

Pensions Committee

Report Title	Pensions Administration Report from 1 October to 31 December 2017	
Originating service	Pension Services	
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Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendation for action or decision:

The Committee is recommended to:

1. 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 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 2017 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, customer 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 2017 stands at 309,168, with an overall increase since September 2017 of 2,495. 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 starting to fall and pensioners and deferred membership continues to rise.

3.2 Membership movement – WMITA Fund

- 3.2.1 The number of scheme members in the WMITA Fund in all three categories stood at 5,021 on 31 December 2017, 7.1% are active members, 14.6% are deferred and the largest group are pensioner members at 78.3% of the total membership. The Fund is closed to new joiners but active members continue to accrue benefits. Detailed below are current membership numbers showing movements between 30 September 2017 and 31 December 2017.

	Membership as at 30 th September 2017			Movements during the period			Membership as at 30 th September 2017		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	377	0	377	-20	0	-20	357	0	357
Deferred Members	735	14	749	-13	-1	-14	722	13	735
Pensioner Members	3,791	118	3,909	20	0	20	3,811	118	3,929
Total Members	4,903	132	5,035	-13	-1	-14	4,890	131	5,021

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 2017.

3.3.2 During the period covered by this report 38,754 administrative processes were commenced and 37,515 completed. On 31 December 2017 there were 31,875 items of work outstanding. This represents an overall reduction of 972 items outstanding compared to 30 September 2017 (32,875). Of the 31,875 items of work outstanding, 3,385 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, 28,490 processes are now either proceeding to the next stage of the process or through to final completion.

3.3.3 The number of active processes remains high. From 1 October to 31 December 2017, the Fund has seen an increase in the volumes received. The total number of processes outstanding remains high as part of the increased focus on data quality. A number of additional processes have been started to action work relating to historic outstanding data employers are providing.

After a period of sustained focus on key areas there is a notable reduction in outstanding processes over the 12 month period to December 2017, these include Transfer Out quotes (reduced by 43%), historic leavers (reduced by 32%) and recalculation of benefits (reduced by 54%).

3.3.4 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).

3.4 Workflow statistics – WMITA Fund

3.4.1 During the period covered by this report 632 administrative processes were commenced and 642 completed. On 31 December 2017 there were 110 items of work outstanding.

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 further details are provided as part of the quarterly service monitoring report.

3.5.2 A key area of focus across all teams has and continues to be working to improve KPIs, this is reflected in the notable improvements across the KPIs, noting that KPIs for Transfers, Retirements, Death Acknowledgment and Payment of death grant are all above 90%. For more information please see Appendix D.

3.6 Employer membership

3.6.1 The Main Fund continues to see an increase in employer membership, due mainly to the establishment of academies and outsourced local government contracts, with 17 new organisations being admitted during the period 1 October to 31 December 2017. The current number of employers as at 31 December 2017 is 631. The level of on-going work being processed at the end of the period is as follows: -

- 79 admission agreements
- 24 academies
- 46 employer terminations

For more information see paragraph 6.

3.7 Customer services

- 3.7.1 An overview of our front-line customer contact activity is shown in Appendix E. This outlines the variety and volume of support provided by the Fund to address members' pension queries. An indication of the statistics for the previous year is included within the charts as a comparative measure.
- 3.7.2 During November and December, the Fund's overall contact increased compared to previous years. The primary reason for this increase was the issuing of a bulk email to our active and deferred members, reminding them to register for the Pensions Portal and to view their statement online. This resulted in a number of Pensions Portal based queries being received by our contact centre, predominantly through our Pension Fund Enquiries email inbox.
- 3.7.3 We are continuing to see a trend of increasing customer enquiries including a preference for electronic communications among members.

The Fund is exploring ways in which efficiencies can be identified to manage the customer contact received. Potential improvements in both our systems and internal processes are being investigated with improvements planned as part of the council-wide Digital Transformation Programme.

- 3.7.4 All pension fund enquiries received are acknowledged or responded to by the Customer Services team. The general enquiry emails which aren't resolved immediately are referred to the relevant specialist area via a new or are added to an existing operational/payroll process as they require more detailed investigation and completion by the Operational or Payroll teams. Where a request for a calculation is received, the Customer Services Team acknowledge the request and start an operational process.

4. IDRP (Internal Dispute Resolution Procedure) casework

- 4.1 So far in the 2017/2018 financial year there has been seven cases referred to Stage one of the procedure against the Fund. One case has been up-held, five cases have been dismissed and the other case is on-going.
- 4.2 One of the Stage 1 cases against the Fund progressed to Stage 2 and this was not up-held. The case regarded a request for access to pension benefits as a lump sum which could not be facilitated under scheme rules.
- 4.3 Twelve cases have been received for Stage 2 investigation against the employers. Eleven cases have been dismissed. One case is still on-going.

4.4 The cases dismissed at stage 2 against the employers related to the following pension issues:

- Exercise of employer discretion on the early payment of deferred benefits from age 55.
- Ill health retirement benefits not awarded
- Early payment of deferred benefits on ill health not awarded

5. Death grant

5.1 In this financial year no new cases have been referred to the Legal Department for consideration, as per the agreed policy and case matrix.

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 Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

6.2 There have been no approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund which have been approved by the Director of Pensions and either the Chair or the Vice Chair of Pensions Committee.

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 2017 was £469.8m, £16.6m of which (£8.1m for pensions increase and £8.5m 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 2017	75,874	32,939,219
November 2017	76,175	33,320,128
December 2017	83,860	34,229,383

The December figure includes pensioners paid on a quarterly basis.

7.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to December 2017 was £25.5m, of which £494 for added year's compensation was repaid to employing authorities and other bodies as the expenditure was finalized due to deceased member.

7.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
October 2017	3,839	1,879,086.87
November 2017	3,844	1,889,678.45
December 2017	3,914	1,894,016.22

The December figure includes pensioners paid on a quarterly basis.

8. Write-off policy decisions

A write-off relates to pensions overpaid to members, after following the debt recovery policy, these cases become uneconomical to pursue or the estate has insufficient funds to recover. In general, an overpayment is generated by late notification of death of members.

A write-on relates to monies due to the members estate in order to make pension payments up to date of death. After correspondences, the legal representative is untraceable or does not wish to claim the funds.

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	7	351	1	96
£100 - £500	18	4,088	1	123
Over £500	6	9,333	0	0
TOTAL	31	13,772	2	219

8.2 Write-on analysis

	Main Fund		WMITA Fund	
Individual Value	Number	Total	Number	Total
Less than £100	9	191	1	63
£100 - £500	0	0	0	0
Over £500	0	0	0	0
TOTAL	9	191	1	63

9. Transfer Out Cases

- 9.1 Transfer values over recent years have become a topical issue due to the introduction of Freedom and Choice on 6 April 2015. Freedom and Choice has been introduced in order to give members of defined contribution pension arrangements more flexibility around how they can access their pension benefits. The LGPS is a defined benefit scheme and is covered under the legislation to the extent that protections are included to help safeguard members benefits when members may be considering transferring from a defined benefit to a defined contribution arrangement. An example of this is the requirement that on transfers above £30,000, independent financial advice must be obtained before a transfer can proceed.
- 9.2 During the period 1 October to 31 December 2017, 427 transfer values were issued to members considering transferring their benefits out of the scheme.
- 9.3 In total 77 transfer payments made during the period 1 October to 31 December 2017 resulting in a total amount transferred of £5,056,374.70. This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	34
£30,001 to £100,000	26
£100,001 to £200,000	11
£200,001 to £300,000	4
£300,001 to £400,000	2
£400,001 to £500,000	0
Above £500,001	0
Total	77

- 9.4 Since the introduction of Freedom and Choice on 6 April 2015, member interest in transfers has increased showing a continuing upwards trend see appendix F, however the actual payments made are small in relation to the overall deferred membership.

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: Key performance indicators (KPIs)
- 17.5 Appendix E: Customer service statistics
- 17.6 Appendix F: Number of Transfer out requests