



# Pensions Committee

## 25 September 2013

<b>Report Title</b>	Pension Administration Report from 1 June 2013 to 31 July 2013	
<b>Originating service</b>	Pension Services	
<b>Accountable officer(s)</b>	Nadine Perrins Tel Email	Head of Pensions Administration 01902 55(2727) Nadine.perrins@wolverhampton.gov.uk

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### **Recommendation(s) for action or decision:**

The Committee is recommended to:

- 1 Approve applications received for admission to the West Midlands Pension Fund.

### **Recommendations for noting**

1. The Committee is asked to note the contents of the report.

## **1.0 Purpose**

- 1.1 To inform the Committee of the work undertaken by Pensions Member Services and other operational matters during the period 1 June 2013 – 31 July 2013.

## **2.0 Scheme Activity**

- 2.1 The number of scheme members in the Fund in all three categories stands at 263,766 with an overall increase since 31 May 2013 of 1,278. Of the active membership of 98,388, 47% are full-time and 53% part-time. This is a reflection of the flexible working conditions amongst employers. The longer-term trend over an 11 year period in membership is set out in (Appendix A) which illustrates a move into a more mature profile whereby active memberships are falling and pensioners and deferreds are increasing.
- 2.2 The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 June 2013 – 31 July 2013 (Appendix B).
- 2.3 During the period covered by this report 24,509 administrative processes were commenced and 22,634 completed. On 31 July 2013 there were 15,595 items of work outstanding. Of this 5,360 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. Within pensions administration, 10,235 processes can now either proceed to the next stage of the process or through to final completion.
- 2.4 Following the recent Fund restructure resources are being planned to target the standing 15,000 items of work outstanding across the operational administration function whilst the teams continue to process the new incoming work each period. This outstanding workload will be reduced on a month by month basis and the results will be identified via Committee reports.
- 2.5 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).
- 2.6 The Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 27 new organisations being admitted to the fund during the period 1 June 2013 – 31 July 2013. The current number of employers as at 31 July 2013 is 383. The level of ongoing work being processed at the end of the period is as follows:-
- 59 admission agreements
  - 54 academies
  - 19 employer terminations
- 2.7 Admission bodies within the Fund cease when they no longer have any active scheme members which results in the termination of an admission agreement and can occur for a number of reasons, principally:

- The last active member of the admission agreement leaves, retires or transfers to another employer and ceases to be a member of the Fund and the employer does not wish to admit any more employees to that admission agreement.
- The contract to which the admission agreement relates, comes to an end or it is terminated prematurely.
- The employer ceases to exist, e.g. it goes into liquidation or is taken over by/merged with another organisation.

When an admission agreement terminates, the Regulations require that a termination valuation is undertaken with the purpose of determining the level of any surplus or deficit in an employer's share of the Fund as at the date of termination of the admission agreement.

Payment of the exit liabilities upon termination is the responsibility of the admission body and, in the event that the admission body is unable to pay, the guarantor will pay any excess when the admission body is only able to pay part of the exit liabilities.

- 2.8 An analysis of employer telephone calls is shown which details the immediate response provided by the Fund when addressing fundamental pension queries for all our employers (Appendix D). We continue to aim to provide a high quality response rate at first point of contact both for scheme members, the 7 districts, admitted bodies and academies with a target response rate of 90% of all calls answered.
- 2.9 Overall items scanned are consistent with the yearly trend and remain slightly lower than the previous year. The number of items scanned during the month of June was slightly lower. However, for July there was an increase due to actuarial valuation data received by the Fund from employers. Please refer to Appendix E.

### **3. Administration performance proposal**

- 3.1 As part of the implementation of the new organisational restructure and the requirement to relocate staff into new functions KPI performance for processing has been temporarily suspended. It is proposed that new KPI's are established which have a cross-cutting benefit for all administration purposes and activities, by tracking end to end processes resulting in a more meaningful performance measurement. This would also incorporate a specific KPI related to pension scheme data records to increase quality and drive individual and team ownership for this function.
- 3.2 The Pensions Regulator has issued guidance on pension scheme record keeping which will result in Trustees and employers having precise information relating to financial liabilities at triennial valuation periods. The Regulator will set targets for completed and accurate data held by funds and the performance will be reviewed with a requirement to resolve data issues quickly or be forced to improve by the regulator.

3.3 The following types of data will be tested by the Regulator:-

- Common data – data which identifies a unique scheme member
- Conditional data – scheme specific data which is required for the effective administration of the scheme.
- Numerical Information – e.g. the numbers of the scheme members in a particular category, part-time, AVC payers.

3.4 By reviewing the KPI framework over the next 3 months alongside the Regulator data requirement the fund will be able to report on data accuracy and focus on reducing the risks of misstated liabilities and customer data errors. The funds pension system (UPM) already reduces the need to process manually through automatic calculations provided that experienced staff deal with the non-standard pension issues. In future staff will receive focused in-house training which identifies a range of processing errors and the correct solution to deliver the best results for all customers.

4. **IDRP (Internal Dispute Resolution Procedure) casework**

4.1 So far in the 2013/2014 financial year five cases have been received. Two have been dismissed and three cases are in progress.

The two cases dismissed related to the exercise of employer discretion on the early payment of deferred benefits from age 55.

5. **Death grant**

5.1 In this financial year three cases have been referred to the Legal Department for consideration. Two case decisions have been made and the other case is ongoing.

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 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.

6.2 The table below lists the applications received for admission to the West Midlands Pension Fund which are awaiting approval by the Director of Pensions, the Chair and Vice Chair and Pensions Committee.

Committee is requested to approve these admissions:-

<b>Employer name</b>	<b>Guarantee Status (Agreement)</b>	<b>Number of employees (Scheme members)</b>	<b>Status</b>
1. Aspen Services Ltd	Sandwell MBC	14 (7)	Awaiting approval
2. Places for People Leisure Limited	Wolverhampton MBC	6 (6)	Awaiting approval

- 6.3 JCF approved 5 applications received for admission to the Fund and deferred approval of case 2, Places for People Leisure Limited, due to no leisure contracts having been let by WCC and therefore further information was requested. A further query was raised in terms of the low percentage of members joining the scheme from Aspen Services Ltd.

The Chair was advised that the lower percentage of members joining was not unusual where employees were relatively low paid and did not represent a particular issue with Aspen Services Limited. The Chair was also advised that Places for People Leisure Limited was not a new contract, rather a novation of an existing agreement due to a name/status change. The Fund is awaiting his approval of the admission, following which a note will be circulated to Members.

## 7 Pensions in payment

- 7.1 The gross annual value of pensions in payment in July 2013 was £394.6m, of which £18.4m (£8.7m for pensions increase and £9.7m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

- 7.2 Monthly payroll numbers were:

June 2013	-	77,069
July 2013	-	71,736

The June figures include pensioners paid on a quarterly basis.

In July 2013 we successfully implemented the HM Revenue & Customs change to PAYE called Real Time Information (RTI). Our 'go live' date was 6 July 2013 with the first submissions on 25 July 2013. This has been achieved successfully and will now continue on a monthly cycle which replaces the End of Year process.

In July the Fund issued 2.5% of paid members with a paper pension advice slip. We continue to receive a low volume of requests for addition paper payslips, approximately 500 which has reduced by half from the previous reporting period, we continue to work with members towards using the web portal.

## 8 Communications & marketing activity

### 8.1 Communicating with members

AVC presentations were held during June and July and we continue to use Local Authority venues across the West Midlands, as feedback from the February and March events suggested that these venues were preferable to the hotels used for previous events. Attendance levels also increased with a higher percentage of members actually attending their selected event resulting in a lower cancellation rate.

The one hour AVC session focused on people who require further information about the benefits of being a member of the LGPS and the options to increase pension savings. The success of the events will be reviewed at the next monthly meeting with Prudential to determine the future content for events planned in September.

The Fund's web portal facility is demonstrated at each of the presentations, with 89% of the survey monkey respondents finding the demonstration helpful and informative.

The details of the events are as follows:

Date	Venue	11.30 am	1.30 pm	4.15 pm	6 pm	Total attendees
04.06.13	Oldbury	12	8	14	7	41
11.06.13	Wolverhampton	25	19	31		75
24.06.13	Dudley	17	16	15		48
25.06.13	Solihull	15	6	9	8	38
08.07.13	Wolverhampton			26		26
12.07.13	Birmingham	14	15	15		44

An extra presentation was held at Mander House, Wolverhampton due to high demand for the main event on 11 June. A total of 18 presentations were held, attracting 272 members.

### 8.2 Presentations

During the period Fund officers have continued to deliver presentations requested by employers, however, the emphasis is on retaining membership and educating scheme members on the proposed changes due to be implemented in 2014.

Examples of activity during the period are as follows:

7 June	Coventry City Council	Pre-retirement presentation
11 June	Birmingham City University	Planning for retirement presentation
26 June	Wolverhampton City Council	Redeployment workshop

3 July	West Midlands Fire Service	AVC presentation
8 July	Walsall College	Market place event
16 July	Walsall College	Surgery
22 July	Stourbridge College	AVC presentation

### 8.3 Benefit statements

Deferred benefit statements were dispatched successfully on the 18 June to 66,334 deferred pension members. Approximately 90,000 statements will be distributed to active scheme members during week commencing 2 September, including those with a pension sharing order. The Fund will contact approximately 10,000 active scheme members where we are unable to provide an annual benefit statement due to incomplete information e.g. personal/employer details are incorrect. The Fund is currently finalising the content of the Councillor Pensions annual benefit statements. Councillor statements will be distributed during week commencing 24 September.

### 8.4 Business support

During the period, the Fund issued 17,209 items of postal communication direct from Mander House, an average of 8,605 items per month. The number of items received and processed through the Business Support office during the period was 12,601 including 167 cheques and 376 certificates.

### 8.5 Employer mid-year review meeting

The mid-year review meeting for employers was held on Wednesday 17 July, 2013 at the Molineux Stadium, Wolverhampton attracting 33 attendees representing 25 of the fund's employers. Overall, the meeting was successful with the Fund receiving positive feedback from attendees who thought the interactive format of the event consisting of roundtable discussions was excellent. The content of these discussions focused on consultation questions on the Actuarial Valuation 2013, which were aligned to Funding Strategy objectives and previous employer feedback. Information from the event will be published in an edition of the employer brief.

### 8.6 Pensioner magazine replacement

Club Together, the replacement of the Fund's pensioner magazine, Superlink, were distributed to 73,670 pensioner member's week commencing 19 August. As part of the first distribution, pensioners will be given the option to opt-out of receiving the Club Together magazine and any marketing information connected to the group. Following the first distribution, pensioner members will receive Club Together annually in the month of April.

## 9.0 Financial implications

### 9.1 The report contains financial information which should be noted.

- 9.2 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.

## **10.0 Legal implications**

- 10.1 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.

## **11.0 Equalities implications**

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

## **12.0 Environmental implications**

- 12.1 The report contains no direct environmental implications.

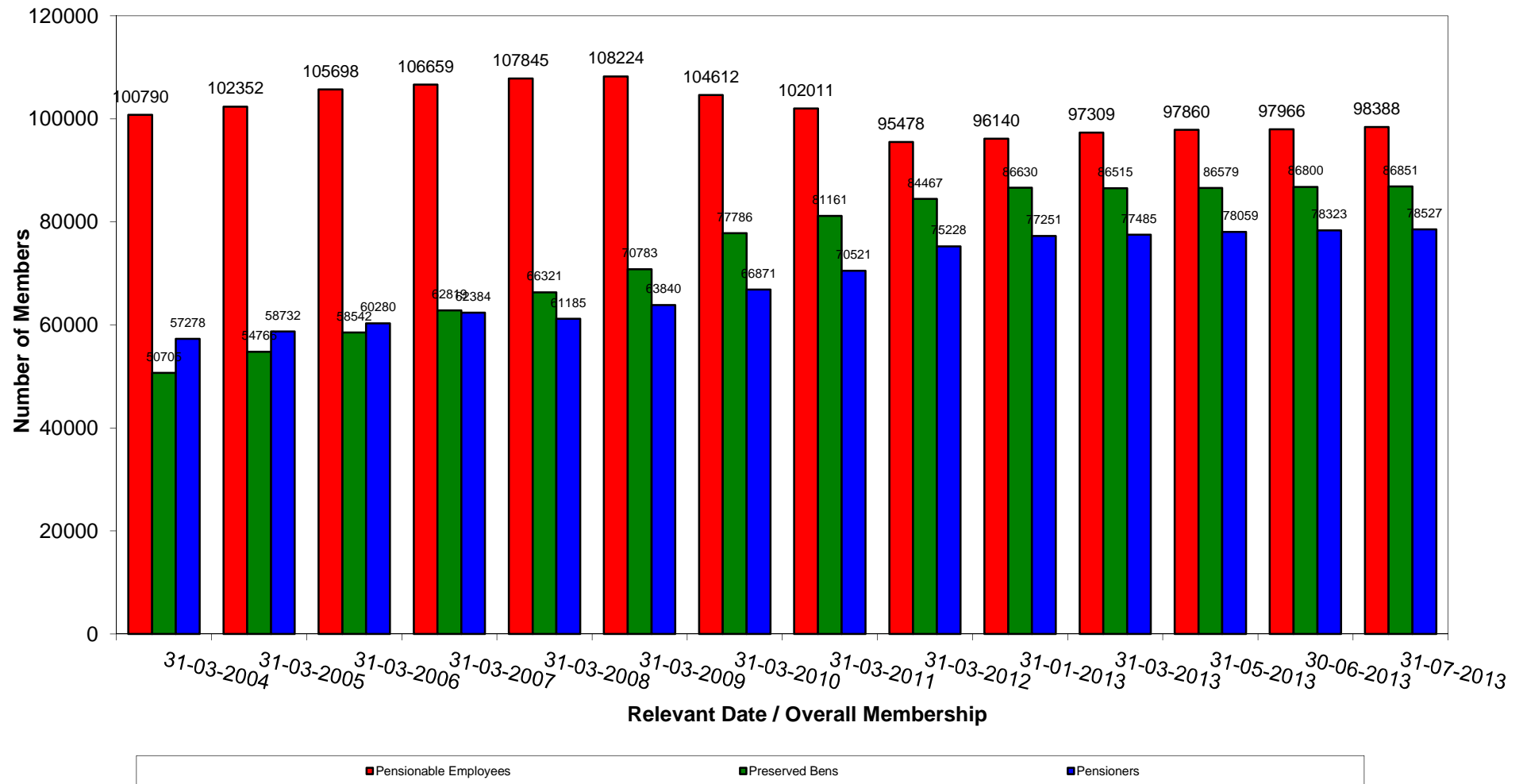
## **13.0 Human resources implications**

- 13.1 This report contains no direct human resources implications.

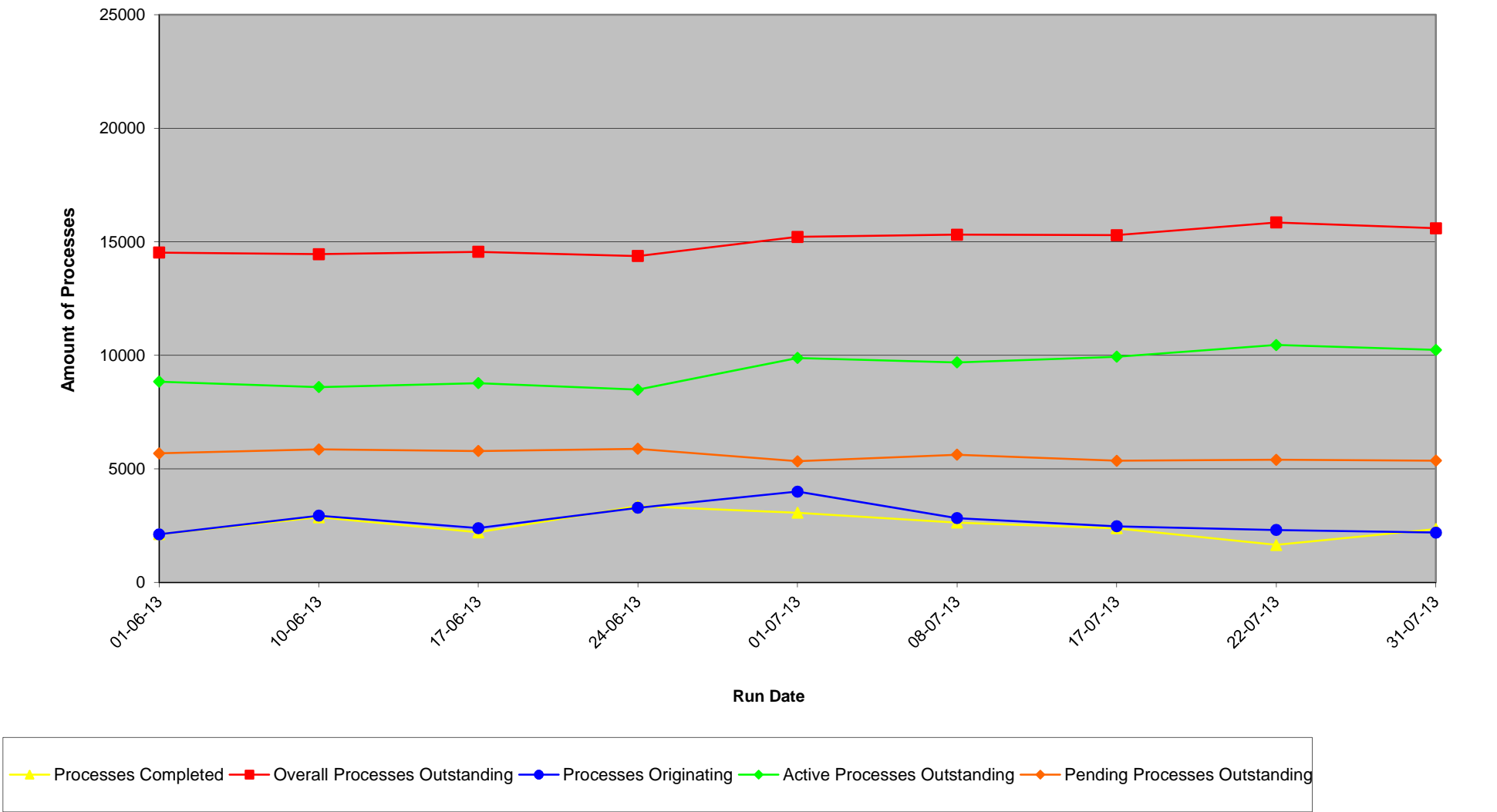
## **14.0 Schedule of background papers**

- 14.1 There are no preceding documents.



**Overall Membership**

Process Analysis



## Appendix C

2009/10	2010/11	2011/12	2012/13		April	May	June	July	YTD 2013/14

## Active & Deferred members

Process type									
Joiners and Rejoiners	11,437	8,763	6,403	11,138	792	840	1,128	1,083	3,843
Changes in circumstances eg change in hours	27,341	18,759	15,303	12,385	824	1,149	765	545	3,283
Deferments	6,915	5,939	7,818	5,741	411	409	426	235	1,481
Active Retirements (Employer retirements)	2,652	3,317	3,950	2,475	237	184	163	179	763
Deferred Retirements	4,106	3,332	2,970	2,971	221	277	195	248	941
Deaths of members	253	295	262	287	18	30	19	28	95

## Pensioner members

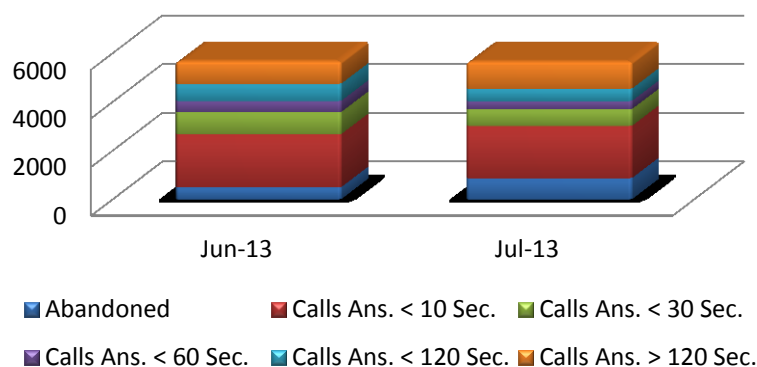
Process type										
Changes in circumstances:-										
Data eg Passwords, NI Numbers	7,407	1,310	1,804	1,865		183	310	143	177	813
Changes of Address	2,222	2,420	2,681	2,131		193	162	135	162	652
Changes of Bank	1,125	2,927	2,531	2,783		377	198	198	253	1,026
Deaths of pensioners	2,014	2,085	2,145	2,101		208	168	181	262	819

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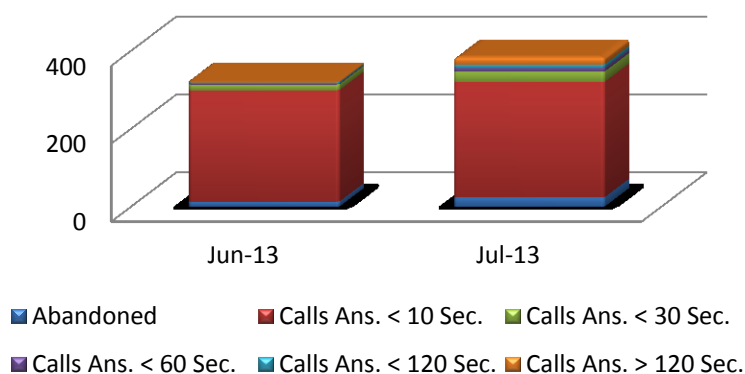
## Customer Service Telephone Statistics

1<sup>st</sup> June 2013 – 31<sup>st</sup> July 2013

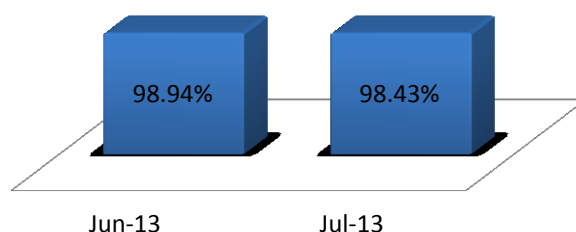
### Customer Line



### Employer Line



### Calls answered at first point of contact

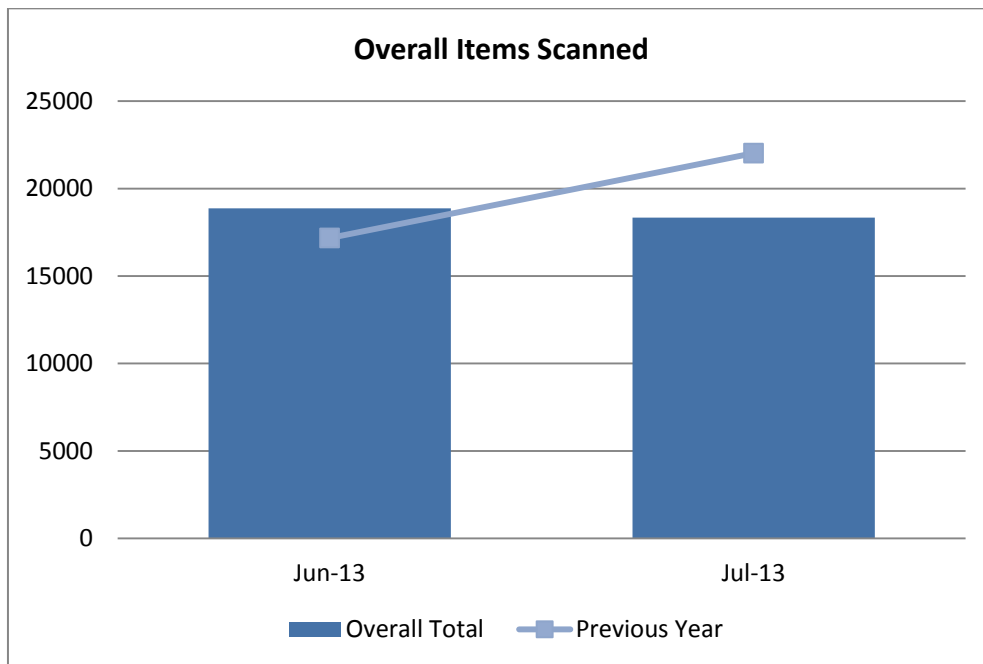


An account of the total calls from June 2013 – 31 July 2013

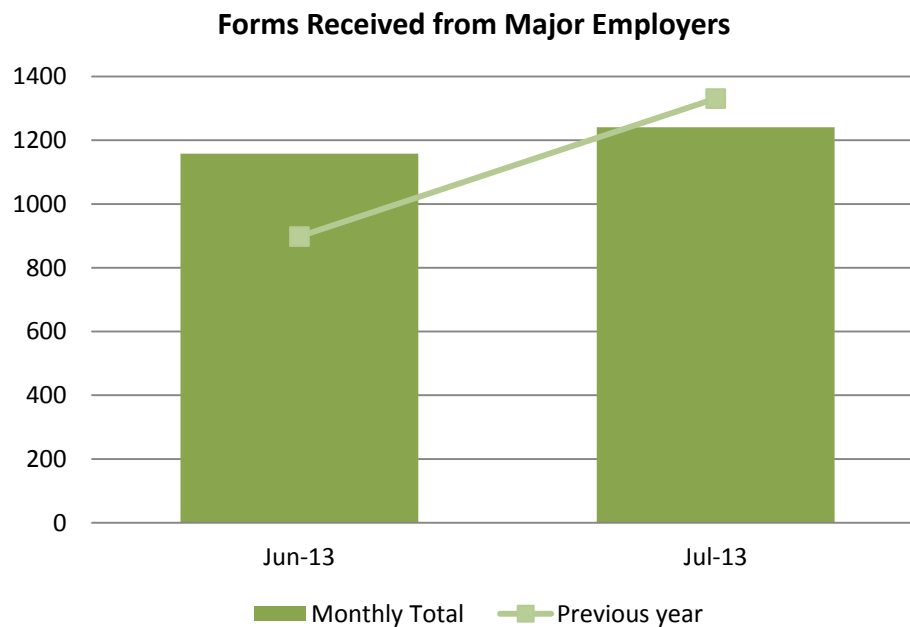
	Offered	Answered	% Ans
<b>Total Calls</b>	12040	10638	88.36
<b>Cus. Calls</b>	11335	9970	87.96
<b>Emp. Calls</b>	705	668	94.75

## Data Quality Statistics

1<sup>st</sup> June 2013 – 31<sup>st</sup> July 2013



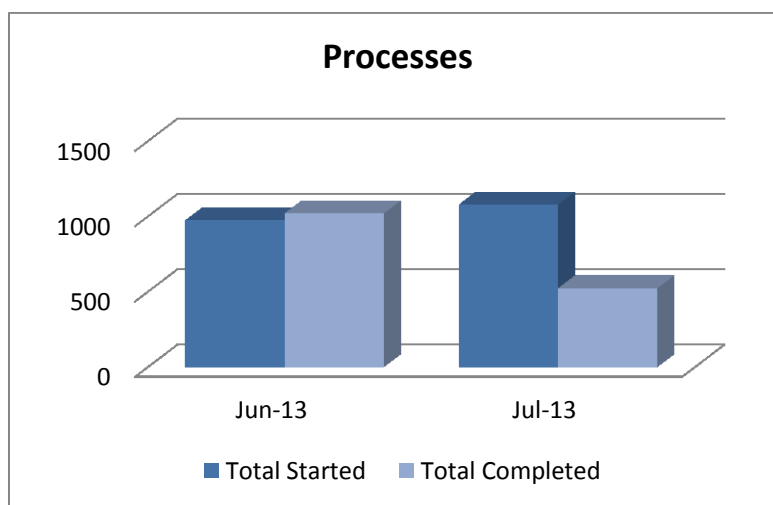
	Overall Total	Previous Year
Jun-13	18874	17171
Jul-13	18336	22026



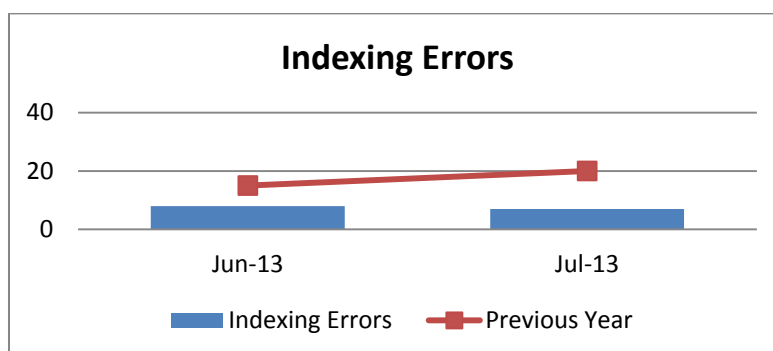
	Monthly Total	Previous year
Jun-13	1158	898
July-13	1241	1331

## Data Quality Statistics

1<sup>st</sup> June 2013 – 31<sup>st</sup> July 2013



	Jun-13	Jul-13
Total Started	975	1078
Total Completed	1021	524



	Indexing Errors	Previous Year
Jun-13	8	15
Jul-13	7	20

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	%
Jun-13	18874	8	0.042
Jul-13	18336	8	0.043