

CITY OF WOLVERHAMPTON COUNCIL	Pensions Board 30 April 2019
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Report Title	Pensions Administration Report from 1 December 2018 – 28 February 2019	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Board is asked to note:

1. 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).

1.0 Purpose

1.1 To inform the Board of the work undertaken by the pensions administration service during the period 1 December 2018 to the end of February 2019 for both the Main Fund and the WMITA Fund.

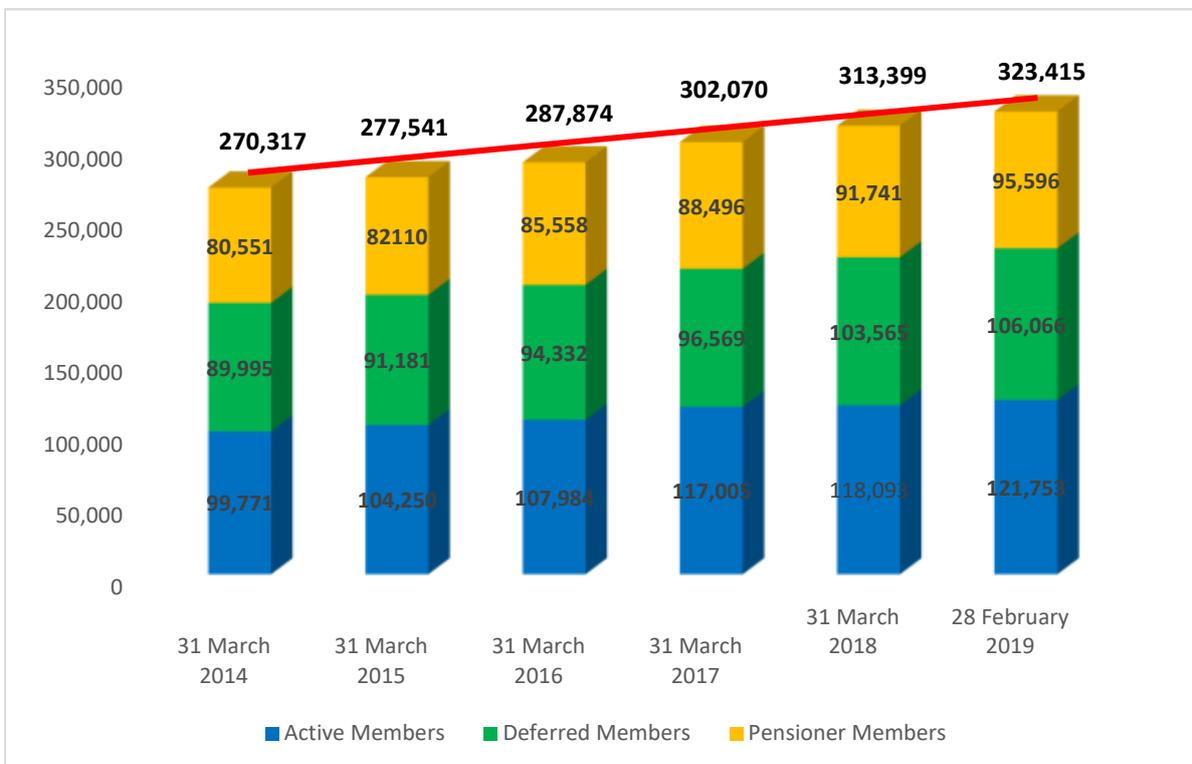
2.0 Background

2.1 The Fund provides a pension administration service to its stakeholders, which covers employer, customer and member services, benefit operations, payroll and systems/technical support. This report is designed to focus on the Pensions Administration service area and provide a summary of the work volumes and the performance of the Fund against key performance indicators.

3.0 Scheme Activity

Membership movement – Main Fund

3.1 The total number of scheme member records at the end of February 2019 stands at 323,415, with an overall increase since 30 November 2018 of 4,771 members. The graph below illustrates the trend over the last five years. As more members elect to draw retirement benefits, the Fund is moving towards a more mature profile. In general, however, all membership types (active, pensioners and deferred) continue to rise.



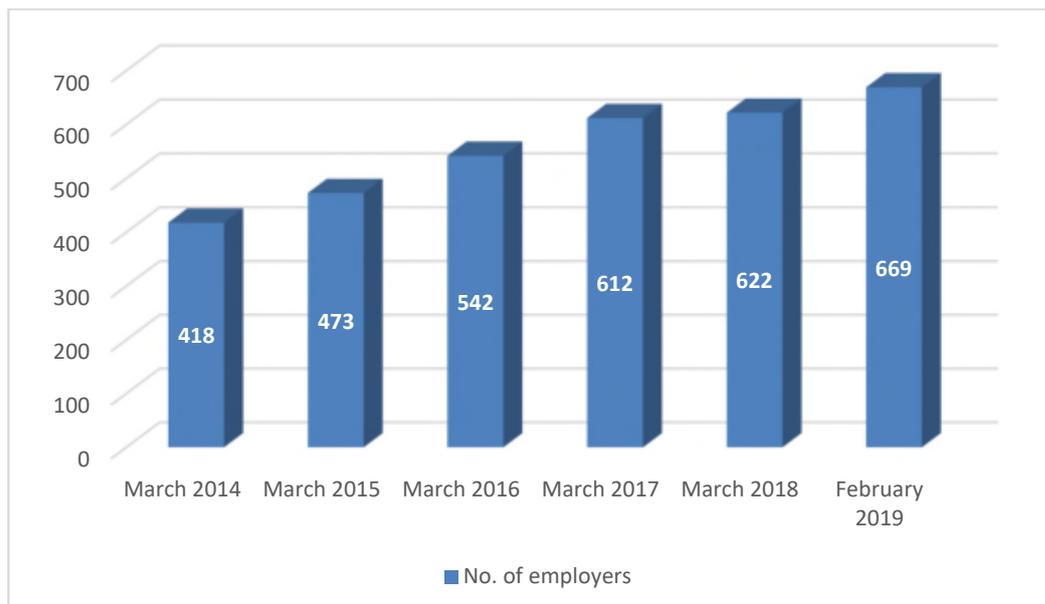
Membership movement – WMITA Fund

3.2 The number of scheme member records in the WMITA Fund in all three categories stood at 4,951 on 28 February 2019, 6% are active members, 13% are deferred and the largest group are pensioner members at 81% 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 November 2018 and 28 February 2019.

	Membership as at 30 November 2018			Net Movements during the period			Membership as at 28 February 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	324	0	324	-8	0	-8	316	0	316
Deferred Members	664	11	675	-15	0	-15	649	11	660
Pensioner Members	3853	115	3968	6	1	7	3859	116	3975
Total Members	4841	126	4967	-17	1	-16	4824	127	4951

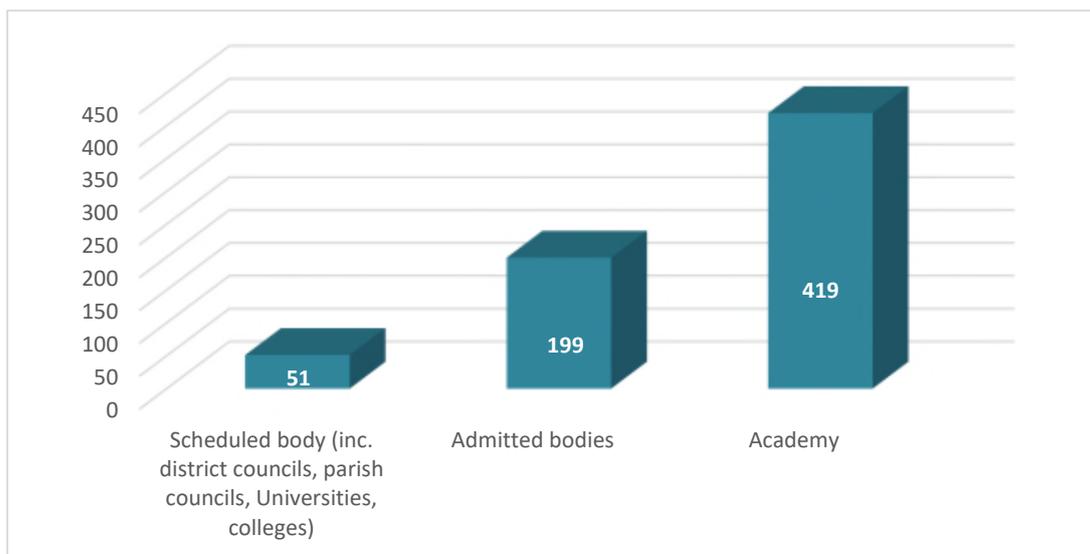
Employers

3.3 As well as the increase in the numbers of members within the Fund, the number of employers is also increasing and the current number of employers as at 28 February 2019 is 669, a net 7.5% increase from March 2018. The graph below shows the increase in employers between 2014 and 2019.



3.4 The graph overleaf shows the breakdown of the total number of employers as at 28 February 2019 by employer type.

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3.5 The level of on-going employer transition work being processed at the end of the period is as follows: -

- 95 admission agreements
- 29 academies
- 63 employer terminations

Workflow statistics

3.6 The administration casework is managed through the UPM Pension Administration System, which records all processing activity on a members record.

3.7 During the period covered by this report, 38,727 administrative processes were commenced and 35,795 completed. On 28 February 2019 there were 42,535 items of work outstanding. This represents an increase of 386 items outstanding compared to the last reporting period. Within the items of work outstanding 5,677 relate to casework where processing is pending information awaited from a third party e.g. scheme members, employers or transferring authorities. 36,858 processes are now either proceeding to the next stage of the process or through to final completion.

3.8 The number of active processes and the total number of processes outstanding continue to be high and this can be partly attributed to the Fund's increased focus on improving data quality and partly due to member demand. For the 2018/19 year to date, the Fund has seen an overall increase of 17% in the average number of processes started a week compared to the equivalent period for 2017/18. The Fund is also responding to this increase in workload and has also increased the number of processes it is completing. The areas of significant volume include early leavers (deferments and refunds) and transfers in and out of the scheme. This increase represents a combination of;

- Member led work, i.e. following disclosure mailings and change in regulations, which is expected to be a short term peak
- The targeting of certain processes to update member records, which is expected to support in the reduction of outstanding work in the longer term

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- The work with employers to target historical data quality issues, which is likely to continue for a period but will support the long term position for the Fund.
- 3.9 The Fund continues to review the volumes of incoming work and has put in place plans to address high volume areas. System development is being investigated as part of the Digital Transformation Programme, in a number of areas to provide longer term, cost-effective support for increasing volumes of benefit processing work. Key areas include automation of processing and bulk working and increased self service to enable deferred members to produce quotes via the member portal.
- 3.10 Following the Budget on 29 October, it was announced that the SCAPE discount rate (underpinning a number of scheme benefit calculations including internal and external (CETV) transfers) will change with effect from this date. The SCAPE discount rate has reduced from CPI +2.8% to CPI +2.4% and is used to determine the actuarial factors used across all public service pension schemes. The new factors were received in phases in December and February and during this period the Fund were unable to process transfers/interfunds and quotations for divorce purposes, and these cases are now being worked through with an expected completion of end of April.
- 3.11 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 A.

Key Performance Indicators (KPIs)

- 3.12 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 3.13 There are a number of KPIs which have been cumulatively achieved throughout the year to date, including the management of death cases, payment of retirements (active and deferred), payment of refunds and transfers.
- 3.14 The increase in volumes of work have impacted on the Fund's ability to meet three of our key performance indicators.
- Notification of refund – an overall averaging processing time across all cases of 17 days. Work has been undertaken to review the cases which have not met the targeted timescales of 10 days and measures put in place to improve performance going forward.
 - Notification of estimated retirement benefits – the performance relative to this indicator has continued to increase during the reporting period, with an overall averaging processing time across all cases of 16 days. A number of cases which missed the targeted timescales of 15 days due to the requirement to query information with employers. Further engagement is underway with employers to ensure delay to members is minimised, and a review of the key trigger points for the KPI to improve future reporting on Fund performance.

- Deferred Retirement Quotes - the amendment to the scheme regulations, allowing deferred members to access their benefits at the age of 55, resulted in the Fund initially receiving approximately 1100 requests for quotes. Fund staff worked additional hours to support in managing these cases. On average, the Fund continues to receive an additional 150 quote requests each month following this change, in addition to prior levels of business as usual work.

- 3.15 In addition to planned system development to increase capacity, a 'post retirement' survey has been developed to test member experience of the retirement process. . The pilot survey, first issued in February 2019, aims to identify any improvements we can make to ensure members receive everything they need at the first point of contact, reducing member queries and increasing self-service in this area. The survey will also monitor customer satisfaction with service levels on specific processes, with plans to roll out across other key member processes.
- 3.16 For more information on KPIs by process by month over 2018/19, please see Appendix B.

4.0 Pensions in payment

Pensions in payment – Main Fund

- 4.1 The gross annual value of pensions in payment for the Main Fund from December 2018 to end of February 2019 was £497.7m, £16.2m of which (£8.2m for pensions increase and £8.0m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

Pensions in payment – WMITA Fund

- 4.2 The gross annual value of pensions in payment for the WMITA Fund from December 2018 to end of February 2019 was £26.3m, of which no further recharges for added year's compensation will be made to employing authorities and other bodies as the member and beneficiary are deceased.

5.0 Financial implications

- 5.1 The report contains financial information which should be noted.
- 5.2 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.

6.0 Legal implications

- 6.1 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.

7.0 Equalities implications

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

8.0 Environmental implications

8.1 The report contains no direct environmental implications.

9.0 Human resources implications

9.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees.

10.0 Corporate landlord implications

10.1 The report contains no direct corporate landlord implications.

11.0 Schedule of background papers

11.1 None.

12.0 Schedule of appendices

12.1 Appendix A: Detailed process analysis

12.2 Appendix B: Key performance indicators (KPIs)