

# Pensions Committee

## 9 December 2015

<b>Report Title</b>	Pensions administration report from 1 July to 30 September 2015	
<b>Originating service</b>	Pension Services	
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<b>Report to be/has been considered by</b>	Geik Drever Tel Email	Strategic Director of Pensions 01902 552020 Geik.drever@wolverhampton.gov.uk

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### Recommendations for action or decision:

The Committee is recommended to:

1. Approve the write-offs detailed in section 8.0 of this report.

### Recommendations for noting:

The Committee is asked to note:

1. The applications approved by the Strategic 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).

**1. Purpose**

1.1 To inform Committee of the work undertaken by the pensions administration service during the period 1 July to 30 September 2015 for both the Main Fund and the WMITA Fund.

**2. Background**

2.1 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**

3.1.1 The number of scheme members in the Fund in all three categories stands at 283,582 with an overall increase since 30 June 2015 of 2,591. Of the active membership of 107,165 - 49% are full-time and 51% 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 eighteen months, however, active numbers appear to have increased. 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**

3.2.1 The number of scheme members in the WMITA Fund in all three categories stood at 5,157 on 30 September 2015, 10% are active members, 16% are deferred and the largest group are pensioner members at 74% of the total membership. Detailed below is the current information showing movements between 30 June 2015 and 30 September 2015.

	Membership as at 30th June 2015		Movements during the period				Membership as at 30th September 2015		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	510	0	510	-13	0	-13	497	0	497
Deferred Members	842	20	862	-15	0	-15	827	20	847
Pensioner Members	3,668	116	3,784	29	0	29	3,697	116	3,813
<b>Total Members</b>	<b>5,020</b>	<b>136</b>	<b>5,156</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>5,021</b>	<b>136</b>	<b>5,157</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 July 2015 – 30 September 2015
- 3.3.2 During the period covered by this report 37,234 administrative processes were commenced and 33,244 completed. On 30 September 2015 there were 15,063 items of work outstanding. Of this 3,276 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, 11,682 processes are now either proceeding to the next stage of the process or through to final completion
- 3.3.3 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).
- 3.3.4 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 been processing new joiners by a bulk data import process. All employers went live using this service from 1 September 2014 which has released further capacity for other work processing. As a result, the joiner/rejoiner figures shown in appendix C appear to be low volume, but this is because this work is now processed via BDI and therefore not represented in these statistics.

### 3.4 **Workflow statistics – WMITA Fund**

- 3.4.1 During the period covered by this report 700 administrative processes were commenced and 656 completed. On 30 September 2015 there were 148 items of work outstanding.

### 3.5 **Employer membership data**

- 3.5.1 The Main Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 33 new organisations being admitted to the Main Fund during the period 1 July 2015 – 30 September 2015. The current number of employers as at 30 September 2015 is 511. The level of ongoing work being processed at the end of the period is as follows:-

- 32 admission agreements
- 40 academies
- 22 employer terminations

### 3.6 **Customer services**

- 3.6.1 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 achieving our Key Performance Indicator (KPI) of 85% or above.

- 3.6.2 With regards to the pension fund enquiry emails received, some of these are responded to immediately by the Customer Services team as they are general enquiries or web portal queries. Some emails relate to cases that are processed by the Operational or Payroll teams, such as ongoing transfers, retirement cases, refund calculations in progress etc. and those either start a new process on the UPM administrative system or are added to an existing process.
- 3.6.3 Overall items scanned are slightly lower than in the previous year. This reflects the move to processing some work via bulk data 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 this 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. Internal Dispute Resolution Procedure (IDRP) casework**

- 4.1 So far in the 2015/2016 financial year there are five cases which have been referred to Stage one of the procedure by the Fund. All of these cases have been dismissed.
- 4.2 The five cases dismissed at stage one related to the following pension issues:
- Timescale of calculating retirement and AVC benefit
  - Level of benefits deferred benefits paid
  - Incorrect transfer quote provided due to a technical issue
  - Appeal against not being allowed to transfer out a pension credit
- 4.3 Fourteen cases have been received for Stage 2 investigation. Two of these cases were referred back to the employer to re-consider the stage one decision. Six cases are on-going and six cases have been dismissed.
- 4.4 The six cases dismissed at stage 2 related to the following pension issues:
- Incorrect pay figure used to calculate the estimate provided by employer
  - Exercise of employer discretion on the early payment of deferred benefits from age 55
  - Incorrect transfer quote provided due to a technical issue

#### **5. Death grant**

- 5.1 So far in this financial year six cases have been referred to the Legal Department for consideration. Four cases are on-going and the other two 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 or Vice Chair of Pensions Committee.
- 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 and either the Chair or the Vice Chair of Pensions Committee.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members) Agreement type	Status
Catering Academy Ltd (Radford Primary)	Radford Primary Academy	1(1) Closed	Approved
Elite Cleaning Ltd (St Edmunds Campion)	Birmingham City Council	1(1) Closed	Approved
Elite Cleaning (Mirus Academy)	Matrix Academy Trust	9(9) Closed	Approved
TnS Catering Management Ltd (Potters Green)	Coventry City Council	2(2) Closed	Approved
TnS Catering Management Ltd (Moat House School)	Coventry City Council	3(3) Closed	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 September 2015 was £430m, of which £17.7m (£8.6m for pensions increase and £9.1m 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 £
July 2015	70,868	29,826,177.48
August 2015	70,971	29,830,364.47
September 2015	77,655	30,591,144.89

The September figure includes pensioners paid on a quarterly basis, but not those paid on a yearly basis.

### 7.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to September 2015 was £24.6m, 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 £
July 2015	3,731	1,796,882.36
Aug 2015	3,736	1,801,991.30
Sept 2015	3,796	1,816,838.96

The September figure includes pensioners paid on a quarterly basis, but not those paid on a yearly basis.

## 8. Write-off policy decisions

### 8.1 Write-off analysis

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

	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Individual Value				
Less than £100	5	337.65	0	0.00
£100 - £500	20	4,210.73	3	759.88
Over £500	6	6,405.24	0	0.00
<b>TOTAL</b>	<b>31</b>	<b>10,953.62</b>	<b>3</b>	<b>759.88</b>

### 8.2 Write-on analysis

	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Individual Value				
Less than £100	11	401.52	0	0
£100 - £500	3	578.64	0	0
Over £500	0	0.00	0	0
<b>TOTAL</b>	<b>14</b>	<b>980.16</b>	<b>0</b>	<b>0</b>

## 9. Communications & marketing activity

### 9.1 Web Portal

#### 9.1.1 Work is continuing to increase awareness of the web portal facility for members and employers. There are currently over 34,500 members registered to use the web-portal

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facility with over 19,000 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 - 487

WMPF – 18,973

- 9.1.2 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. In addition, posters promoting the service have been provided to the largest 25 employers (and to employers that request them), and the Fund has promoted the service via Trade Union representatives on the Local Pensions Board.

## **10. Financial implications**

- 10.1 The report contains financial information which should be noted.
- 10.2 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.

## **11. Legal implications**

- 11.1 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.

## **12. Equalities implications**

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

## **13. Environmental implications**

- 13.1 The report contains no direct environmental implications.

## **14. Human resources implications**

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

## **15. Corporate landlord implications**

- 15.1 The report contains no direct corporate landlord implications.

**16. Schedule of background papers**

16.1 None.

**17. Schedule of appendices**

17.1 Appendix A: Overall membership numbers

17.2 Appendix B: Process analysis

17.3 Appendix C: Detailed process analysis

17.4 Appendix D: Customer service statistics

17.5 Appendix E: Data quality statistics