

# Pensions Committee

25 September 2019

<b>Report Title</b>	Pensions Administration Report from 1 April to 30 June 2019	
<b>Originating service</b>	Pension Services	
<b>Accountable employee(s)</b>	Amy Regler Tel Email	Head of Operations 01902 555976 <a href="mailto:amy.regler@wolverhampton.gov.uk">amy.regler@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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## Recommendations for decision:

The Committee is recommended to:

1. Approve the write-offs detailed in section 10 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 improved performance against target service levels and additional work being undertaken to update member records following responses received through the employer "health check".

## 1.0 Purpose

- 1.1 To inform Committee of the routine operational work undertaken by the pensions administration service areas during the period 1 April to 30 June 2019 for both the Main Fund and the WMITA Fund.

## 2.0 Background

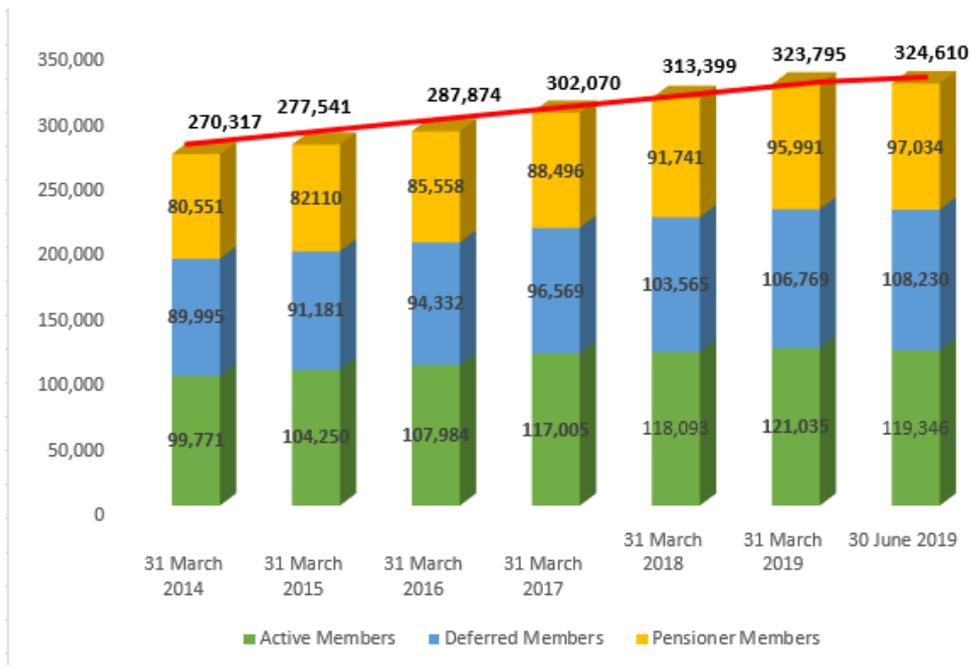
- 2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to cover the activity and performance of these functions during that period. Data management is covered in a separate report.

## 3.0 Scheme Activity

### 3.1 Membership movement – Main Fund

- 3.1.1 The total number of scheme member records in the Fund at 30 June 2019 stands at 324,610, with an overall increase since March 2019 of 815. This reporting period sees a drop in active members by 1.3%, this is attributable to an increase in number of joiners processed in the previous quarter and the continued increase in processing of early leavers (deferred and non member status) which shows a 36% increase compared to Quarter 4 2018/19. 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, pensioners and deferred memberships continue to rise.

	Membership as at 31 March 2019	Net Movements during the period	Membership as at 30 June 2019
	Total	Total	Total
Active Members	121,035	-1,689	119,346
Deferred Members	106,769	1,461	108,230
Pensioner Members	95,991	1,043	97,034
<b>Total Members</b>	<b>323,795</b>	<b>815</b>	<b>324,610</b>



### 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 4,937 on 30 June 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 March 2019 and 30 June 2019.

	Membership as at 31st March 2019			Net Movements during the period			Membership as at 30th June 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	313	0	313	-14	0	-14	299	0	299
Deferred Members	643	11	654	-18	-1	-19	625	10	635
Pensioner Members	3860	115	3975	23	5	28	3883	120	4003
<b>Total Members</b>	<b>4816</b>	<b>126</b>	<b>4942</b>	<b>-9</b>	<b>4</b>	<b>-5</b>	<b>4807</b>	<b>130</b>	<b>4937</b>

### 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 April to 30 June 2019. The number of processes started and completed continues to increase.

3.3.2 During the period covered by this report, 43,928 administrative processes were commenced, a small increase compared to the previous reporting period and 38,961 processes were completed, a slight decrease compared to the previous reporting period.

- 3.3.3 On 30 June 2019 there were 44,163 items of work outstanding. This represents an increase of 969 items outstanding compared to 31 March 2019 (43,194). Of the 44,163 items of work outstanding, 5,951 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 38,212 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.3.4 The total number of processes outstanding remains high and this increase represents an increase of employer web processes initiated following the issue of 'health checks' on member data to each employer. As part of the Valuation process, all employers have been issued data sets showing the current position for their employees, which has instigated a rise in member change, query and early leaver notification processes started.
- 3.3.5 The Fund continues to review the volumes of incoming work and is putting in place plans to address key high volume areas. System development is being considered 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 589 administrative processes were commenced and 585 completed. On 30 June 2019 there were 159 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. With all but two (detailed below) cumulatively achieving the target service level.
- Notification of estimated retirement benefits – the performance relative to this indicator has continued to increase overall during the reporting period, meeting the target timescale in June. On average the cases processed within this reporting period were completed within 15.5 days, against the target of 15 days.
  - Acknowledgement of a Death – the cumulative performance for the period is 88%, and on average across the reporting period the cases were processed in 4 days, against the target of 5.
- 3.5.2 Further information on KPIs by process by month over the reporting period 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 There has been a noticeable increase in calls compared to the same period in 2018 (with higher volumes each month for the last year). Pensions have become increasingly topical, and this together with our communications plan, targeting increased member coverage and engagement are key drivers for this trend. This increase in volume of calls has impacted the performance against the KPI of answering calls received to the customer helpline, achieving 80% against the service target level of 85%.
- 3.6.3 The most popular queries with our contact centre are:
- Customers following up on an existing Fund process
  - Enquires about accessing pension benefits
  - Requests for online Pensions Portal support
  - Members updating their personal details
  - Request for support with a Fund Letter/Form
- 3.6.4 The Fund continues to explore ways in which efficiencies can be identified to manage the customer contact received. Improvements have been made to our website, helping members to self-serve and these together with ongoing development of our digital services are providing more interfaces for interaction with members.
- 3.6.5 The number of 'post event' customer satisfaction surveys are expanding, with surveys being piloted to joiners, deferred retirements and to members who have transferred in or out of the scheme. Highlighted results will continue to feed into ideas for service improvement and opportunities for processing efficiencies.
- 3.6.6 An e-newsletter mailing was issued to our pensioner members during this quarter ([www.wmpfonline.com/pensionnewsletter](http://www.wmpfonline.com/pensionnewsletter)). In addition, a notification email was sent to our deferred members advising them that their benefit statement was available online. Both the e-newsletter and the deferred notification email highlighted awareness on a number of topical issues and included a promotion for the Fund's Pensions Portal. This generated an increase in customer contact, predominately for retirement requests and Pensions Portal support.

### 4.0 Complaints

- 4.1 The Fund has a complaints monitoring framework, which enables regular monitoring and reporting of the volumes and key trends in this area. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. This mirrors the process undertaken for general customer feedback as per our Customer Engagement Update.

4.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 54 complaints received for the quarter (less than 1%). During the reporting period 63% of the complaints were upheld.

4.3 Two areas of the most commonly raised issues during the period related to information provided to members on processing timescales and auto-enrolment. In addition to providing training to individuals and teams where required, we have:

- Identified improvements which can be made to our website to provide information to members who join the Scheme through auto-enrolment
- Made improvements to our transfer quote letter
- Implemented a form on the website where members can upload their documents/certificates/forms
- Reviewed our third-party letter of authority procedures

## **5.0 IDRP (Internal Dispute Resolution Procedure) casework**

5.1 Year to date for 2019/2020, one case has been referred to Stage one of the procedure against the Fund and no appeals have been upheld on independent review.

5.2 One case progressed to Stage two of the procedure against the Fund, and this has been dismissed after independent review.

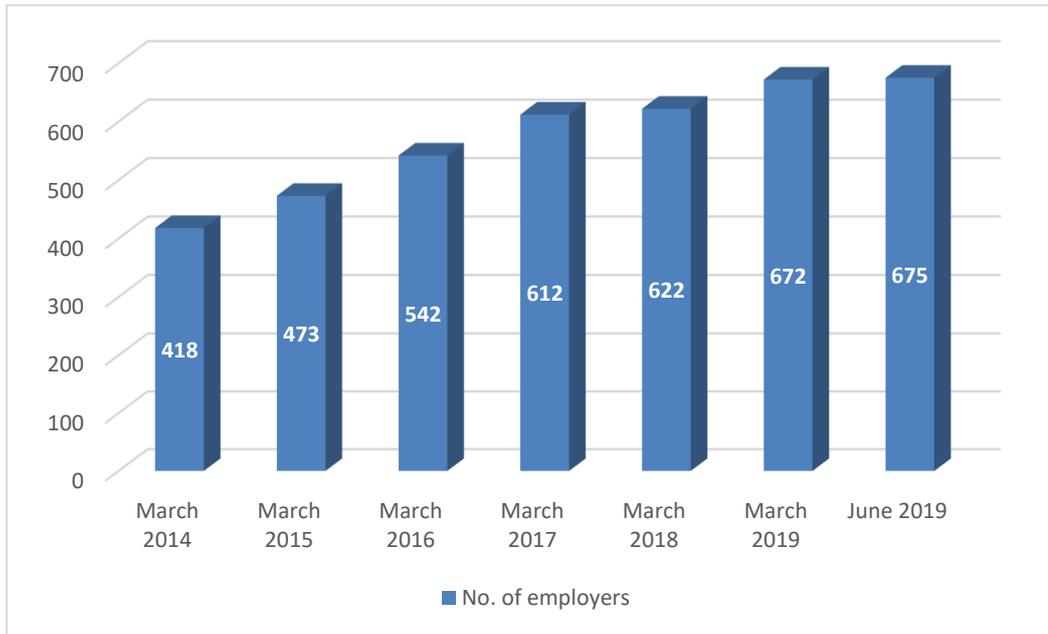
5.3 Two appeals against employer decisions have been received for Stage two investigation, one case has been upheld and the other is on-going. The case up-held was in relation to a member wishing to receive a cash equivalent transfer value (CETV) from the Fund. Following review and due to the individual circumstances of the active membership, the member appeal was upheld and details of the cash equivalent transfer value have been provided.

## **6.0 Death grant**

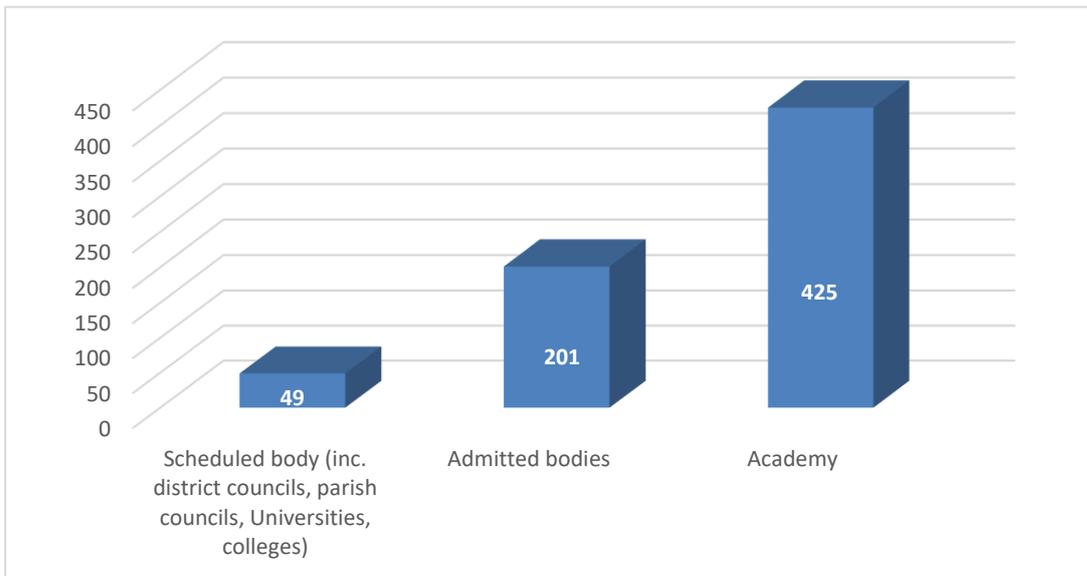
6.1 In this financial year no new cases have been referred to the Legal Department for consideration. These are being reviewed on a case by case basis in line with the agreed policy and case matrix.

## **7.0 Employer membership**

7.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 3 employers over the previous quarter. The number of employers registered with the Fund as at 30 June 2019 is 675, a 61% increase since March 2014 as shown in the graph below.



7.2 The employer base is categorised into the following employer types:



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

- 88 admission agreements
- 26 academies
- 66 employer terminations

## 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 11 approvals requested from Committee 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 June 2019 was £518.9m, £16.5m of which (£8.1m for pensions increase and £8.4m 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 £
April 2019	80,151	36,071,175
May 2019	80,311	36,491,979
June 2019	88,929	37,364,119

The June 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 June 2019 was £26.8m, 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 £
April 2019	3,900	1,969,762
May 2019	3,913	1,984,764
June 2019	3,982	2,017,568

The June figure includes pensioners paid on a quarterly basis.

#### 10.0 Write-off policy decisions

A write-off relates to pensions overpaid to members, following the debt recovery policy having been actioned, these cases become uneconomical to pursue or an estate of a deceased member has insufficient funds to recover. In general, an overpayment is generated by the late notification of a death of a member.

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	1	£1	0	0
£100 - £500	11	£1,827	0	0
Over £500	1	£1,642	0	0
<b>TOTAL</b>	<b>13</b>	<b>£3,470</b>	<b>0</b>	<b>£0</b>

#### 10.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	9	£246	1	£17
£100 - £500	0	0	0	0
Over £500	0	0	0	0
<b>TOTAL</b>	<b>9</b>	<b>£246</b>	<b>0</b>	<b>£17</b>

## 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 30 June 2019, over 82,000 members registered to use the pensions portal. Between the period 1 April to 30 June 2019, 5,221 members initiated web registrations (896 of which are still to activate their accounts). A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

### Registered

WMITA – 1,017

WMPF – 81,763

## 12.0 Transfer Out Cases

12.1 During the period 1 April to 30 June 2019, 363 transfer values were issued to members who were considering transferring their benefits out of the scheme.

12.2 In total 61 transfer payments made during the period 1 April 2019 to 30 June 2019 resulting in a total amount transferred of £3,613,956.43 (previous 1 April to 30 June 2018 a total of £4,377,458.65 was transferred out) This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	35
£30,001 to £100,000	13
£100,001 to £200,000	8
£200,001 to £300,000	3
£300,001 to £400,000	2
£400,001 to £500,000	0
Above £500,001	0
<b>Total</b>	<b>61</b>

## 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