



Pensions Committee

26 March 2014

Report Title	Pension administration report from 1 October 2013 to 31 December 2013	
Originating service	Pension Services	
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Report to be/has been considered by		

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Note the report and approve the applications received for admission to the West Midlands Pension Fund in Section 7.

1.0 Purpose

- 1.1 To inform the Committee of the work undertaken by the Pensions Administration Services during the period 1 October 2013 – 31 December 2013.

2.0 Scheme Activity

2.1 Membership data

The number of scheme members in the Fund in all three categories stands at 267,332 with an overall increase since 30 September 2013 of 2,902. Of the active membership of 98,066 - 46% are full-time and 54% part-time, which is a reflection of the flexible working arrangements amongst employers. The long-term trend over an 11 year period in membership is set out in (Appendix A) which illustrates a move towards a more mature profile whereby active memberships are falling and pensioners and deferred membership increasing.

2.2 Workflow statistics

The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 October 2013 – 31 December 2013 (Appendix B).

During the period covered by this report 29,632 administrative processes were commenced and 30,657 completed. On 31 December 2013 there were 14,401 items of work outstanding. Of this 4,509 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, 9,892 processes are now either proceeding to the next stage of the process or through to final completion.

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).

2.3 Pension Liberation Fraud

Pension liberation is a transfer of a scheme member's pension savings to an arrangement which will allow them to access their fund before the age of 55. This can result in tax charges and penalties for both the member and the scheme administrator.

The Fund has made a number of changes to strengthen existing processes in order to identify and deter pension liberation and safeguard the pension benefits of our members. Staff have received additional training and members complete a detailed election form in order that we can be alerted to any potential liberation cases. The Fund also has an escalation procedure in place to ensure that all cases are fully investigated prior to the payment of transfer values.

2.4 Employer membership data

The Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 12 new organisations being admitted to the fund during the period 1 October 2013 – 31 December 2013. The current number of employers as at 31 December 2013 is 407. The level of ongoing work being processed at the end of the period is as follows:-

- 35 admission agreements
- 26 academies
- 19 employer terminations

2.5 Customer services

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). The Fund experienced a high volume of calls and e-mails in October due to the delivery of Annual Benefit Statements in September. We continue to aim to provide a high quality response rate at first point of contact for telephone calls and pension fund enquiry emails.

2.6 Overall items scanned has remained fairly consistent with the previous years. The average % indexing error rate is below 0.2%. The Fund is working towards increasing exchange of data via electronic means and progress has been made to move towards their objective. We continue to scan microfiches onto UPM to ensure that the microfiche information is available for work to be processed efficiently and accurately. (Appendix E)

3. IDRP (Internal Dispute Resolution Procedure) casework

3.1 So far in the 2013/2014 financial year fifteen cases have been received. Eleven cases have been dismissed and four cases are in progress.

The eleven cases dismissed related to the following pension issues:

- Eight cases dismissed related to the exercise of employer discretion on the early payment of deferred benefits from age 55.
- One case related to the award of deferred benefits on ill health grounds rather than immediate ill health grounds
- One case related to the level of benefits paid on redundancy grounds.
- One case related to the exercise of employer discretion on flexible retirement.

4. Death grant

4.1 In this financial year four cases have been referred to the Legal Department for consideration. Three case decisions have been made and the other case is ongoing.

5 Workload Statistics

- 5.1 Performance statistics are reducing on a month by month basis as part of the Operational Workload Reduction programme. Committee agreed to £40,000 for additional hours to reduce the amount of backlog processes. Project groups were established to target areas of work, including business improvement reviews and policy revisions to change working practices in some areas. This has resulted in a significant reduction in workload to date and it is expected to continue to decrease until the end of the financial year to enable the Fund to move forward with a manageable workload in the future.

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 have been approved/or awaiting approval by the Director of Pensions, the Chair and Vice Chair and Pensions Committee.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members)	Status
Aspen Services Ltd (Courthouse Green)	Coventry City Council	4 (4)	Approved
Caterlink (Birmingham Metropolitan College)	Birmingham Metropolitan College	3 (3)	Approved
DRB Contract Cleaning Ltd (Walsall)	Walsall Metropolitan Borough Council	3(3)	Approved

Committee is requested to approve these admissions:-

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members)	Status
Alliance in Partnership – Ryders Hayes Academy trust	Ryders Hayes Academy Trust	1(1)	Require approval
CUE Ltd	Coventry University	51(51)	Require approval
Kingswood Trust	Wolverhampton CC	6(6)	Require approval
Alliance in Partnership –Unity Catering	Coventry CC	51(20)	Require approval
APCOA Parking - Wolverhampton	Wolverhampton CC	1(1)	Require approval
Aspen Services – Courthouse Green	Coventry CC	4(4)	Require approval
Aspen Services – Stanton Bridge	Coventry CC	3(3)	Require approval
Catering Academy (Coventry)	Coventry CC	15(15)	Require approval
Churchill Contract Services Ltd (Birmingham)	Birmingham CC	3(3)	Require approval
Churchill Contract Services Ltd (Walsall)	Walsall MBC	4(4)	Require approval

7 Pensions in payment

7.1 The gross annual value of pensions in payment to December 2013 was £398.4m, of which £18.2m (£8.6m for pensions increase and £9.6m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

7.2 Monthly payroll details were:

Month	Number	Value £
October 2013	72,143	29,486,358.46
November 2013	72,436	29,685,786.83
December 2013	78,244	30,219,217.57

The December figures include pensioners paid on a quarterly basis.

8 Write off policy decisions

8.1 The write-off's and write-on's detailed below cover the period October 2013 to December 2013.

8.2 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.

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

Individual Value	Number	Total
Less than £50	2	26.95
£50 - £100	6	469.51
£100 - £500	13	2,665.17
Over £500	7	11,565.22
TOTAL	28	14,726.85

8.3 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.

8.3.1 Write on analysis

Individual Value	Number	Total
Less than £50	3	64.41
£50 - £100	0	0.00
£100 - £500	0	0.00
Over £500	0	0.00
TOTAL	3	64.41

9 Communications & marketing activity

9.1 Presentations

During the period Fund officers have continued to deliver presentations upon request from employers. The team will provide support on any subjects that are requested by an employer for their employees, however, the emphasis is on retaining membership and educating members on the possible changes due to be implemented in 2014.

Date	Venue	Presentation topic
4 October	Coventry CC	Pre-retirement
9 October	Birmingham CC	Web portal sign-up event
14 October	Walsall College	LGPS & You presentation
15 October	Wolverhampton CC	Drop-in surgery sessions
16 October	Sandwell MBC	Drop-in surgery
18 October	W.M Police	LGPS & AVC presentation
30 October	Wolverhampton College	Redundancy drop-in sessions
31 October	Dudley MBC	Drop-in surgery sessions
29 November	Holly Hall Academy	LGPS & You presentation
5 December	Coventry CC	Drop-in sessions

9.2 Web Portal

Work is continuing to increase awareness of the web portal facility for members and employers. There are currently 9,651 members registered to use the web-portal facility. As at 31 December 2013 there are 248 employer accounts representing approximately 73 individual organisations.

10.0 Financial implications

10.1 The report contains financial information which should be noted.

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.

11.0 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.

12.0 Equalities implications

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

13.0 Environmental implications

13.1 The report contains no direct environmental implications.

14.0 Human resources implications

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

15.0 Corporate landlord implications

15.1 The report contains no direct corporate landlord implications for the Authority.

16.0 Schedule of background papers

16.1 There are no preceding documents.