remains high and the key areas of significant volume include early leavers (deferments and refunds) and member movement within the Fund. This increase represents a combination of;

- Changes in regulations resulting in member led work, i.e. following disclosure mailings and change in regulations and the requirement for the Fund to temporarily hold casework until further details are received and systems updated i.e. changes to actuarial factors.

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- The targeting of certain processes to update member records, which is expected to support in the reduction of outstanding work in the longer term.
- The work with employers to target historical data quality issues, which is likely to continue for a period but will support the long term position for the Fund.

3.4.5 The Fund has been reviewing the volumes of incoming work and putting in place plans to address key high volume areas. System development is being investigated as part of the Digital Transformation Programme, in a number of areas to provide longer term, cost-effective support for increasing volumes of benefit processing work.

3.4.6 A detailed analysis of the key processes across all operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details is shown in Appendix A.

4.0 Digital Transformation and System Exploitation

4.1 Work continues to develop the Digital Transformation Programme at the Fund, with a number of areas progressing in 2018/19. The aim of the programme is to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies and cost savings whilst improving the service we provide to our members. The associated development work is included in the Funds budget for 2019/20.

4.2 In relation to areas of key priority identified following consultation with Fund employers:

4.2.1 Employer Hub

- The Fund has been working in partnership with our software supplier, Civica, to develop a new portal for employers. The existing employer portal, is the key method for exchanging data with our employers and is key to ensuring efficient and secure exchange. The new portal is being designed to improve the reporting functionality, improve the user experience through design, improve availability of performance monitoring information, enabling earlier issue resolution. Throughout the development of this functionality, we continue to engage with the Employer Peer Group to keep them updated on the project and get their views on the development underway to ensure the functionality meets requirements of day-to-day users. The Fund is now developing a more in-depth testing plan, which will be undertaken during the summer, with the aim of implementing the new portal before the end of 2019/20.

4.2.2 Employer Web Trays

- Following the initial pilot of this functionality in 2018, further enhancements were identified and raised with our software supplier. We expect the pilot to resume in the near future. This functionality will enable queries with data to be raised with employers via the web portal and the process will be sent to the employers' web-tray for action. This development will support flow of information and assist in monitoring of queries and resolution, providing insight to the development of employer communications and coaching material.

4.2.3 Deferred Retirement Quotes Online

- As previously reported to Board, following the amendment to the regulations to allow deferred members to access their pension from age 55, the Fund has seen a

significant increase in the number of requests for members. To support the management of this work, the Fund is developing a self-service facility for members. An initial design requirements meeting was held in March, and a more detailed plan for implementation is now being developed.

3.5 Key Performance Indicators (KPIs)

- 3.5.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 3.5.2 There are a number of KPIs which have cumulatively achieved throughout the year to date, including the management of death cases, payment of retirements (active and deferred), payment of refunds and transfers.
- 3.5.3 The increase in volumes of work have impacted on the Fund's ability to meet three of our key performance indicators.
- Notification of estimated retirement benefits – the performance relative to this indicator has overall continued to increase during the reporting period. Further analysis of the cases which missed the targeted timescales of 15 days were due to the requirement to query information with employers. Further engagement is underway with employers to ensure delay to members is minimised, and a review of the key trigger points for the KPI to improve future reporting on Fund performance, which will be reflected in the next quarterly report.
 - Deferred Retirement Quotes - the amendment to the scheme regulations, allowing deferred members to access their benefits at the age of 55, resulted in the Fund initially receiving approximately 1100 requests for quotes. Fund staff worked additional hours to support in managing these cases. These cases have now all been processed and the KPI is now being achieved from April 2019. Since this change in regulation the Fund now receives on average, an additional 150 requests each month.
- 3.5.4 In addition, the Fund is continuing to explore ways in which efficiencies can be identified to manage and improve service and the customer experience. A 'post retirement' survey was piloted during the first quarter of 2019 which gave us valuable insight into the retirement journey. As a result, we will be rolling out this survey on a monthly basis to gather a continual feedback stream and to collate a representative amount of data to base business improvements on. We are also looking to extend pilot surveys to other processes, with a pilot 'post deferred retirement' survey scheduled in early 2019/20.
- 3.5.5 For more information on KPIs by process by month over 2018/19, please see Appendix B.

4.0 Pensions in payment

4.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to March 2019 was £497.6m, £16.3m of which (£8.1m for pensions increase and £8.2m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

4.2 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to March 2019 was £26.3m, of which no further recharges for added year's compensation will be made to employing authorities and other bodies as the member and beneficiary are deceased.

5.0 Financial implications

5.1 The report contains financial information which should be noted.

5.2 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.

6.0 Legal implications

6.1 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.

7.0 Equalities implications

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

8.0 Environmental implications

8.1 The report contains no direct environmental implications.

9.0 Human resources implications

9.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees.

10.0 Corporate landlord implications

10.1 The report contains no direct corporate landlord implications.

11.0 Schedule of background papers

11.1 None.

12.0 Schedule of appendices

12.1 Appendix A: Detailed process analysis

12.2 Appendix B: Key performance indicators (KPIs)