

Pensions Committee

19 June 2019

Report Title	Pensions Administration Report 1 January to 31 March 2019	
Originating service	Pension Services	
Accountable employee(s)	Amy Regler Tel Email	Head of Operations 01902 555976 amy.regler@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendation for decision:

The Committee is recommended to:

1. Approve the write-offs detailed in section 10.0 of this report.

Recommendations for noting:

The Committee is asked to note:

1. The applications approved by the Director of Pensions and the Chair or Vice-Chair of Pensions Committee for admission to the West Midlands Pension Fund.
2. 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), in particular the increasing work volumes.

1.0 Purpose

1.1 To inform Committee of the work undertaken by the pensions administration service during the period 1 January to 31 March 2019 for both the Main Fund and the WMITA Fund.

2.0 Background

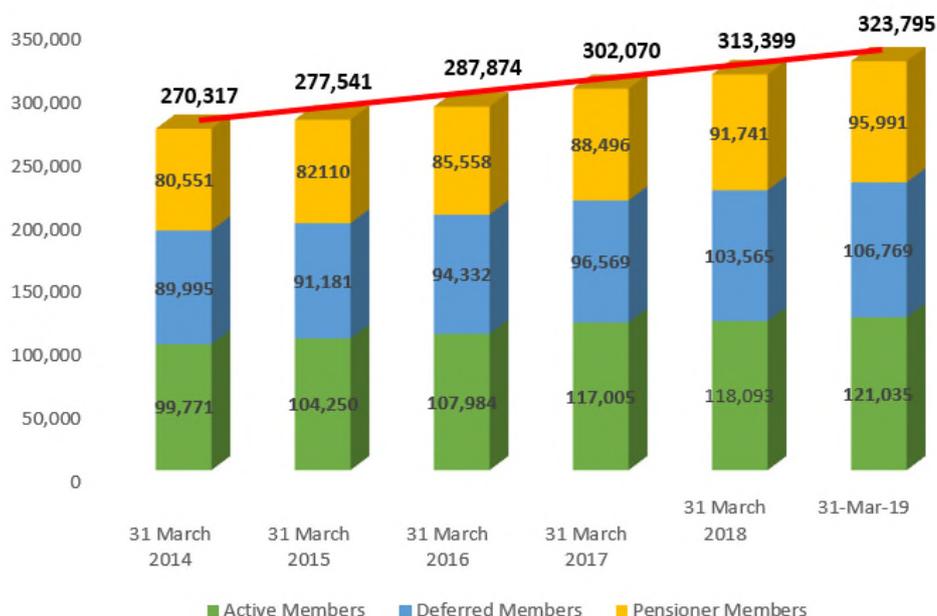
2.1 The Fund provides a pension administration service to its stakeholders, which covers employer, customer and member services, data management, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to cover the activity and performance of these functions during that period.

3.0 Scheme Activity

3.1 Membership movement – Main Fund

3.1.1 The total number of scheme member records in the Fund at 31 March 2019 stands at 323,795, with an overall increase since December 2018 of 5,294, totalling an increase of members for 2018/19 of 3%. Over the last five years there has been an average growth rate in membership of 4%, which is stable year on year. The long-term trend over a 12 year period in membership is set out in Appendix A, which illustrates a move towards a more mature profile whereby, in general, active, pensioners and deferred membership continues to rise.

	Membership as at 31 December 2018	Net Movements during the period	Membership as at 31 March 2019
	Total	Total	Total
Active Members	118,365	2,670	121,035
Deferred Members	105,222	1,547	106,769
Pensioner Members	94,914	1,077	95,991
Total Members	318,501	5,294	323,795



3.2 Membership movement – WMITA Fund

3.2.1 The number of scheme member records in the WMITA Fund in all three categories stood at 4,942 on 31 March 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 the current membership numbers showing movements between 31 December 2018 and 31 March 2019.

	Membership as at 31st December 2018			Net Movements during the period			Membership as at 31st March 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	321	0	321	-8	0	-8	313	0	313
Deferred Members	662	11	673	-19	0	-19	643	11	654
Pensioner Members	3850	117	3967	10	-2	8	3860	115	3975
Total Members	4833	128	4961	-17	-2	-19	4816	126	4942

3.3 Workflow statistics – Main Fund

3.3.1 The process analysis statistics (Appendix B) show details of overall workflow within the Pensions Administration Service during the period 1 January to 31 March 2019.

3.3.2 During the period covered by this report, 43,900 administrative processes were commenced, a 10% increase compared to the previous reporting period and 39,048 processes were completed, a 7% increase compared to the previous reporting period. Overall for 2018/19, the Fund has seen a 21% increase in the number of processes commenced, and a 13% increase in the number of processes completed compared to the previous year 2017/18.

3.3.3 On 31 March 2019 there were 43,194 items of work outstanding. This represents an increase of 1,682 items outstanding compared to 31 December 2018 (41,512). Of the 43,194 items of work outstanding, 5,663 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities. Within pensions administration, 37,531 processes are now either proceeding to the next stage of the process or through to final completion.

3.3.4 The number of active processes remains high. From 1 January to 31 March 2019, the Fund continues to see an increase in the processes commenced, a 10% increase compared to the previous reporting period. The total number of processes outstanding remains high and the key areas of significant volume include early leavers (deferments and refunds) and member movement within the Fund. This increase represents a combination of;

- The targeting of certain processes to update member records, which is expected to support in the reduction of outstanding work in the longer term
- 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.
- Introduction of new employer policies and or regulations for example, auto enrolment staging dates and changes to annual leave policies.

- 3.3.5 The Fund has been reviewing the volumes of incoming work and putting in place plans to address key 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.
- 3.3.6 A detailed analysis of the key processes completed 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.

3.4 Workflow statistics – WMITA Fund

- 3.4.1 During the period covered by this report 459 administrative processes were commenced and 449 completed. On 31 March 2019 there were 155 items of work to be processed.

3.5 Key Performance Indicators (KPIs)

- 3.5.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 3.5.2 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.
- 3.5.3 The increase in volumes of work have impacted on the Fund's ability to meet three of our key performance indicators.
- Notification of estimated retirement benefits – the performance relative to this indicator has overall continued to increase during the reporting period. Further analysis of the cases which missed the targeted timescales of 15 days were due to the requirement to query information with employers. Further engagement is underway with employers to ensure that any delay to members is minimised, and a review of the key trigger points for the KPI to improve future reporting on Fund performance, which will be reflected in the next quarterly report.
 - 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. These cases have now all been processed and the KPI is now being achieved from April 2019. Since this change in regulation the Fund now receives on average, an additional 150 requests each month.
- 3.5.4 Further information on KPIs by process by month over 2018/19 is included in Appendix D.

3.6 Customer services

- 3.6.1 An overview of our front-line customer contact activity is shown in Appendix E. This outlines the variety and volume of support provided by the Fund to address members' pension queries. An indication of the statistics for the previous year are included within the charts as a comparative measure.

- 3.6.2 Customer contact has stabilised during the first quarter of 2019, with work continuing to improve the member information contained within the Fund's website to increase the ability of members to self-serve. In readiness for the issue of our end of year pension payslips/P60's, the Pensioner web pages were reviewed with the latest information and support based on last year's frequently asked questions. To make this information as visible as possible, we created a google post advertising this information along with a feature on our home page for one-click access. As a result, there has been a noticeable reduction in the number of enquiries in relation to end of year information compared to previous years.
- 3.6.3 All pension fund enquiries received are acknowledged or responded to by the Customer Services Team. The general enquiry emails which aren't resolved immediately are referred to the relevant specialist area and/or are added to an existing benefit operation/payroll process as they require action or more detailed investigation. These again, are monitored and reviewed by the relevant teams. As a result of promoting the use of secure messaging (rather than email) on our contact us pages, we are continuing to see a reduction in emails and an increase in secure messages. Secure Messaging is a secure and more efficient way for customers to ask us questions about their individual circumstances and therefore work will continue to promote this type of contact.
- 3.6.4 The Fund is continuing to explore ways in which efficiencies can be identified to manage and improve service and the customer experience. A 'post retirement' survey was piloted during the first quarter of 2019 which gave us valuable insight into the retirement journey. As a result, we will be rolling out this survey on a monthly basis to gather a continual feedback stream and to collate a representative amount of data to base business improvements on. We are also looking to extend pilot surveys to other processes, with a pilot 'post deferred retirement' survey scheduled in the next quarter.
- 3.6.5 The most popular queries to our contact centre remain as follows:
- Customers following up on an existing Fund process
 - Enquires about accessing pension benefits
 - Requests for Pensions Portal support
 - Requests for support with a Fund Letter/Form
 - Members updating their personal details

4.0 Complaints

- 4.1 The Fund has a complaints monitoring framework, which enables regular monitoring and reporting of the volumes and key trends for the key performance indicator.
- 4.2 The most frequent complaint area in this period relates to delays/processing timescales. Over the quarter, we were instructed to freeze outgoing transfers as the Government Actuary Department were updating the scheme's 'discount rate', one of the factors used to calculate a transfer which impacted this area. The second most frequent complaint area relates to member's disagreeing with the principles of the regulations (e.g. a member wants their pension out as cash but the regulations don't allow this). Work continues to review the member pages of the website to assist with member pension education. Our Member Services Team already provide a wide range of face-to-face pension education events such as presentations, roadshows and drop in sessions.

4.3 Complaints that highlight an improvement area are being investigated and monitored to help shape future services and improve overall customer satisfaction going forward. For example, in this quarter, we have been able to create a new 'bereavement' page to help support our member's personal representatives. We have also added a link to this page in our initial acknowledgement letter, so that they have access to further information on the process from the outset. This mirrors the process undertaken for general customer feedback as per our Customer Engagement Strategy.

5.0 IDRP (Internal Dispute Resolution Procedure) casework

- 5.1 In the 2018/2019 financial year there has been five cases referred to Stage one of the procedure against the Fund. No appeals have been upheld on independent review.
- 5.2 One case has progressed to stage two of the procedure, and this has been dismissed. For the 2019/20 financial year, one case has progressed to stage two of the procedure against the Fund, and this is on-going.
- 5.3 Eight appeals against employer decisions have been received for Stage two investigation, six cases have been dismissed and two cases are on-going.
- 5.4 The case dismissed at stage two against the employer related to terms of leaving employment and being unable to transfer out benefits.
- 5.5 The Fund has noticed a reduction in the number of appeals against employers for early payment of deferred benefits since the Regulations have changed and deferred members are able to take their benefits early from age 55 without employer consent.

6.0 Death grant

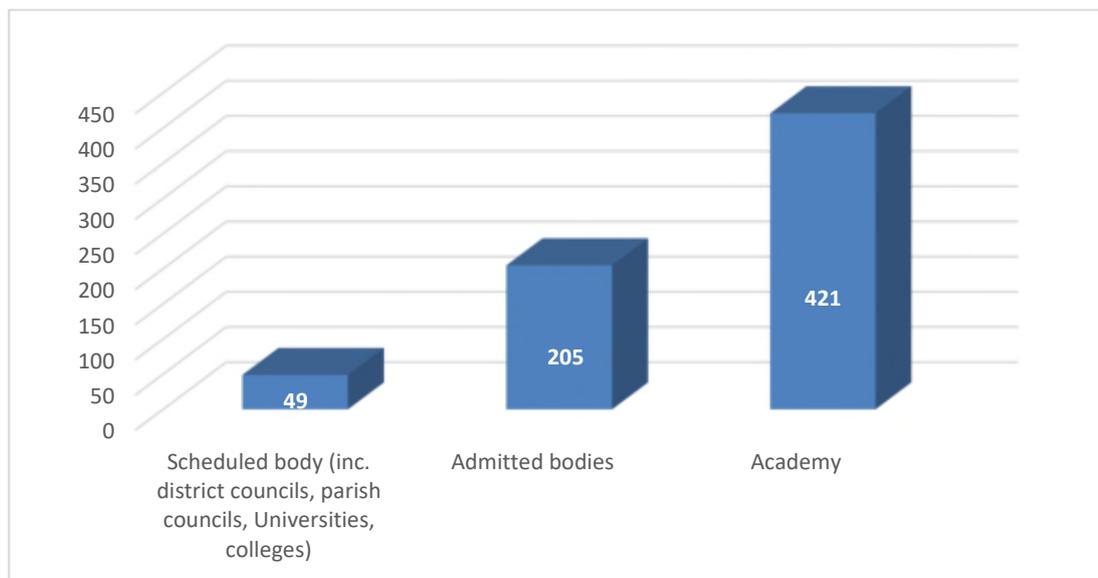
- 6.1 In this financial year no new cases have been referred to the Legal Department for consideration. These are being reviewed on a case by case basis in line with the agreed policy and case matrix.

7.0 Employer membership

- 7.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 14 employers over the previous quarter, due mainly to the establishment of academies and outsourced local government contracts, with 3 new organisations being admitted during the period 1 January 2019 to 31 March 2019 (and a number of backdated agreements becoming finalised). The number of employers registered with the Fund as at 31 March 2019 is 675, a 55% increase since March 2014 as shown in the graph below.



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



8.0 Application for admission body status

8.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Main Fund following Pensions Committee approving the applications. Sometimes a decision is required which is not compatible with the cycle of Pensions Committee meetings. In these circumstances, Pensions Committee has delegated responsibility for approving such applications to the Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

8.2 There have been 12 approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund which have been approved by the Director of Pensions and either the Chair or the Vice Chair of Pensions Committee. Please see Appendix F for details.

9.0 Pensions in payment

9.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to March 2019 was £497.6m, £16.3m of which (£8.1m for pensions increase and £8.2m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

9.2 Monthly payroll details for the Main Fund were:

Month	Number	Value £
January 2019	79,387	35,247,355
February 2019	79,648	35,335,650
March 2019	95,431	36,465,943

The March figure includes pensioners paid on a quarterly basis.

9.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to March 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.

9.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
January 2019	3,901	1,937,355
February 2019	3,910	1,937,422
March 2019	3,966	1,932,484

The March figure includes pensioners paid on a quarterly basis.

10.0 Write-off policy decisions

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.

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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.

10.1 Write-off analysis

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

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	0	0	0	0.00
£100 - £500	10	2,109	0	0.00
Over £500	2	3,297	0	0.00
TOTAL	12	5,406	0	0.00

10.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	3	93	0	0.00
£100 - £500	1	103	0	0.00
Over £500	0	0	0	0.00
TOTAL	4	196	0	0.00

11.0 My Pensions Portal and Employer Web

11.1 Work is continuing to increase awareness of the My Pensions portal facility for members and Employer Web for employers. There are, as at 31 March 2019, over 78,570 members registered to use the web-portal. Between the period 1 January to 31 March 2019, 4,720 members initiated web registrations (722 of which have not activated their accounts). A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

Registered

WMITA - 952

WMPF – 77,618

Since the relaunch of My Pensions Portal in 2017 there has been a marked increase in member registrations.

12.0 Transfer Out Cases

12.1 During the period 1 January to 31 March 2019, 206 transfer values were issued to members considering transferring their benefits out of the scheme.

12.2 In total, 57 transfer payments were made during the period 1 January 2019 to 31 March 2019 resulting in a total amount transferred of £2,382,972 (previous 1 January to 31 March 2018 a total of £6,320,543 was transferred out). This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	39
£30,001 to £100,000	11
£100,001 to £200,000	5
£200,001 to £300,000	1
£300,001 to £400,000	0
£400,001 to £500,000	1
Above £500,001	0
Total	57

13.0 Financial implications

13.1 The report contains financial information which should be noted.

13.2 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.

14.0 Legal implications

14.1 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.

15.0 Equalities implications

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

16.0 Environmental implications

16.1 The report contains no direct environmental implications.

17.0 Human resources implications

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

18.0 Corporate landlord implications

18.1 The report contains no direct corporate landlord implications.

19.0 Schedule of background papers

19.1 None.

20.0 Schedule of appendices

20.1 Appendix A: Overall membership numbers

20.2 Appendix B: Process analysis

20.3 Appendix C: Detailed process analysis

20.4 Appendix D: Key performance indicators (KPIs)

20.5 Appendix E: Customer service statistics

20.6 Appendix F: Admitted Body Applications