

CITY OF WOLVERHAMPTON COUNCIL	Pensions Committee 21 January 2020
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Report Title	Pensions Administration Report from 1 July to 30 September 2019	
Originating service	Pension Services	
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Recommendations for action or 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 that performance targets were met across the key benefit operations processes during the reporting period.

1.0 Purpose

1.1 To inform Committee of the routine operational work undertaken by the pensions administration service areas during the period 1 July to 30 September 2019 for both the Main Fund and the WMITA Fund. Following legislation effective 8 November, merging the West Midlands LGPS funds, reporting will be prepared at total Fund level in future.

2.0 Background

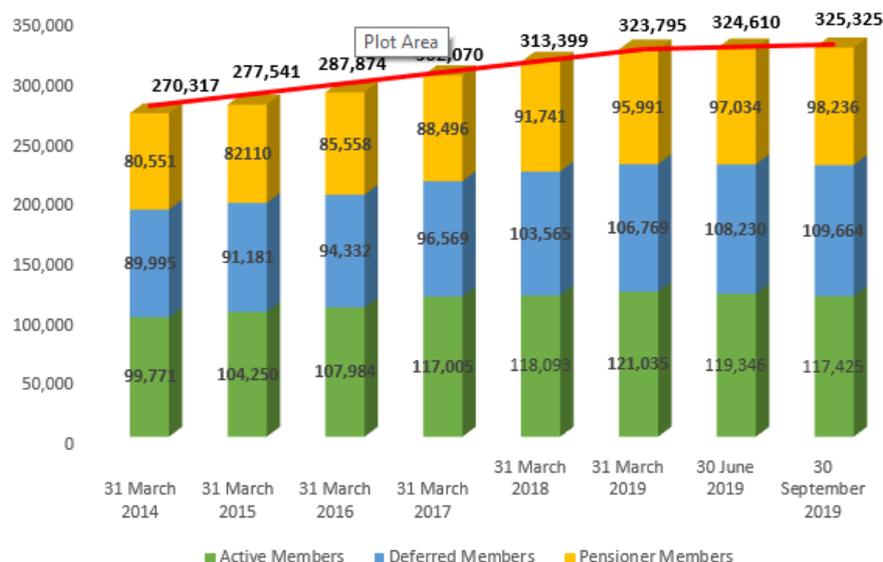
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to cover the activity and performance of these functions during that 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 September 2019 stands at 325,325, with an overall increase since March 2019 of 715. This reporting period sees a drop in active members by 1.6%, this is attributable to the continued focus and increase in processing of early leavers (deferred and non member status). 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 30 June 2019	Net Movements during the period	Membership as at 30 September 2019
	Total	Total	Total
Active Members	119,346	-1,921	117,425
Deferred Members	108,230	1,434	109,664
Pensioner Members	97,034	1,202	98,236
Total Members	324,610	715	325,325



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 4,913 on 30 September 2019, 6% are active members, 12% are deferred and the largest group are pensioner members at 82% 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 30 June 2019 and 30 September 2019.

	Membership as at 30th June 2019			Net Movements during the period			Membership as at 30th September 2019		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	299	0	299	-10	0	-10	289	0	289
Deferred Members	625	10	635	-21	-3	-24	604	7	611
Pensioner Members	3883	120	4003	7	3	10	3890	123	4013
Total Members	4807	130	4937	-24	0	-24	4783	130	4913

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 July to 30 September 2019. The number of processes started and completed continues to increase.

3.3.2 During the period covered by this report, 48,528 administrative processes were commenced, a 10% increase compared to the previous reporting period (43,928 processes commenced). Similarly, the number of processes completed has increased by 13%, a total of 44,181 processes completed, compared to the previous reporting period.

3.3.3 On 30 September 2019 there were 44,172 items of work outstanding. This represents an increase of 9 items outstanding compared to 30 June 2019 (44,163). Of the 44,172 items of work outstanding, 5,282 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 38,890 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 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.

3.3.5 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 513 administrative processes were commenced and 519 completed. On 30 September 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. All of the KPI's have been achieved for the reporting period.

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

3.5.3 Performance through the subsequent reporting period of September – December 2019, remains good, with all KPI's continually being achieved.

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 (however the statistics from August 2018 represents an usually high level of customer contact following a disclosure mailing).

3.6.2 Customer contact has remained steady over the period, and a new email form on our website which requests all of the necessary security information at the first point of contact has had a noticeable impact on email volumes.

3.6.3 The most popular queries to our contact centre are:

- Enquires about accessing pension benefits
- Requests for online Pensions Portal support
- Customers following up on an existing Fund process
- 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. In addition, improvements in both our systems and internal processes are being investigated with improvements planned as part of the Fund's Digital Transformation Programme

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 My Pensions Portal and Employer Web

Work is continuing to increase awareness of the My Pensions portal facility for members and Employer Web for employers. There are, as at 30 September 2019, over 86,000 members registered to use the web-portal. Between the period 1 July to 30 September 2019, 6,440 members initiated web registrations (1146 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 – 1,021
WMPF – 86,641

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. 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 covered in more detail in the Customer Engagement Update report.
- 4.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 46 complaints received for the quarter (less than 1%). During the reporting period 57% of the complaints were upheld.
- 4.3 Two areas most commonly raised issues during the period related to information provided to members on processing timescales and regulation principles. In addition to providing training to individuals and teams where required, we have:
- updated our website to include information on how pensionable pay is calculated for members who work term time only
 - made improvements to our Application to Join and Opt Out forms
 - reviewed our transfer letter to include charging information for additional quotations

5.0 IDRP (Internal Dispute Resolution Procedure) casework

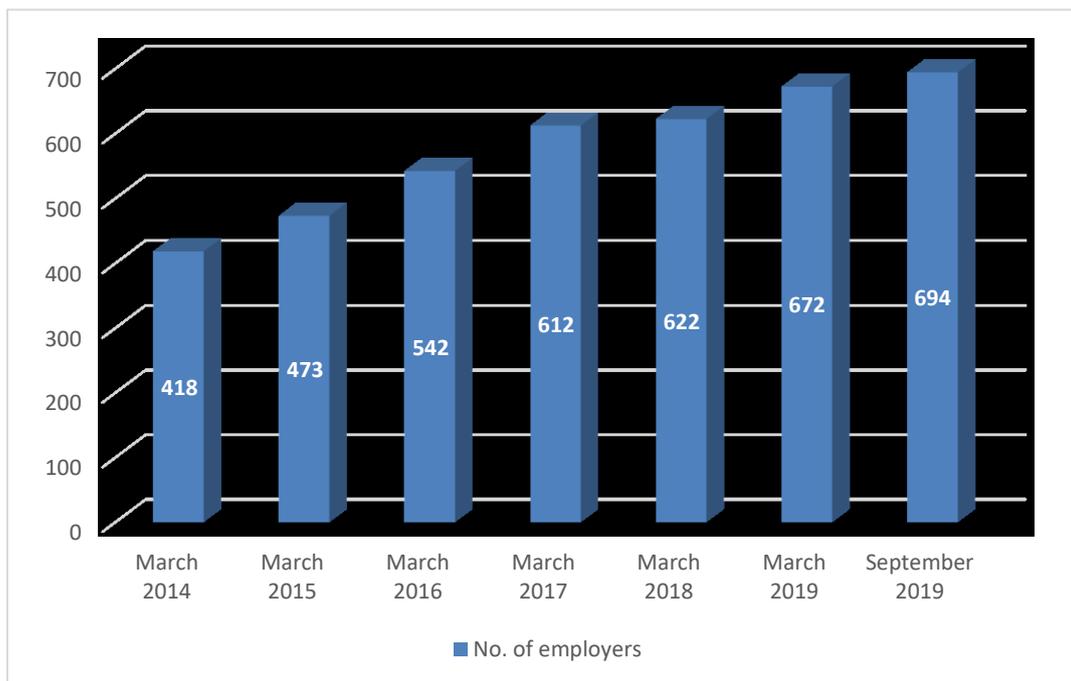
- 5.1 Year to date for 2019/2020, it remains that only one case has been referred to Stage one of the procedure against the Fund and no appeals have been upheld on independent review.
- 5.2 Two cases has progressed to Stage two of the procedure against the Fund, and these have been dismissed after independent 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 regarding 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

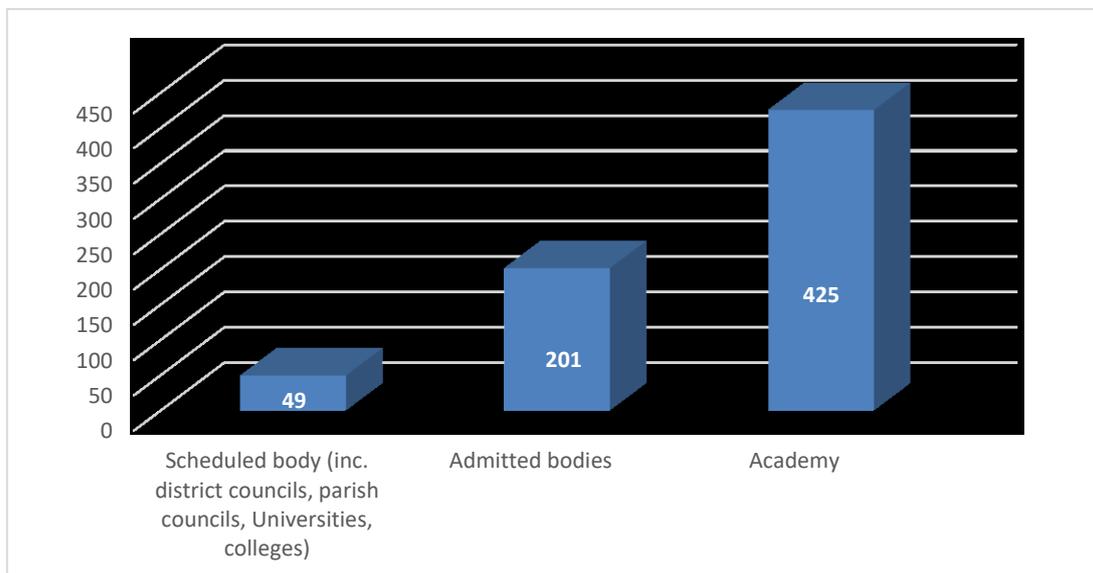
6.1 In this financial year no new cases have been referred to the Legal Department for consideration. These are being reviewed on a case by case basis in line with the agreed policy and case matrix.

7.0 Employer membership

7.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 19 employers over the previous quarter. The number of employers registered with the Fund as at 30 September 2019 is 694, a 66% 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 7 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 September 2019 was £520.7m, £16.4m of which (£8.3m for pensions increase and £8.1m 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 £
July 2019	80,700	36,602,345
August 2019	80,961	36,911,658
September 2019	90,057	37,854,013

The September 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 September 2019 was £26.9m, 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 £
July 2019	3,922	1,996,129
August 2019	3,923	1,996,685
September 2019	4,000	2,029,796

The September 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.

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 procedure which is detailed in the Write Off and Management of Overpayments report.

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	0	0	0	0
£100 - £500	18	£3,203	1	£131
Over £500	1	£4,134	0	0
TOTAL	19	£7,336	1	£131

10.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	1	£26	0	0
£100 - £500	1	£218	0	0
Over £500	0	0	0	0
TOTAL	2	£245	0	£0

11.0 Transfer Out Cases

- 11.1 During the period 1 July to 30 September 2019, 293 transfer values were issued to members considering transferring their benefits out of the scheme.
- 11.2 In total 58 transfer payments made during the period 1 July 2019 to 30 September 2019 resulting in a total amount transferred of £3,464,084 (previous 1 July to 30 September 2018 a total of £4,901,467 was transferred out) This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	31
£30,001 to £100,000	17
£100,001 to £200,000	7
£200,001 to £300,000	2
£300,001 to £400,000	0
£400,001 to £500,000	0
Above £500,001	1
Total	58

12.0 Financial implications

- 12.1 The report contains financial information which should be noted.
- 12.2 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.

13.0 Legal implications

- 13.1 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.

14.0 Equalities implications

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

15.0 Environmental implications

- 15.1 The report contains no direct environmental implications.

16.0 Human resources implications

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

17.0 Corporate landlord implications

17.1 The report contains no direct corporate landlord implications.

18.0 Schedule of background papers

18.1 None.

19.0 Schedule of appendices

19.1 Appendix A: Overall membership numbers

19.2 Appendix B: Process analysis

19.3 Appendix C: Detailed process analysis

19.4 Appendix D: Key performance indicators (KPIs)

19.5 Appendix E: Customer service statistics

19.6 Appendix F: Admitted Body Applications