

Pensions Committee

16 March 2016

Report Title	Pensions Administration Report from 1 October to 31 December 2015	
Originating service	Pension Services	
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Recommendations for action or decision:

The Committee is recommended to:

1. Approve the applications for admission detailed in section 6.3 of this report
2. Approve the write-offs detailed in section 8.0 of this report.

Recommendations for noting:

The Committee is asked to note:

1. The applications approved by the Strategic Director of Pensions and the Chair or Vice Chair of Pensions Committee for admission to the West Midlands Pension Fund.
2. 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. Purpose

- 1.1 To inform Committee of the work undertaken by the pensions administration service during the period 1 October to 31 December 2015 for both the Main Fund and the WMITA Fund.

2. Background

- 2.1 The Fund provides a pension administration service to its stakeholders, which covers employer and member services, data management, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to cover the activity and performance of these functions during that period.

3. Scheme Activity

3.1 Membership movement – Main Fund

- 3.1.1 The total number of scheme members in the Fund at 31 December 2015 stands at 285,693 with an overall increase since September 2015 of 2,111. The long-term trend over a 12 year period in membership is set out in (Appendix A) which illustrates a move towards a more mature profile whereby, in general, active memberships are falling and pensioners and deferred membership increasing. Over the course of the last four years, however, the number of active membership records has increased. We expect the numbers to fall as many employers continue to reduce head count but note the combination of members with multiple posts, auto enrolment and a lag in receipt of joiner information mean this is not yet reflected in Fund data.

3.2 Membership movement – WMITA Fund

- 3.2.1 The number of scheme members in the WMITA Fund in all three categories stood at 5,141 on 31 December 2015, 9% are active members, 16% are deferred and the largest group are pensioner members at 75% of the total membership. The Fund is closed to new joiners but active members continue to accrue benefits. Detailed below is the current information showing movements between 30 September 2015 and 31 December 2015.

	Membership as at 30th September 2015		Movements during the period				Membership as at 31st December 2015		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	497	0	510	-17	0	-17	480	0	480
Deferred Members	827	20	862	-15	-3	-18	812	17	829
Pensioner Members	3,697	116	3,784	17	2	19	3,714	118	3,832
Total Members	5,021	136	5,156	-15	-1	-16	5,006	135	5,141

3.3 **Workflow statistics – Main Fund**

- 3.3.1 The process analysis statistics (Appendix B) show details of overall workflow within the Pensions Administration Service during the period 1 October to 31 December 2015.
- 3.3.2 During the period covered by this report 32,571 administrative processes were commenced and 30,082 completed. On 31 December 2015 there were 15,882 items of work outstanding. Of this 2,812 items were in pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. Within pensions administration, 13,059 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.3.3 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 C).
- 3.3.4 Year to date, the Fund has received a higher volume of leavers to process (many requiring set up of deferred benefits) and has seen an increase in retirement and member data changes. Joiners are now processed in bulk. Backlog created through the delay in the 2014 Pension Regulations and additional work from the increased focus on data quality (see below) means the number of active processes remains high.

3.4 **Workflow statistics – WMITA Fund**

- 3.4.1 During the period covered by this report 453 administrative processes were commenced and 469 completed. On 31 December 2015 there were 143 items of work outstanding.

3.5 **Employer membership data**

- 3.5.1 The Main Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 16 new organisations being admitted to the Main Fund during the period 1 October 2015 – 31 December 2015. The current number of employers as at 31 December 2015 is 525. The level of on-going work being processed at the end of the period is as follows:-

- 36 admission agreements
- 20 academies
- 26 employer terminations

3.6 **Customer services**

- 3.6.1 An analysis of telephone calls is shown which details the immediate response provided by the Fund when addressing fundamental pension queries for all our members and employers (Appendix D). We continue to aim to provide a high quality response rate at

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first point of contact for telephone calls and pension fund enquiry emails achieving our Key Performance Indicator (KPI) of 85% or above.

3.6.2 With regards to the pension fund enquiry emails received, some of these are responded to immediately by the Customer Services team as they are general enquiries or web portal queries. Some emails relate to cases that are processed by the Operational or Payroll teams, such as on-going transfers, retirement cases, refund calculations in progress etc. and those either start a new process on the UPM administrative system or are added to an existing process.

3.7 Data Quality

3.7.1 The Fund is implementing procedures to ensure good quality data is embedded within its administration system and associated member records. The Fund has always placed the retention of good quality data high on its list of priorities, however this has heightened so as to improve the effectiveness and efficiency of data exchange with employers and to comply with the Pension Regulator's (tPR) closer oversight and scrutiny in this area with effect from April 2015.

3.7.2 Following the report to Committee in December, the Fund has continued to review and action areas identified as requiring data improvement, focusing on the data queries and outstanding information the Fund needs from employers to administrator member benefits. In total, since September 2015, data analysis has been issued to 67 employers. This includes outstanding data and errors from the 2014/15 annual returns process and covers approximately 83% of the active membership and approximately 70% of the errors identified in 2015 return process.

3.7.3 The Fund has continued its programme of engagement with relevant officers at the seven district councils, and has seen progress over the past 5 months in the receipt of outstanding data items. Appendix E includes a summary of the issues by employer and an indication of progress to date, noting a significantly amount of work is on-going.

3.7.4 Overall, responses have been received to approximately 60% of the issues raised, leaving circa 13,000 issues remaining. Data improvements have been made with casual hours and home address records, where outstanding information has reduced by over 50% and 76% respectively.

3.7.5 Below details the indicative progress made with the top outstanding data issues.

Data item	Status
Outstanding Leavers	-20%
Outstanding Joiners	-19%
Missing casual hours	-51%
Missing home address	-76%

3.7.6 There are however, a number of areas (notably joiners and leavers) that still require a significant amount of further work and there are a significant number of additional queries to resolve in relation to the 2015 return. To manage the resolution of these issues project

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plans have been put in place with the relevant employers and are being actively monitored, weekly in some cases.

- 3.7.7 As these outstanding items are being resolved by employers it is, in the short term, increasing the level of work to be processed by the Fund and this is expected to continue over the coming months.
- 3.7.8 There will be a time lag with the completion of these outstanding issues as the Fund analyses and processes the information received from employers, particularly given the large volume involved in some cases. Where relevant and required, an approach for resolving issues in bulk is being agreed with employers to ensure these cases can be progressed efficiently and effectively.
- 3.7.9 As noted above, progress is being closely monitored. The schedule of engagement with employers in Appendix E includes an indicative RAG rating of progress for the District Councils. We are working closely with those councils with a large number of queries outstanding and a significant amount of work to do before the 2016 end-year.
- 3.7.10 In addition, three workshops, open to all employers, were held in February 2016 on the Annual Return process. These workshops were designed to look more broadly at the “customer journey” but also provided an opportunity to discuss queries raised from the 2015 exercise. Initial analysis of the feedback is positive, identifying some improvements to the way we engage and support employers through this process. Full analysis of this feedback from these workshops is now underway and an action plan will be put in place to improve this process.

4. Internal Dispute Resolution Procedure (IDRP) casework

- 4.1 So far in the 2015/2016 financial year there are six appeals against the Fund which have been independently investigated under Stage one of the procedure. All of these cases have been dismissed. In two of these cases, the members chose to proceed to Stage two.
- 4.2 The six cases dismissed at Stage one related to the following pension issues:
- Timescale of calculating retirement and AVC benefit
 - Level of benefits deferred benefits paid
 - Incorrect transfer quote provided due to a technical issue
 - Appeal against not being allowed to transfer out a pension credit
 - Unable to convert pension to lump-sum due to guaranteed element.
- 4.3 Sixteen cases have been received for Stage 2 investigation. Two of these cases were referred back to the employer to re-consider the Stage one decision. Two cases are on-going and twelve cases have been dismissed.

4.4 The twelve cases dismissed at Stage 2 related to the following pension issues:

- Incorrect pay figure used to calculate the estimate provided by employer
- Exercise of employer discretion on the early payment of deferred benefits from age 55
- Incorrect transfer quote provided due to a technical issue

4.5 A further two cases have been received in January 2016 for Stage 2 investigation of employer decisions relating to Ill Health Retirements.

5. Death grant

5.1 So far in this financial year six cases have been referred to the Legal Department for consideration. Two cases are on-going and the other cases have successfully been resolved. No cases have been referred to the Legal Department in relation to the WMITA Fund in this financial year.

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 Main Fund following Pensions Committee approving the applications. Sometimes a decision is required which is not compatible with the cycle of Pensions Committee meetings. In these circumstances, Pensions Committee has delegated responsibility for approving such applications to the Strategic Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

6.2 The table below lists the applications received for admission to the West Midlands Pension Fund which have been approved by the Strategic Director of Pensions and either the Chair or the Vice Chair of Pensions Committee.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members) Agreement type	Status
Alliance in Partnership Ltd (Brownhills)	Walsall MBC	2(2) Closed	Approved
Alliance in Partnership Ltd (St Mathias)	Wolverhampton CC	4(4) Closed	Approved
Aramark Limited (Fairfax MAT)	Fairfax MAT	15(15) Closed	Approved
Aspens Services (Bartley Green School)	Bartley Green School	10(10) Closed	Approved
Aspens Services (St Peters Collegiate)	St Peters Collegiate Trust	9(8) Closed	Approved
Carillion Ltd (Heath Park Academy)	Heath Park Academy	5(5) Closed	Approved

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Carillion Ltd (St Mathias)	Wolverhampton CC	6(6) Closed	Approved
Compass Contract Services (Diocese of Coventry MAT)	Diocese of Coventry MAT	10(10) Closed	Approved
Holroyd Howe Ltd (Wolverhampton Grammar School)	Wolverhampton Grammar School	6(6) Closed	Approved
Keepmoat Regeneration Ltd	Birmingham CC	70(70) Closed	Approved
Superclean Services Wothorpe Ltd (Fordbridge Community Primary)	Solihull MBC	2(2) Closed	Approved

6.3 The table below lists the applications received for admission to the West Midlands Pension Fund for approval by Pensions Committee.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members) Agreement type	Status
Priory Education Services Ltd	Birmingham CC	78(78) To be confirmed	To be approved
Wates (Central West)	Birmingham CC	83(83) To be confirmed	To be approved
Wates (East)	Birmingham CC	166(166) To be confirmed	To be approved
Willmot Dixon (South)	Birmingham CC	To be confirmed To be confirmed	To be approved

7. Pensions in payment

7.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to December 2015 was £432m, of which £17.6m (£8.6m for pensions increase and £9.0m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

7.2 Monthly payroll details for the Main Fund were:

Month	Number	Value £
October 2015	71,479	30,056,951.22
November 2015	71,839	30,334,944.66
December 2015	78,627	30,828,960.95

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The December figure includes pensioners paid on a quarterly basis, but not those paid on a yearly basis.

7.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to December 2015 was £24.7m, of which £8,900 for added year's compensation was recovered from employing authorities and other bodies as the expenditure was incurred.

7.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
October 2015	3,750	1,801,615.34
November 2015	3,755	1,805,633.37
December 2015	3,812	1,821,441.09

The December figure includes pensioners paid on a quarterly basis, but not those paid on a yearly basis.

8. Write-off policy decisions

8.1 Write-off analysis

The following write-offs of pension payments are reported in line with the Fund's policy:

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	1	67.35	0	0.00
£100 - £500	13	2,668.51	0	0.00
Over £500	0	0.00	0	0.00
TOTAL	14	2,735.86	0	0.00

8.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	4	64.23	0	0.00
£100 - £500	0	0.00	0	0.00
Over £500	0	0.00	0	0.00
TOTAL	4	64.23	0	0

9. Member and Employer Engagement

9.1 Web Portal

9.1.1 Work is continuing to increase awareness of the web portal facility for members and employers. There are currently over 39,000 members registered to use the web-portal facility with over 22,000 of those having been authenticated as at 31 December 2015. A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

Registered and authenticated

WMITA - 533

WMPF – 21,928

9.1.2 The web portal service is actively promoted via communications sent to members and employers alike. It is also promoted through scheduled events such as the Employer AGM, member presentations and various meetings to include focus groups such as the employer peer group. The service is highlighted on the Fund's website, particularly the provision of electronic annual benefit statements through this medium from 2015. In addition, posters promoting the service have been provided to the largest 25 employers (and to employers that request them), and the Fund has promoted the service via Trade Union representatives on the Local Pensions Board.

9.2 Member Services

9.2.1 In total, the Member Service Team has assisted 1,323 members with pension related information over this period through the following channels:

9.2.2 Presentations

Fund officers have continued to deliver presentations upon request from employers. The team will provide support on any pension topics that are requested by an employer for their employees. The emphasis during this reporting period has been encouraging members to sign up to Web Portal in order to view their details, run pension calculations and view their annual benefits statement, as well as supporting our members who are at risk of redundancy. A total of 13 Fund presentations were delivered to 266 attendees, these presentations were held at 11 different employers, including the district councils,

universities, schools/academies and other admitted bodies including one in the North East of England.

The feedback from these presentations was 48% of the members rated them as excellent and 52% as very good.

The Fund works in partnership with the Prudential to deliver a joint presentations covering how the Scheme works and tax efficient methods of saving towards the future. During this period 12 of these presentations were delivered across 5 Districts, 401 members attended.

9.2.3 Roadshows

In November 2015 Fund officers targeted members that are employed by the District Councils in order to offer assistance and general information on the Scheme and how it works, also to encourage members to sign up to the Fund's Web Portal function. Across the eight sites which Roadshow Events were held, 480 members attended.

As part of the Member Services Team's commitment to reach as many employees as possible, a 'Roadshow event' was held in December 2015 at 'Whittleby Depot in Coventry' - 41 members attended. The success of this event has led to delivering 'Roadshow Events' to all the Local Government Depots across the West Midlands which are due to be delivered in April 2016.

The team also attended 'Tudor Grange Academy' at Solihull in November 2015 with the Roadshow vehicle.

9.2.4 Additional Support

Further support has also been provided to members either through drop in sessions or scheduled one to one support sessions. In total, additional support was delivered to 133 members on an individual basis.

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. Legal implications

11.1 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.

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.

13. Environmental implications

13.1 The report contains no direct environmental implications.

14. Human resources implications

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

15. Corporate landlord implications

15.1 The report contains no direct corporate landlord implications.

16. Schedule of background papers

16.1 None.

17. Schedule of appendices

17.1 Appendix A: Overall membership numbers

17.2 Appendix B: Process analysis

17.3 Appendix C: Detailed process analysis

17.4 Appendix D: Customer service statistics

17.5 Appendix E: Data Quality – Schedule of Engagement with Employers