

Pensions Board

22 October 2019

Report Title	Pensions Administration Report 1 April to 30 June 2019	
Originating service	Pension Services	
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Recommendations for noting:

The 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), 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".
2. The progress being made with the Fund's Digital Transformation Programme to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies.

1.0 Purpose

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

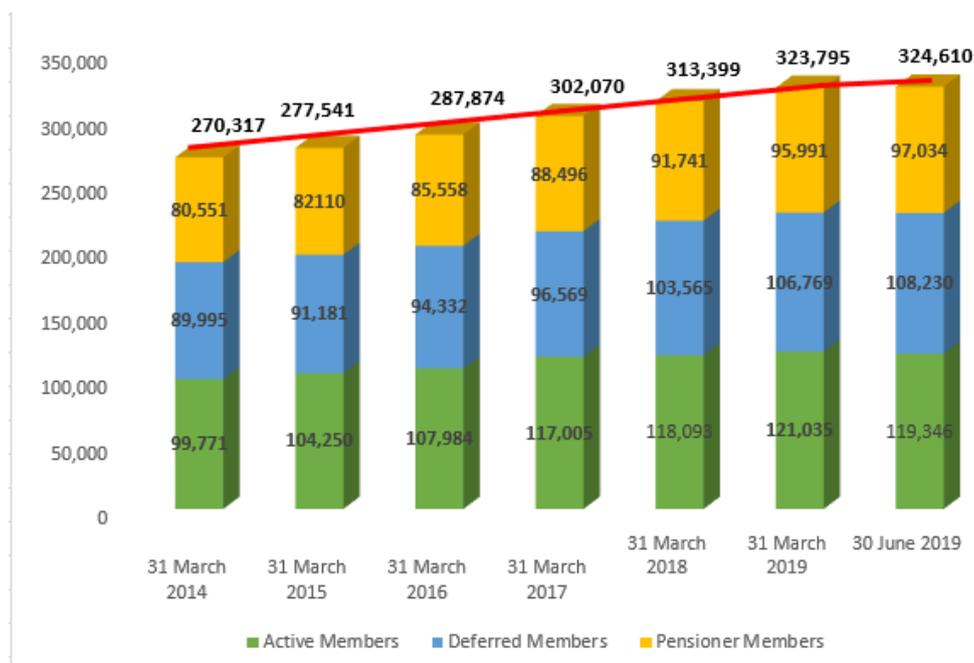
2.0 Background

2.1 The Fund provides a pension administration service to its stakeholders, covering employer, customer and member services, data processing, 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 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 Qtr 4 2018/19.



Membership movement – WMITA Fund

3.2 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.

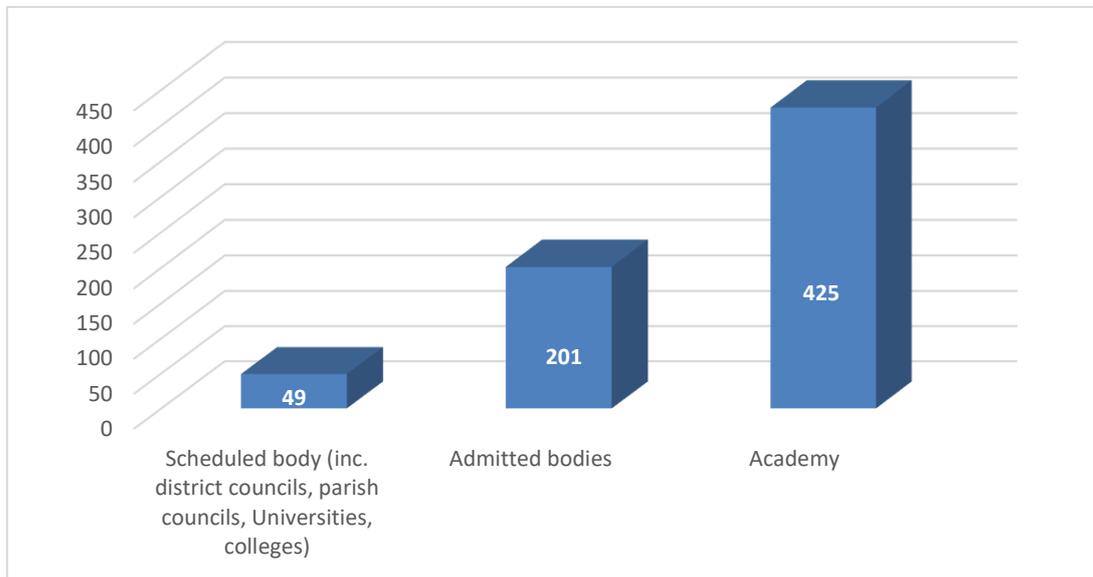
	Membership as at 31st March 2019			Net Movements during the period			Membership as at 30th June 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	313	0	313	-14	0	-14	299	0	299
Deferred Members	643	11	654	-18	-1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

Employers

3.3 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.



3.4 The graph overleaf shows the breakdown of the total number of employers as at 30 June 2019 by employer type.



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

- 88 admission agreements
- 26 academies
- 66 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, 43,928 administrative processes were commenced, a 10% increase compared to the same reporting period for 2018/19. As the number of processes started are increasing, the number of processes completed has also increased with 38,961 processes being completed, a 13% increase compared to the same reporting period for 2018/19. Further information on the workload volumes is detailed in Appendix A.

3.8 The number of active processes remains high. From 1 April 2018 to 31 March 2019, and have seen a continuing increasing trend over recent years, which is inline with increasing membership an employer numbers. In addition, the changes to the scheme, have resulted in casework remaining with the Fund for longer periods for example; when members re-join the scheme, they are allowed upto 12 months to decide whether to amalgamate their records, whereas previously this was done automatically unless the member elected to keep them separate. As the Fund continues to take a proactive approach to cleansing data, engaging with members, to improve awareness and engagement, more queries are being managed through improved electronic methods.

- 3.9 The total number of processes outstanding remains high and the increase this period 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.
- 3.10 The Fund continues to review 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.
- 3.11 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 B.

4.0 Digital Transformation and System Exploitation

- 4.1 Work continues to develop the Digital Transformation Programme at the Fund, with a number of areas progressing over the last quarter. The aim of the programme is to support the Fund to transform its business areas through the use of information and technology to drive business efficiencies and cost savings whilst improving the service we provide to our members. The associated development work is included in the Funds budget for 2019/20.
- 4.2 An update on key development projects are detailed below:

Employer Hub

- 4.3 The key method for exchanging data with our employers is via the employer portal, which is key to ensuring efficient and secure exchange. The portal was first launched in 2012, and further development to ensure the functionality continues to develop to meet requirements. The new portal is being designed to improve the reporting functionality, improve the user experience through design, improve availability of performance monitoring information, enabling earlier issue resolution. A video demonstrating the new Employer Hub was delivered at the Fund's Mid-Year Review, and throughout the development of this functionality, we continue to engage with the Employer Peer Group to keep them updated on the project and get their views on the development underway to ensure the functionality meets requirements of day-to-day users. The Fund is now developing a more in-depth testing plan, which will be undertaken during the Autumn, with the aim of implementing the new portal with initial employers in early 2020.

Employer Web Trays

- 4.4 Following delivery of a system upgrade, testing is underway of the functionality with the aim of resuming the pilot with employers in the Autumn. An updated version of the functionality was demonstrated to the employer peer group in September, and some further productive feedback was received. This functionality will enable queries with data to be raised with employers via the web portal and the process will be sent to the employers' web-tray for action. This development will support flow of information and

assist in monitoring of queries and resolution, providing insight to the development of employer communications and coaching material and supporting faster resolution.

Deferred Retirement Quotes Online

4.5 As previously reported to Committee, following the amendment to the regulations to allow deferred members to access their pension from age 55, the Fund has seen a significant increase in the number of requests for members. To support the management of this work, the Fund is developing a self-service facility for members. Functionality has been delivered by the software supplier and testing is underway with the aim of making this available to members later in the year.

5.0 Key Performance Indicators (KPIs)

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.

5.2 The Fund is continuing to explore ways in which efficiencies can be identified to manage and improve service and the customer experience. 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

5.3 Further information on KPIs by process by month over the reporting period is included in Appendix C.

6.0 Pensions in payment

Pensions in payment – Main Fund

6.1 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..

Pensions in payment – WMITA Fund

6.2 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.

7.0 Financial implications

- 7.1 The report contains financial information which should be noted.
- 7.2 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.

8.0 Legal implications

- 8.1 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.

9.0 Equalities implications

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

10.0 Environmental implications

- 10.1 The report contains no direct environmental implications.

11.0 Human resources implications

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

12.0 Corporate landlord implications

- 12.1 The report contains no direct corporate landlord implications.

13.0 Schedule of background papers

- 13.1 None.

14.0 Schedule of appendices

- 14.1 Appendix A: Workload Volumes
- 14.2 Appendix B: Detailed process analysis
- 14.3 Appendix C: Key performance indicators (KPIs)