

Wolverhampton City Council

OPEN DECISION ITEM

Committee / Panel	<u>PENSIONS</u>	Date	<u>27.02.13</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>MEMBER SERVICES AND OPERATIONAL MANAGEMENT</u> <u>REPORT FROM 1 OCTOBER 2012 – 31 JANUARY 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 7.2 of this report.

PENSIONS MEMBER SERVICES MANAGEMENT REPORT
FROM 1 OCTOBER 2012 – 31 JANUARY 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 October 2012 – 31 January 2013.

2. SCHEME MEMBERSHIP

- 2.1. The number of scheme members in the Fund in all three categories stands at 257,017 with an overall increase since 30 September 2012 of 3,004.
- 2.2. Of the active membership of 96,140, 48% are full-time and 52% part-time. This is a reflection of the flexible working conditions amongst employers.
- 2.3. The longer-term trend over an 11 year period in membership is set out in Appendix B which illustrates a move into a more mature profile whereby active memberships are falling and pensioners and deferreds are rising.

3. BENEFIT OPERATIONS INCOMING WORK

- 3.1. The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 October 2012 – 31 January 2013 (Appendix B).
- 3.2. During the period covered by this report 46,592 administrative processes were commenced and 43,895 completed. On 31 January 2013 there were 14,263 items of work currently outstanding. Of this 6,378 items are pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. With administration, 7,885 processes can either proceed to the next stage of the process or through to final completion which represents a manageable volume of work. Additional work is being generated from a data-cleansing project for one of our major employers undertaken by a team of pension specialists which ensures the streamlining of processes when allocated into the benefit administration teams. However it should be noted that outturn (processes completed) is not making real inroads into processes outstanding. This is due mainly to an influx of joiners on temporary contracts.
- 3.3. More detailed analysis of the key processes in calculating benefits for retirements and pensioners and maintaining and updating employee details is shown at Appendix C.
- 3.4. The Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts. 25 new organisations were admitted to the fund during the period 1 October 2012 to 31 January 2013. The current number of employers as at 31 January 2013 is 333. The level of ongoing work being processed at the end of the period is as follows:-
- 69 admission agreements
 - 49 academies
 - 22 employer terminations
- 3.5. An analysis of employer telephone calls is shown in Appendix D which details the immediate response provided by the Fund when addressing fundamental pension queries. We continue to provide a high quality response rate at first point of contact.
- 3.6. Work on the quality of data exchanged between the Fund and employers continues to be a key priority for administration. The aim is to reduce outstanding data queries, in particular with Birmingham City Council, where a target reduction of 2,500 out of 10,000 outstanding queries, by

31 March 2013 has been agreed between the fund and the employer. The key focus will be on data input by the Fund which will improve all information sent to Mercers for the 2013 actuarial valuation. A summary of this work is shown in Appendix E.

4. **PERFORMANCE**

- 4.1 The implementation of the Key Performance Indicator (KPI) framework which measures the outcomes across priority processes within administration, demonstrates a consistent outcome across key processes (see appendix F).
- 4.2 The table and graph show that we have exceeded our performance on key processes across a target of 85% and will now review the threshold % to increase our performance measurement. In addition, we have also exceeded the 60% measurement on non-KPI processes and will now increase the number of processes we assess.
- 4.3 By monitoring these targets and operational performance we can then work in partnership with our employers to improve customer satisfaction levels for all scheme membership. The Pensions Administration Strategy (PAS) has been discussed with 6 of the 7 districts and minor amendments have been made to facilitate monitoring, reviewing and publication of both employer and fund performance. The next stage will be to agree a framework for recording performance, the communication methods and frequency of results e.g. quarterly within this report etc. A meeting has been arranged to discuss PAS with the remaining district in early March, the delay was due to restructuring of functions within the local authority

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

- 5.1 Since the start of the 2012/2013 financial year nine cases have been received. Eight cases have been dismissed, and one case upheld. The case that was up held related to a dispute over the ill health tier awarded.

The eight cases dismissed relate to the following pension issues:

- Exercise of employer discretion on the extension of the 12 month time limit for transferring in previous benefits.
- Two cases relate to the award of deferred benefits on ill health grounds rather than immediate ill health grounds.
- Calculation of benefits as a result of incorrect start date.
- Incorrect notification issued to Inland Revenue resulting in revision to of benefits.
- Exercise of employer discretion on the early payment of deferred benefits from age 55.
- Entitlement to a deferred benefit on redundancy for a member under 55 rather than an immediate payment of benefit.
- Interpretation of legislation on the implementation of a Pension Sharing Order.

6. **DEATH GRANT**

- 6.1 In the 2012/2013 financial year four cases relating to a decision on the payment of the death grant have been referred to legal for consideration. A decision has been made on a case from the 2011/2012 year where a dispute over the nomination form arose and legal had to gather information from the solicitors representing both parties before a decision could be reached.

7. **APPLICATION FOR ADMISSION BODY STATUS.**

- 7.1 Organisations must satisfy one or more of the admission criteria then 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.

7.2 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 formally approve these admissions:-

EMPLOYER NAME	GUARANTEE STATUS (AGREEMENT)	NUMBER OF EMPLOYEES (SCHEME MEMBERS)	STATUS
1. Spurgeons	Birmingham City Council (not yet determined)	5 (5)	Awaiting approval
2. KGB Cleaning & Support Services Ltd (Alderbrook Academy)	Alderbrook Academy (Closed)	15 (12)	Awaiting approval
3. Premier Support Services Ltd – Harborne School	Birmingham City Council (not yet determined)	2 (2)	Awaiting approval
4. ABM Catering Ltd	Birmingham City Council (closed)	2 (2)	Awaiting approval
5. Regent Office Services Ltd (Bordesley Green)	Birmingham City Council (closed)	Unknown	Approved
6. 4Children	Solihull MBC (not yet determined)	2 (2)	Approved
7. Sandwell Inspired Partnership Services	Sandwell MBC (open)	287 (287)	Approved
8. Harrison Catering Services Ltd	E-ACT Shenley Academy (open)	14 (14)	Approved
9. Priory Family Centre Group	Sandwell MBC (closed)	4 (1)	Approved

8. **PENSIONS IN PAYMENT**

8.1. The gross annual value of pensions in payment in January 2013 was £379.2m, of which £18.2m (£8.4m for pensions increase and £9.8m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

8.2. Monthly payroll numbers were:

October 2012	-	70,545	December 2012	-	76,159
November 2012	-	70,770	January 2013	-	70,905

December payroll includes members paid quarterly.

8.3 Members will recall approving reduction of monthly payslips with effect from 1 April 2013. The first payslip in 2013/2014 financial year will state payment dates for the year. Committee are reminded that from 1 April 2013 the frequency of pensions payslips will be reduced to those for core changes, such as Pensions Increases, and other significant pay variations.

9. **COMMUNICATIONS & MARKETING ACTIVITY**

9.1 **Communicating With Members**

Following the annual communication review meeting with Prudential, the fund decided to hold the AVC presentations and the retirement planning presentations as individual events, rather than combined events. This enables us to communicate with younger scheme members, providing retirement planning information for our scheme members who are closer to retirement.

The AVC session is aimed at scheme members who want to understand the benefits of being a member of the LGPS and the options available to increase pension savings. This presentation is

aimed at younger scheme members and the events will be held at local authority events throughout the West Midlands. There will be three sessions a day at each of the following venues:

Date	Location
Wednesday 13 February, 2013	Civic Suite, Solihull
Thursday 14 February, 2013	The Council House, Dudley
Tuesday 26 February, 2013	The Council House, Coventry
Thursday 28 February, 2013	The Council House, Walsall
Friday 15 March, 2013	Woodcock Street, Birmingham

Analysis of previous events shows that retirement planning events are better attended in the evening, therefore, the next retirement planning events will be held in five locations across the West Midlands and there will be one, 2 hour session, starting at 6.30 pm at each location. These events are aimed at members that have a retirement date within the next twelve months and are being held at the following locations:

Date	Location
Tuesday 16 April, 2013	Village Hotel, Dudley
Wednesday 17 April, 2013	Great Barr Hotel, Great Barr
Thursday 18 April, 2013	Novotel, Wolverhampton
Tuesday 23 April, 2013	Ramada Hotel, Coventry
Wednesday 24 April, 2013	Holiday Inn, Solihull

Active members nearing retirement are given the opportunity to meet with a Member Solutions Officer at the Funds offices, to discuss their individual circumstances on a one to one basis.

9.2 **Presentations**

During the reporting period Fund officers have continued to deliver presentations upon request from employers. The communications team will provide support on pensions issues raised by their employees. However, the main focus is on retaining membership of the fund and educating scheme members on the possible changes due to be implemented in 2014.

Examples of activity during the period are as follows:

24 October	Coventry City Council	Redundancy presentation
6 November	Wolverhampton City Council	Re-deployment workshop
12 November	Wolverhampton City Council	Single Status Surgery
14 November	University College Birmingham	LGPS 2014
15 November	4 Towers Tenant Management	Inductions
23 November	Dudley MBC	Retirement planning
7 December	Coventry City Council	Retirement planning
24 January	Sandwell MBC	Surgery

9.3 **Annual General Meeting (AGM)**

The Fund's first Annual General Meeting for employers was held on Thursday 6 December, 2012 at the Molineux Stadium, Wolverhampton attracting 86 attendees representing 54 of the Fund's employers. Overall, the AGM was a successful event receiving positive feedback, a summary of which is available on the Fund's website. The feedback will be used to determine the content of the next AGM.

9.4 **Benefit Statements**

Work on the 2013 Annual Benefit Statement cycle started on 8 January 2013, when the project team met to agree key milestones and developments required for this year's issue. It is intended that Deferred Benefit Statements will be issued in June 2013 and active member and councillor benefit statements during September 2013.

9.5 **Business Support**

During the period, the Fund issued 36,048 items of postal communication direct from Mander House, an average of 9,012 items per month. The number of items received and processed through the Business Support office during the period was 23,062 including 298 cheques and 916 certificates.

9.6 **Proposed new logo**

Following Pensions Committee approval of the Fund's new logo last November, the Fund is now planning the implementation of the logo coming into effect on 1 April 2013. The new logo will go live in the new financial year and will be established using a variety of communication channels in order to reach all key stakeholders.

9.7 **Pensioner magazine replacement**

The replacement publication for Superlink, which is "Club Together", a pensioner affinity group publication will be sent to all pensioners during April and it will be distributed annually.

10. **OPERATIONAL ACCOUNTING**

10.1 **Write-on/write-off**

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 scheme 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.

The write-off's and write-on's detailed below cover the period: October 2012 – January 2013.

WRITE-ON ANALYSIS

Individual Value	Number	Total
Less than £50	1	19.76
£50 - £100	0	0.00
£100 - 500	1	180.86
Over £500	0	0.00
TOTAL	2	200.62

WRITE-OFF ANALYSIS

Individual Value	Number	Total
Less than £50	1	43.00
£50 - £100	5	366.80
£100 - £500	4	544.37
Over £500	3	4021.29
TOTAL	13	4975.46

- 10.2 In April 2010 the State Pension Age for women born after 6 April 1950 started to increase from age 60. As a result, the Scheme pays the inflation-proof increases on the whole of the pension from age 60 until the pensioner reaches their new state pension age.

Prior to the required changes being reflected in the Fund's systems, approximately 1,750 women did not receive an increase on the Post 1988 GMP part of their pension for between 3 and 5 days in respect of their April 2011 and April 2012 payment. . The total value of the underpayment to be written off is estimated at £1,655 and the Fund's systems have since been updated to ensure no further occurrence.

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. **FINANCIAL IMPLICATIONS**

- 12.1 The report contains financial information which should be noted.
- 12.2 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.

13. **ENVIRONMENTAL IMPLICATIONS**

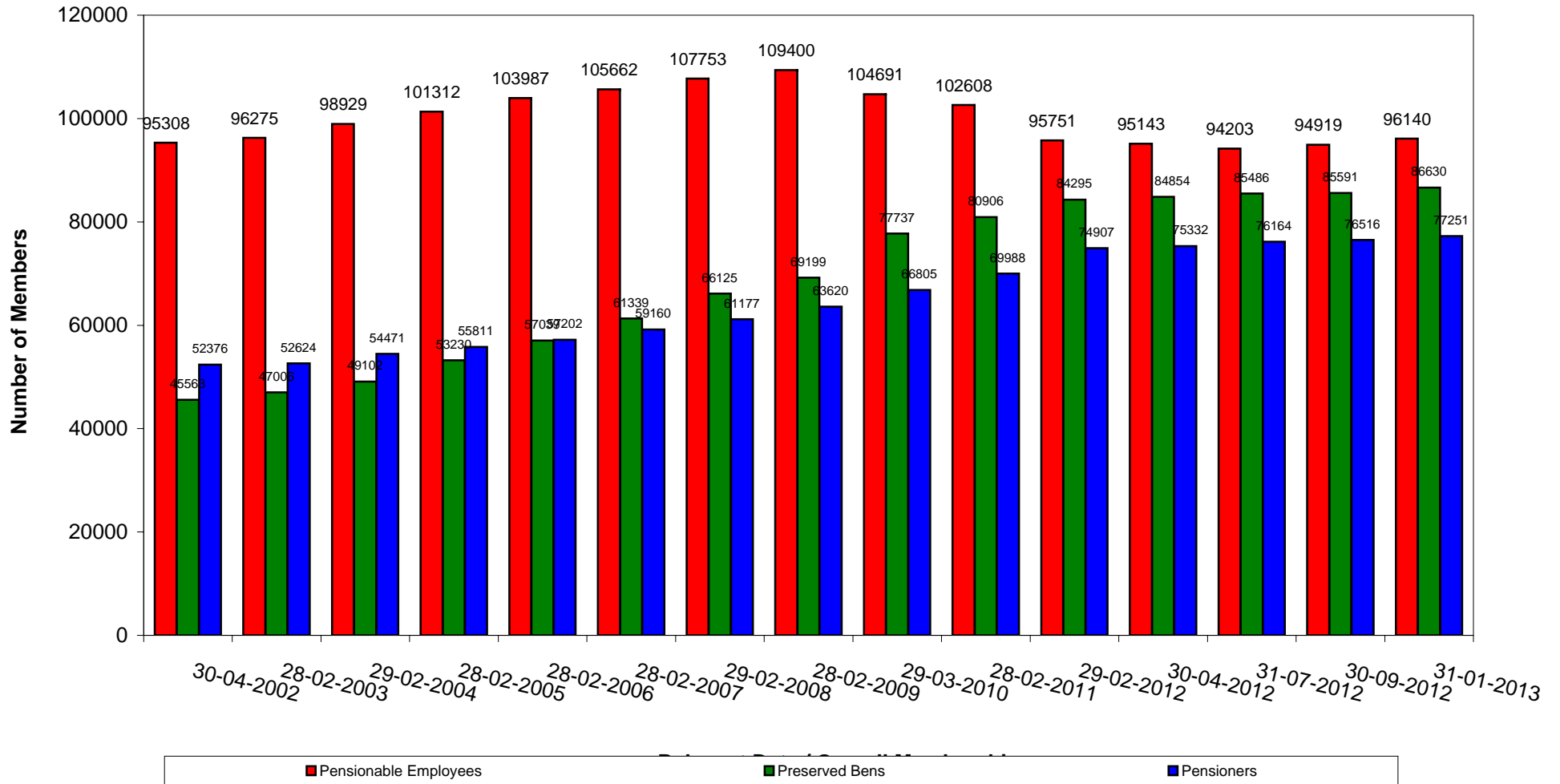
- 13.1. The report contains no direct environmental implications.

14. **EQUAL OPPORTUNITIES IMPLICATIONS**

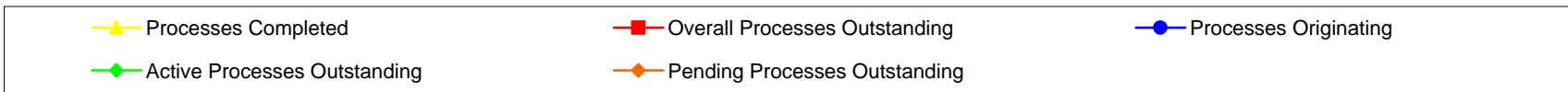
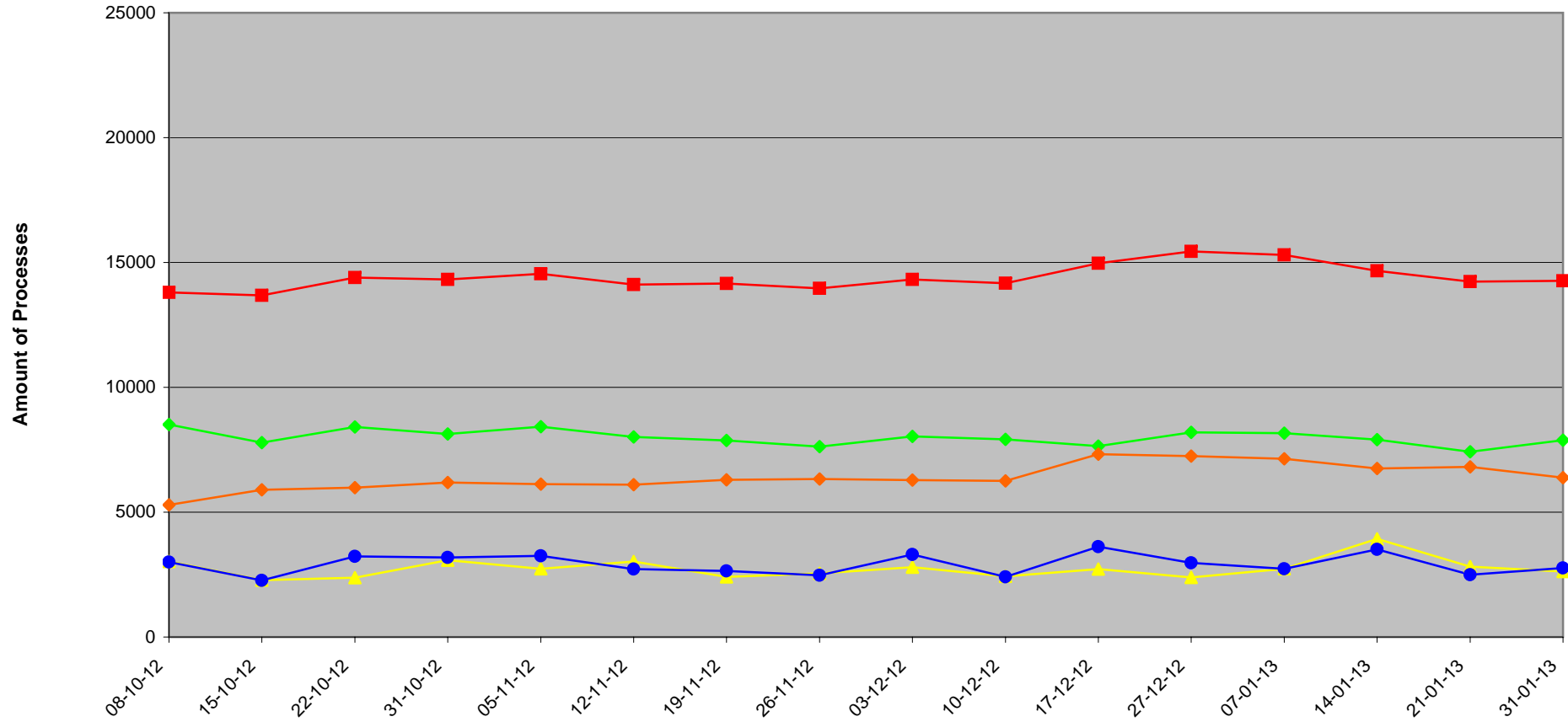
- 14.1. This report has implications for the Council's equal opportunities policies, since it deals with the pension rights of employees.

September 2012 - January 2013

Overall Membership



Process Analysis



WEST MIDLAND PENSION FUND

Pension Committee Statistical Report Detailed Process Analysis

	2012/13														
2008/09	2009/10	2010/11	2011/12	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	YTD 2012/13	

Active & Deferred members

Process type	Number started														
Joiners and Rejoiners	13,949	11,437	8,763	6,403	441	547	481	305	1,619	597	1,027	1,641	739	1,353	8,750
Changes in circumstances eg change in hours	17,179	27,341	18,759	15,303	1,066	915	842	1,106	1,654	1,003	1,443	944	652	970	10,595
Deferments	9,907	6,915	5,939	7,818	501	543	325	406	617	398	522	560	316	574	4,762
Active Retirements (Employer retirements)	2,442	2,652	3,317	3,950	199	212	158	221	282	156	217	195	169	247	2,056
Deferred Retirements	2,367	4,106	3,332	2,970	305	327	240	236	210	221	245	261	201	258	2,504
Deaths of members	191	253	295	262	11	27	16	31	37	18	18	24	21	40	243
Total	46,035	52,704	40,405	36,706	2,523	2,571	2,062	2,305	4,419	2,393	3,472	3,625	2,098	3,442	28,910

Pensioner members

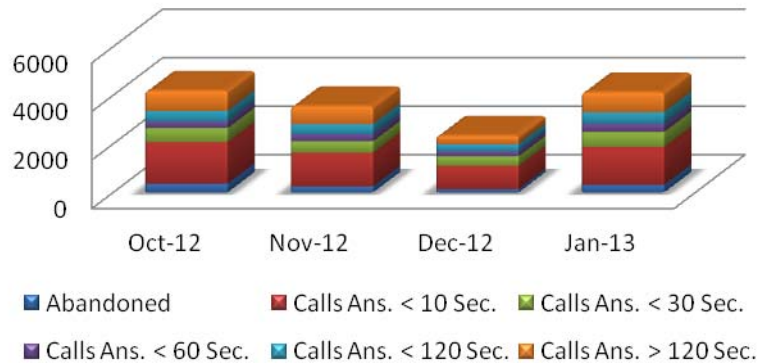
Process type	Number started														
Changes in circumstances:-															
Data eg Passwords, NI Numbers	2,109	7,407	1,310	1,804	136	188	133	162	138	130	205	196	123	136	1,547
Changes of Address	2,235	2,222	2,420	2,681	198	181	179	183	200	180	156	174	138	202	1,791
Changes of Bank	2,651	1,125	2,927	2,531	248	248	301	262	221	187	241	259	143	199	2,309
Deaths of pensioners	2,036	2,014	2,085	2,145	198	169	161	200	171	156	154	176	163	146	1,694
Total	9,031	12,768	8,742	9,161	780	786	774	807	730	653	756	805	567	683	7,341

Payroll	Monthly	Monthly	M & Q	Monthly	Monthly	M & Q	Monthly	Monthly	M & Q	Monthly	Monthly	M & Q	Monthly	
Actual number paid	763,022	792,724	837,189	69,620	69,770	75,017	70,200	70,273	75,591	70,545	70,770	76,159	70,905	718,850

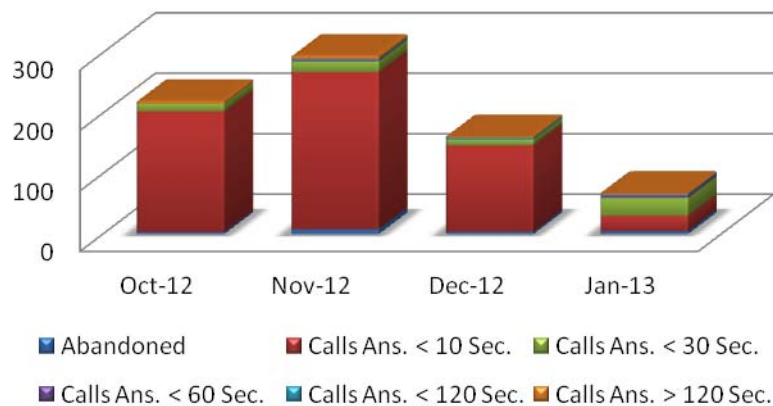
Customer Service Telephone Statistics

1st October 2012 – 31st January 2013

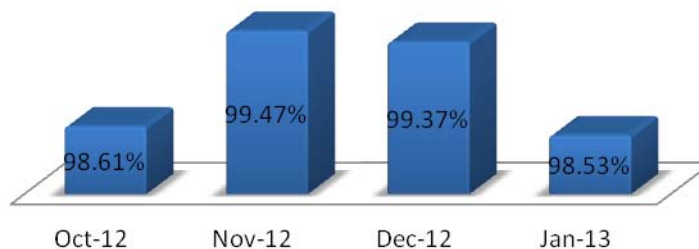
Customer Line



Employer Line



Calls answered at first point of contact



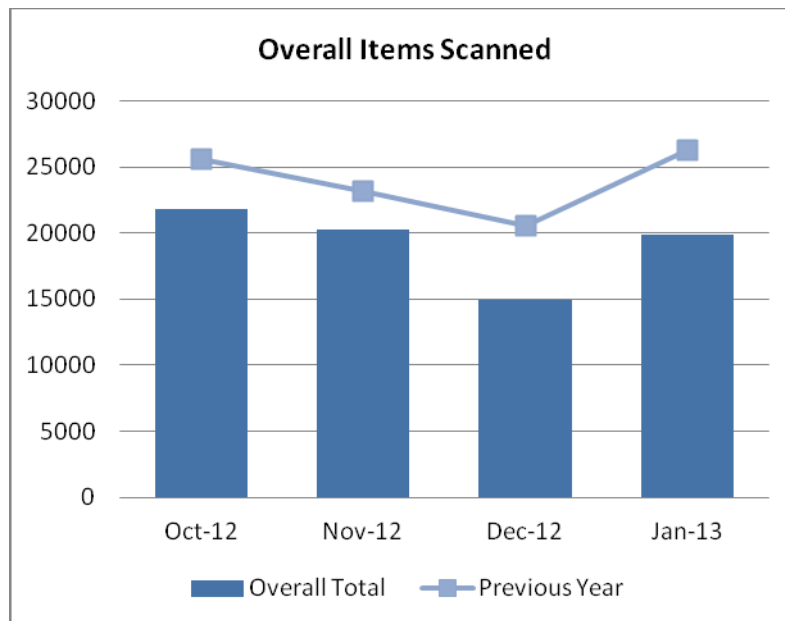
An account of the total calls from 1 October 2012 – 31 January 2013

	Offered	Answered	% Ans
Total Calls	14955	13883	92.83
Cus. Calls	14212	13160	92.60
Emp. Calls	743	723	97.31

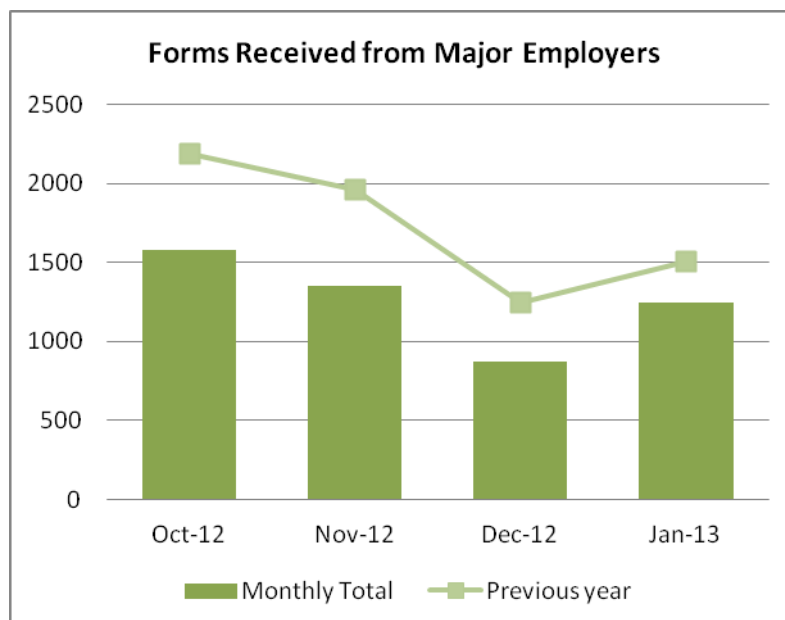
WEST MIDLANDS PENSION FUND

Data Management Statistics

1st October 2012 – 31st January 2013



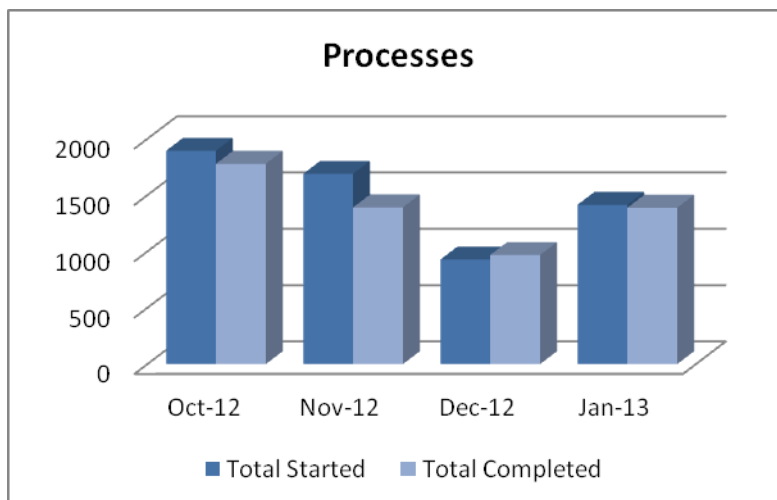
	Overall Total	Previous Year
Oct-12	21773	25556
Nov-12	20205	23173
Dec-12	14935	20523
Jan-13	19888	26263



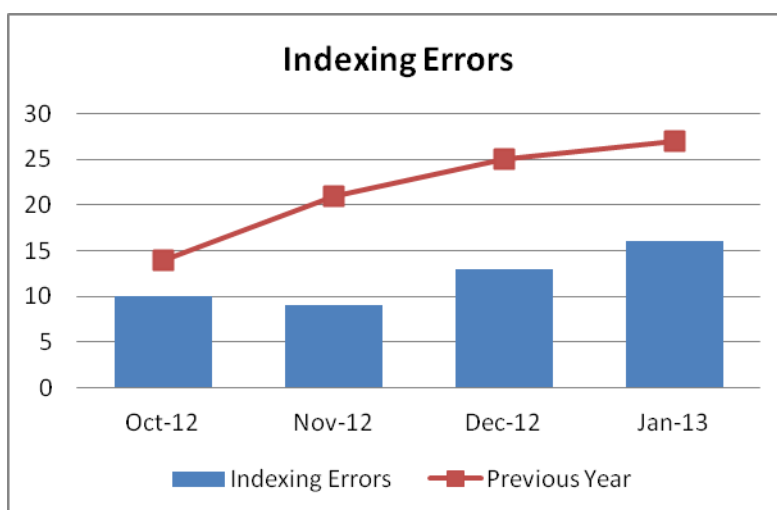
	Monthly Total	Previous year
Oct-12	1580	2189
Nov-12	1354	1963
Dec-12	871	1245
Jan-13	1248	1503

Data Management Statistics

1st October 2012 – 31st January 2013



	Oct-12	Nov-12	Dec-12	Jan-13
Total Started	1894	1689	928	1414
Total Completed	1778	1391	968	1388



	Indexing Errors	Previous Year
Oct-12	10	14
Nov-12	9	21
Dec-12	13	25
Jan-13	16	27

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.

	Overall Scanned	Indexing errors	%
Oct-12	21773	10	0.046
Nov-12	20205	9	0.045
Dec-12	14935	13	0.087
Jan-13	19888	16	0.080

Key Performance Indicator Report – Member Services: 1 October 2012 to 31 January 2013

Key Performance Indicator	Measurement	October 2012	November 2012	December 2012	January 2013
Processing of New Joiner and Re-joiners	Target	85%	85%	85%	85%
	Actual	99.94%	100%	99.51%	99.61%
Processing of Transfers Payments - Incoming and Outgoing	Target	85%	85%	85%	85%
	Actual	100%	99.10%	100%	98.95%
Processing and Payment of Retirement Benefits	Target	85%	85%	85%	85%
	Actual	99.52%	99.15%	99.37%	94.83%
Notification and Calculation of Survivor Benefits following Deaths of Active and Deferred Scheme Members	Target	85%	85%	85%	85%
	Actual	100%	100%	100%	100%
Processing of Provisional Quotes	Target	60%	60%	60%	60%
	Actual	100%	100%	100%	100%
Processing of Maintain Member Data	Target	60%	60%	60%	60%
	Actual	98.69%	94.45%	98.78%	97.04%
Processing of Deferments	Target	60%	60%	60%	60%
	Actual	76.86%	99.03%	100%	99.23%
Processing & Payment of Deferred Retirement Benefits	Target	60%	60%	60%	60%
	Actual	97.56%	100%	94.74%	96.77%