



# Pensions Committee

## 24 September 2014

<b>Report Title</b>	Pension administration report from 1 April 2014 to 30 June 2014	
<b>Originating service</b>	Pension Services	
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<b>Report to be/has been considered by</b>	Geik Drever Tel Email	Director of Pensions 01902 552020 Geik.drever@wolverhampton.gov.uk

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### Recommendation(s) for action or decision:

The Committee is recommended to:

1. Approve the write off policy decisions.

### Recommendations for noting:

The committee is asked to note:

1. Note the applications approved by the Director of Pensions, the Chair and Vice Chair of Pensions Committee for admission to the West Midlands Pension Fund.
2. The proposed transfer to the Greater Manchester Pension Fund in respect of the National Probation Service pensioner members.

## **1. Purpose**

- 1.1 To inform Committee of the work undertaken by the Pensions Administration Services during the period 1 April 2014 – 30 June 2014.

## **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 data**

The number of scheme members in the Fund in all three categories stands at 271,694 with an overall increase since 31 December 2013 of 4,362. Of the active membership of 100,212, 45% are full-time and 55% 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 active memberships are falling and pensioners and deferred membership increasing.

### **3.2 Workflow statistics**

The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 April 2014 – 30 June 2014 (Appendix B).

During the period covered by this report 24,763 administrative processes were commenced and 22,384 completed. On 30 June 2014 there were 9,553 items of work outstanding. Of this 2,498 items were in pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. Within pension administration, 7,055 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. This work is in the initial stages with issues and formats being resolved with employers involved and all employers will then go live using this service from 1 September 2014 which will release further capacity for other work processing.

Operational resources have also been utilised to process the annual returns exercise and cleanse and query employer data in readiness to issue Annual Benefit Statements.

### 3.3 Pension Scams

The new procedure to strengthen transfer processes in order to identify and deter pension scams is working well and the escalation procedure has been used in several cases to further investigate pension transfers to safeguard the pension benefits of our members and to raise awareness of this issue and the potential tax charge implications.

### 3.4 Employer membership data

The Fund continues to see an increase in employer membership due mainly to the establishment of academies and outsourced local government contracts, with 8 new organisations being admitted to the Fund during the period 1 April 2014 – 30 June 2014. The current number of employers as at 30 June 2014 is 432. The level of ongoing work being processed at the end of the period is as follows:-

- 55 admission agreements
- 36 academies
- 19 employer terminations

### 3.5 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). The Fund experienced a high volume of calls and e-mails in June due to the delivery of Deferred Benefit Statements. We continue to aim to provide a high quality response rate at first point of contact for telephone calls and pension fund enquiry emails.

Overall items scanned have remained fairly consistent with the previous years. The average % indexing error rate is below 0.2%. 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. IDRP (Internal Dispute Resolution Procedure) casework

4.1 So far in the 2014/2015 financial year four cases have been received. One case has been dismissed and three cases are in progress.

The one case dismissed related to the following pension issues:

- Dismissed in relation to the exercise of employer discretion on the early payment of deferred benefits.

## 5. Death grant

5.1 In this financial year four cases have been referred to the Legal Department for consideration. These cases are ongoing.

## 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 Fund following Pensions Committee approving the applications. Sometimes, a decision is required which is not compatible with the cycle of Pensions Committee meetings and admission agreements cannot be backdated (LGPS Regulations). In these circumstances, Pensions Committee has delegated responsibility for approving such applications to the 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 Director of Pensions, the Chair and Vice Chair and Pensions Committee.

<b>Employer name</b>	<b>Guarantee Status (Agreement)</b>	<b>No of employees (Scheme members)</b>	<b>Status</b>
ABM Catering Ltd (Aldermoor Primary)	Coventry City Council	1(1)	Approved
ABM Catering Ltd (Henley Green Primary)	Coventry City Council	2(2)	Approved
ABM Catering Ltd (Roots Consortium)	Coventry City Council	6(6)	Approved
Action Indoor Sports Birmingham CIC Ltd	Birmingham City Council	3 (3)	Approved
Alliance in Partnership Ltd (Rounds Green Primary School)	Sandwell Metropolitan Borough Council	1(1)	Approved
Aspens Services Ltd (St John Wall Catholic School)	Birmingham City Council	4(4)	Approved
Aspens Services Ltd (Aldridge School)	Aldridge School	9(9)	Approved
Bespoke Cleaning Ltd (Westwood Academy)	Westwood Academy	2(2)	Approved
Black Country Housing Group Ltd	Dudley Metropolitan Borough Council	27(27)	Approved
Catering Academy Ltd (John Gulson)	Coventry City Council	4(4)	Approved
Churchill Contract Services (James Brindley School)	Birmingham City Council	1(1)	Approved
Civica UK Ltd (Ark Schools)	Ark Schools	5(5)	Approved
KCLS (Coventry)	Coventry City Council	1(1)	Approved
KCLS (Alderbrook School)	Alderbrook School	9(9)	Approved
Ridge Crest Cleaning Trust	City of Wolverhampton Academy	13(13)	Approved
Taylor Shaw (Brownhills)	Walsall Metropolitan	2(2)	Approved

High School)	Borough Council		
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## 7. Pensions in payment

- 7.1 The gross annual value of pensions in payment to June 2014 was £418.8m, of which £18.5m (£8.9m for pensions increase and £9.6m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.
- 7.2 Monthly payroll details were:

Month	Number	Value £
April 2014	73,254	30,330,569.40
May 2014	73,422	30,700,439.30
June 2014	79,662	31,580,284.82

The June figures include pensioners paid on a quarterly basis.

## 8. Write off policy decisions

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

Individual Value	Number	Total
Less than £50	3	61.75
£50 - £100	10	724.84
£100 - £500	14	3,221.77
Over £500	6	10,869.23
<b>TOTAL</b>	<b>33</b>	<b>14,877.59</b>

- 8.2 Write on analysis

Individual Value	Number	Total
Less than £50	4	73.40
£50 - £100	1	58.81
£100 - £500	0	0.00
Over £500	0	0.00
<b>TOTAL</b>	<b>5</b>	<b>132.21</b>

## 9. Communications & marketing activity

### 9.1 Presentations

During the period Fund officers have continued to deliver presentations upon request from employers. The team will provide support on any subjects that are requested by an employer for their employees, however, the emphasis during this reporting period has been on the changes to the scheme with the implementation of LGPS 2014. A total of 57 presentations were delivered to 1,362 attendees.

The presentations were held at 33 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 120 members on a one to one basis.

## 9.2 Roadshows

The biennial member roadshows were held in June, with eight Roadshows held at each of the district councils, with two being at Birmingham City Council. In total, there were 1,007 visitors to the events, an average of over 125 a day.

3 June	Wolverhampton	101
4 June	Dudley	117
5 June	Solihull	103
10 June	Sandwell	156
11 June	Birmingham (Lifford)	176
12 June	Birmingham (Woodcock)	183
17 June	Coventry	101
18 June	Walsall	70

## 9.3 Web Portal

Work is continuing to increase awareness of the web portal facility for members and employers. There are currently 14,845 members registered to use the web-portal facility. As at 30 June 2014 there are 267 employer accounts representing approximately 93 individual organisations.

## 10. Transfer of Staffordshire and West Midlands Probation Trust (SWMPT)

- 10.1 As reported at the previous Committee meeting on 25 June 2014, the Ministry of Justice (MoJ) is introducing a new system for the management and rehabilitation of offenders in England and Wales. The services that are currently delivered by 35 Probation Trusts will be delivered instead by 21 Community Rehabilitation Companies and by the newly created National Probation Service. The preferred LGPS Fund for the administration of this service is the Greater Manchester Pension Fund (GMPF)
- 10.2 The date that employees were due to transfer from the existing Probation Trusts to the new bodies was 1 April 2014, however it was announced recently that this date was to be put back by two months to 1 June 2014.
- 10.3 The Fund worked closely with the GMPF and their software supplier to transfer all the Probation active and deferred members in June. Following this a timetable for the transfer of the Probation pensioner members was agreed setting a transfer date for November. During the interim period, the Fund will continue to administer the payroll and

administration records of these members and GMPF will reimburse the Fund for the costs incurred.

- 10.4 The actual asset transfer from the Fund to GMPF is governed by a statutory instrument as outlined by the Government Actuary Department (GAD) and this is reported in another item on this Committees agenda.

## **11. Financial implications**

- 11.1 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.

## **12. Legal implications**

- 12.1 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.

## **13. Equalities implications**

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

## **14. Environmental implications**

- 14.1 The report contains no direct environmental implications.

## **15. Human resources implications**

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

## **16. Corporate landlord implications**

- 16.1 The report contains no direct corporate landlord implications.

## **17. Schedule of background papers**

- 17.1 Pensions Committee 25 June 2014 – Pensions Administration report

## **18. Schedule of appendices**

18.1 Appendix A: Overall membership numbers

18.2 Appendix B: Process analysis

18.3 Appendix C: Detailed process analysis

18.4 Appendix D: Customer service statistics

18.5 Appendix E: Data quality statistics