



Pensions Committee

24 June 2015

Report Title	Pensions administration report from 1 January to 31 March 2015	
Originating service	Pension Services	
Accountable employee(s)	Simon Taylor Tel Email	Head of Pensions Administration 01902 554276 Simon.taylor2@wolverhampton.gov.uk
Report to be/has been considered by	Geik Drever Tel Email	Strategic Director of Pensions 01902 552020 Geik.drever@wolverhampton.gov.uk

Recommendations for noting:

The Committee is asked to note:

1. The applications approved by the Strategic Director of Pensions, the Chair and 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).

1. Purpose

- 1.1 To inform Committee of the work undertaken by the Pensions Administration Services during the period 1 January 2015 – 31 March 2015 for both the West Midlands Pension Fund (the Main Fund) and the West Midlands Integrated Transport Association Pension Fund (the WMITA Fund).

2. Background

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

3. Scheme Activity

3.1 Membership movement – Main Fund

The number of scheme members in the Main Fund in all three categories stood at 277,558 on 31 March 2015 with an overall increase since 31 December 2014 of 2,005. Of the active membership of 104,250, 51% are full-time and 49% part-time, which is a reflection of the flexible working arrangements amongst employers. 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 memberships are falling and pensioners and deferred membership increasing. Over the course of the last six months, however, active numbers have increased and, in December 2014 in particular, pensioner and deferred membership numbers have decreased. The increase in active members is partially due to the receipt of bulk joiner files from employers on a lagged basis and therefore does not necessarily reflect the actual date these members joined the Scheme.

3.2 Membership movement – WMITA Fund

The number of scheme members in the WMITA Fund in all three categories stood at 5,180 on 31 March 2015, 10% are active members, 17% are deferred and the largest group are pensioner members at 73% of the total membership. Detailed below is the current information showing movements between 31 December 2014 and 31 March 2015.

	Membership as at 31 st December 2014			Movements during the period			Membership as at 31 st March 2015		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	530	0	530	-12	0	-12	518	0	518
Deferred Members	891	22	913	-26	0	-26	865	22	887
Pensioner Members	3,630	117	3,747	29	-1	28	3,659	116	3,775
Total Members	5,051	139	5,190	-9	-1	-10	5,042	138	5,180

3.3 **Workflow statistics – Main Fund**

The process analysis statistics for the Main Fund (Appendix B) show details of overall workflow within the Pensions Administration Service during the period 1 January 2015 – 31 March 2015

During the period covered by this report 35,889 administrative processes were commenced and 31,810 completed. On 31 March 2015 there were 11,616 items of work outstanding. Of this 2,389 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, 8,976 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).

Performance statistics have been influenced by the delay in the 2014 Pension Regulations and the ability to process post April 2014 work. To help support efficient working the Operations Team has begun processing new joiners by a bulk data import process. All employers went live using this service from 1 September 2014 which will release further capacity for other work processing.

3.4 **Workflow statistics – WMITA Fund**

During the period covered by this report 487 administrative processes were commenced and 448 completed. On 31 March 2015 there were 146 items of work outstanding.

3.5 **Employer membership data**

The Main Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 22 new organisations being admitted to the Main Fund during the period 1 January 2015 – 31 March 2015. The current number of employers as at 31 March 2015 is 473. The level of ongoing work being processed at the end of the period is as follows:-

- 50 admission agreements
- 56 academies
- 14 employer terminations

3.6 **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). We continue to aim to provide a high quality response rate at first point of contact for telephone calls and pension fund enquiry emails.

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Customer Service telephone call enquiries and emails have peaked during March due to pensioner payday queries about this year's pensions increase. This is expected to continue for April and May following the issue of P60 details. Messages have been added to the helpline number call queuing system to provide information to pensioners who may not need to speak directly to the team. This has resulted in more telephone calls than usual being "abandoned", however, this is a positive impact and not due to extensive call queuing times.

Overall items scanned are slightly lower than in the previous year. This reflects the move to processing some work via bulk BDI import and via the web portal. The average % indexing error rate is below 0.2%, which remains a good level of quality control. 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)

4. IDR (Internal Dispute Resolution Procedure) casework

4.1 In the 2014/2015 financial year ten cases were received for Stage 2 investigation for the Main Fund. Two cases are still being investigated and eight cases have been dismissed.

The eight cases dismissed related to the following pension issues:

- Six cases dismissed related to the exercise of employer discretion on the early payment of deferred benefits from age 55.
- Two cases related to the Tier of Ill Health benefits awarded.

So far in the 2014/2015 financial year no cases have been received where a WMITA member is raising an internal dispute resolution procedure.

5. Death grant

5.1 In this financial year seven cases in respect of the Main Fund have been referred to the Legal Department for consideration. Two cases are on-going and the other five cases have successfully been resolved.

No cases have been referred to the Legal Department in relation to the WMITA Fund in this financial year.

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 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 Strategic 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 by the Strategic Director of Pensions, the Chair and Vice Chair of Pensions Committee.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members) Agreement type	Status
ABM Catering Ltd (St Andrews CofE Infant School)	Coventry City Council	2(2) Closed	Approved
Churchill Contract Services Ltd	Walsall College	30(30) Open	Approved

7. Pensions in payment

7.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to March 2015 was £421.4m, of which £17.8m (£8.6m for pensions increase and £9.2m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

7.2 Monthly payroll details for the Main Fund were:

Month	Number	Value £
January 2015	73,592	30,760,201.82
February 2015	73,819	30,901,147.14
March 2015	85,597	31,958,270.22

The March figures include pensioners paid on a quarterly and annual basis.

7.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to March 2015 was £30.1m, of which £8,900 for added year's compensation was recovered from employing authorities and other bodies as the expenditure was incurred.

7.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
January 2015	3,686	1,769,091.60
February 2015	3,694	1,769,011.59
March 2015	3,764	1,794,260.96

The March figures include pensioners paid on a quarterly and annual basis

8. Communications & marketing activity

8.1 Presentations

During the period Fund officers have continued to deliver presentations upon request from employers. The team will provide support on any pension subjects that are requested by an employer for their employees, however, the emphasis during this reporting period has been encouraging members to sign up to Web Portal in order to view their details, run pension calculations and view their annual benefits statement, as well as supporting our members who are at risk of redundancy. A total of 39 presentations were delivered to 631 attendees.

The presentations were held at 39 different employers, including the district councils, universities, schools/academies and other admitted bodies.

Further support has also been provided to members either through drop in sessions or scheduled one to one support sessions. In total, support was offered to 681 members on a one to one basis.

8.2 Roadshows

In view of the time of year, the Roadshow Bus has not been out as its focus is on summer events.

8.3 Web Portal

Work is continuing to increase awareness of the web portal facility for members and employers. There are currently over 21,000 members registered to use the web-portal facility with over 12,000 of those having been authenticated. A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

Registered and authenticated

WMITA - 340

WMPF – 12,092

- 8.3.1 The web portal service is actively promoted via communications sent to members and employers alike. It is also promoted through scheduled events such as the Employer AGM, member presentations and various meetings to include focus groups such as the employer peer group. The service is highlighted on the Fund's website, particularly the provision of electronic annual benefit statements through this medium from 2015.

9. Financial implications

- 9.1 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.

10. 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. 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. Environmental implications

12.1 The report contains no direct environmental implications.

13. Human resources implications

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

14. Corporate landlord implications

14.1 The report contains no direct corporate landlord implications.

15. Schedule of background papers

15.1 None.

16. Schedule of appendices

16.1 Appendix A: Overall membership numbers

16.2 Appendix B: Process analysis

16.3 Appendix C: Detailed process analysis

16.4 Appendix D: Customer service statistics

16.5 Appendix E: Data quality statistics