

Wolverhampton City Council

OPEN INFORMATION ITEM

Committee / Panel	PENSIONS	Date	20 JUNE 2012
Originating Service Group(s)	WEST MIDLANDS PENSION FUND		
Contact Officer(s)/ Telephone Number(s)	GEIK DREVER 2020	NADINE PERRINS 2727	
Title/Subject Matter	<u>LEAN SYSTEMS UPDATE</u>		

RECOMMENDATION

That Members note the contents of the report.



LEAN System Update

WEST MIDLANDS



PENSION FUND

LEAN Systems Update

1. Background

- 1.1 At the beginning of 2011, the Fund decided to investigate the introduction of a 'systems-thinking' approach to all pension processes to streamline work, create capacity and to improve efficiency. Midlands Excellence, an organisation that assesses companies for the nationally recognised award of Investors in Excellence, delivered presentations to senior managers on the principles of both LEAN and SIX SIGMA.
- 1.2 The decision to use the LEAN methodology was supported by evidence that this system worked well in both public, private and voluntary sector organisations and successes in the NHS, housing associations and Barnardo's confirmed efficiency savings. One of the main objectives of using 'systems-thinking' within a pensions' environment is to continually improve and streamline all operational processes.

2. Programme Details

- 2.1 The programme is based on 'continuous-system' improvement resulting in a more efficient service to the customer while addressing waste within key processes used to deliver pension outcomes. The next part of the improvement process focuses on engaging with customers using the 'customer journey mapping' process. This will enable the Fund to provide a pension service that is determined by customer feedback during a future of auto-enrolment and the new Scheme (CARE) implementation.
- 2.2 Workshops have been designed and are run weekly by the Performance Improvement Officer, and involve relevant staff and managers across the Fund to identify potential improvements. These improvements are researched, tested, recorded and presented to the Change Panel where decisions are signed off and implementation dates agreed.
- 2.3 Communications are available to all staff via visual boards sited in all work areas, emails and, latterly, the production of a LEAN newsletter, see Appendix A.

3. Benefits Capture Log

- 3.1 All improvements to pension processing and other non-process changes, eg, reduction in use of stationery; postage costs are shown in Appendix B & C. Several processes within Benefit Administration have key performance indicators (KPIs) to measure team performance and assess outcomes; these are shown in Appendix D and will be a key feature of future workshops.
- 3.2 Since establishing a 'systems-thinking' approach to function areas within the Fund, it is clear that capacity savings have resulted in staff processing quicker and increased quality checks being built into the UPM pension system. A review of each process that has been streamlined occurs three months after the process has been implemented, and feedback is given to all teams concerning the improvements.
- 3.3 Alongside the capacity savings, there is also a monetary saving associated with the LEAN implementation. This is shown as part of Appendix B and during the last 12 months has identified efficiency gains of 2% to 3%, which delivers a more responsive service to customers against a background of auto-enrolment for employers and a new Scheme.

4. Key Future Activities

- 4.1 The LEAN methodology will continue to be applied across the Fund as it meets three of the key priorities within the medium-term financial plan, namely, maintaining quality procedures and practices, demonstrating VFM and developing customer improvement strategies.
- 4.2 Appendix D shows some of the workshops planned for the future and will involve all function areas.
- 4.3 Finally, members are already aware that the Fund was recognised externally by winning the 'Investors in Excellence LEAN Specialist Award' in February 2012 against a category of private, public and voluntary sector organisations.

LEAN Systems Update

5. Legal Implications

5.1 There are no direct legal implications in this report.

6. Financial Implications

6.1 This report has financial implications in that it will assist future reductions in overall unit costs.

7. Environmental Implications

7.1 The report contains no direct implications for the Authority's environmental policies.

8. Equal Opportunities Implications

8.1 This report has implications for the Council's equal opportunities policies, since it deals with the processing of pensions for employees.

LEAN Systems Update

Appendix A

LEAN news

ISSUE 1
WEST MIDLANDS PENSION FUND

Welcome to the first edition of LEAN news. This newsletter will be issued quarterly, and will give you a brief account of what is happening within the LEAN programme. As a recap, the aims of the LEAN Programme Review (LPR) are to:

- continually improve the service we provide for the benefit of members, employers and the Fund;
- encourage service areas to identify improvements in processes by participating in workshops;
- streamline existing processes to eliminate waste; and
- establish capacity savings.

CHANGE PANEL



Change Panel takes place in March, June, September and December and consists of managers from across all service areas. The purpose of Change Panel is to communicate improvements that have been identified and seek decisions on any changes to policy and procedure that may be required. It also provides an opportunity to report on the capacity and monetary savings you are continuing to achieve.

WE NEED YOUR IDEAS...



The 'Transfer Between Different Employing Authorities' (TBDEA)/'Phoney Interdepartmental Transfer' (PIDT) workshop which took place in March gave rise to the improvement suggestion to amend the name of the process. Change Panel agreed with this improvement and asked that a new jargon-free name be given to the process.

So, if you have any ideas, please email your suggestions to WMPFBusinessImprovement by 18 May 2012.

LEAN Systems Update

Appendix A

IMPROVEMENTS IDENTIFIED

As this is the first newsletter, we thought it would be worthwhile to recap on some of the improvements you have identified:

Workshops	Improvements identified	'Go live' dates
Refunds	<ul style="list-style-type: none"> - Revised process and letters. - Elimination of refund quote. 	Went live 1 July 2011
Retirements	<ul style="list-style-type: none"> - Revised process. - Revised letters and forms. - Review taken place. 	Went live 1 November 2011
Deferred benefits	<ul style="list-style-type: none"> - Revised process and letters. - Removal of dormancy booklet and customer satisfaction survey. - Revised guidance notes. 	Went live 1 February 2012
Deferred benefits into payment	<ul style="list-style-type: none"> - Work currently underway to revise process and letters. - No longer automatically quoting reduced benefits at age 60 unless GMP is present. - Revised guidance notes. 	Potential go live date 1 July 2012
Early retirement costings (ERC)	<ul style="list-style-type: none"> - Work continuing on the development of a spread sheet to monitor and control employers allowances. - A process has been created where no allowances exist and invoices are being raised to recover costs. - A policy made not to recover ERCs for recalculations that incur an additional cost of less than £300. - A policy has been made to not hold up the payment of retirement benefits to a member when the ERC invoice has not been received. 	Potential go live date 18 June 2012
TBDEA/Rejoiners	<ul style="list-style-type: none"> - Work has commenced on reconfiguring the process. - Revision of letters and forms is being worked on. - Guidance notes to be produced. - Change of process name. 	Potential go live date 1 July 2012
Manual pensions increase	<ul style="list-style-type: none"> - Implementation of new process. - Revised broken payment slip. - Introduction of spread sheets for the retirement and create beneficiary processes. - Work is continuing on developing a spread sheet to cater for arrears cases where multiple pensions increases are needed. 	Went live 5 April 2011 The arrears spread sheet will potentially go live 11 June 2012

POLICY DECISIONS ORIGINATING OUTSIDE OF WORKSHOPS

Policy decision	With effect from
✓ Acceptance of photocopied certificates.	27 January 2012
✓ Removal of the requirement for employers to submit statutory notifications unless it is a death in service or a deferred award coming into payment on ill-health grounds.	21 November 2011
✓ Policy decision to only recalculate a member's pension when the member has requested us to do so, or if the revised amount payable is over 5% of the member's pension.	June 2011
✓ Dates on letters are now produced at the initial printing stage rather than the date the letter is produced.	23 December 2011

The above improvements have contributed to a current capacity saving of

527 days

The above improvements have contributed to a per annum monetary saving of

£32,027.90

LEAN Systems Update

Appendix A

THE REVIEW

After every major process has been through the LEAN Programme, a three-monthly review will take place. This gives an opportunity to capture further improvements that have arisen. Comments and feedback will be collated from various service areas, so we can measure the impact the LEAN process review has had regarding capacity savings, quality and customer satisfaction.

THE RETIREMENT REVIEW 1 FEBRUARY 2012

The first review has already taken place and is near completion. The review identified further areas of improvement which included the process and letters, as well as identifying areas that still need to be addressed – in this case, reminders and guidance notes.

THE DEFERRED BENEFIT REVIEW 1 MAY 2012

The review for this process is scheduled to take place in May. If you currently work with this process and would like to share your thoughts and ideas, or, have identified further areas for improvement, please feed back your suggestions to your relevant line manager.

UPCOMING WORKSHOPS

The following workshops will be taking place in May/June. If you have any issues or improvements which you wish to raise in regard to the processes below, please speak to your line manager or team representative who will be attending the relevant workshop.



Date	Service area/team	Workshop	Workshop title
21 June 2012	Pension Services - Workload & Process Management	1st & 2nd	Request leaver documents
9 May 2012	Communications & Marketing - Business Support	1st & 2nd	Health & safety and invoicing
15 May 2012	Pension Services - Retirement and Death	1st	Death in deferment
21 May 2012		2nd	
10 May 2012	Pension Services - A-Z Teams	1st	Inter fund-out
18 May 2012		2nd	
16 May 2012	Communications & Marketing - Business Support	1st	Postal sorting and delivery
23 May 2012		2nd	

THE AWARD

On the 8 March 2012, the Fund was recognised at the Investors in Excellence award ceremony for the achievements that we have made within the LEAN Programme. The judges were impressed by the capacity savings that had been achieved over a relatively short period of time which everyone across the Fund has helped achieve.

We now need to build on these achievements, so please continue in your pursuit to find more efficiency and monetary savings by raising your ideas in workshops, and by keeping the Business Improvement team informed of any improvements you are implementing so they can be recorded and reported appropriately.

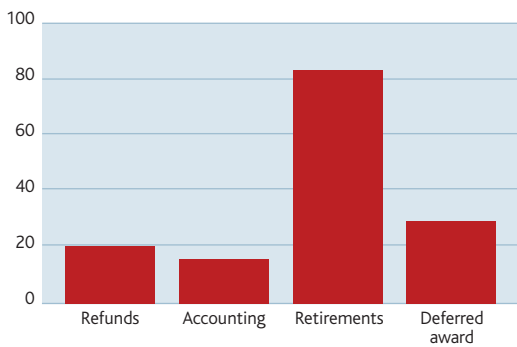


LEAN Systems Update

Appendix B - Process Improvements

1 March 2012 - 30 April 2012

Capacity (working days)

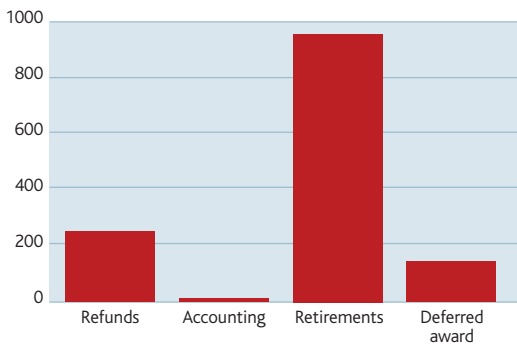


Process capacity savings

Capacity = working days	
Refunds	20 per annum
Accounting	15 per annum
Retirements	83 per annum
Deferred award	29 per annum
Total	147 per annum

This represents the capacity saving in working days that have been achieved as a result of improvements made to those processes.

Monetary savings (£s)



Process monetary savings

Monetary savings (£s)	
Refunds	248
Accounting	7
Retirements	958
Deferred award	143
Total	1,357

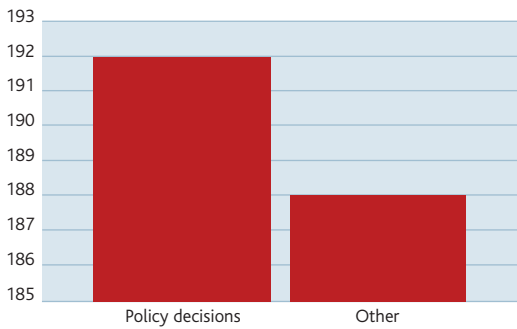
This represents the monetary savings that have been achieved as a result of improvements made to those processes.

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Appendix C - Non-Process Improvements

1 March 2012 - 30 April 2012

Capacity (working days)

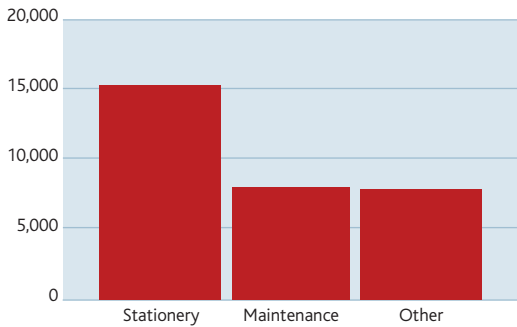


Process capacity savings

Non-process improvements	
Policy decisions	192 per annum
Other	188 per annum
Total	380 per annum

This represents the capacity saving in working days that have been achieved as a result of improvements made to working practices. It has been split between policy decisions, ie, auto-population of dates and other – ie, electronic calendars for room bookings, etc.

Monetary savings (£s)



Process monetary savings

Non-process improvements	
Stationery	15,150
Maintenance	7,791
Other	7,828
Total	30,769

Various monetary savings have achieved and have been split between the savings made to stationery – ie, reductions to paper, printing, postage, etc. The monetary saving categorised from maintenance has been achieved as a result of re-negotiation to contracts – ie, electricity. The other savings have derived from making more use of electronic communication, etc.

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Appendix D - Summary of Future Workshops

Process	Key performance indicator	Service area	Status
Death in retirement	Ten days	Operations/Payroll	Active project
Preserved refunds	n/a	Business Development/Accounting	Active project
Death in service	Ten days	Operations/Accounting/Payroll	Active project
Interfund in	n/a	Operations/Accounting	Active project
Request leaver documents	n/a	Operations/Employer Services	Active project
Health & safety and invoicing	n/a	Comms/Business Development	Active project
Death in deferment	n/a	Operations/Accounting/Payroll	Active project
Interfund out	n/a	Operations/Accounting	Active project
Postal sorting and delivery	n/a	Comms/Business Development	Active project