



# Pensions Board

## 5 July 2017

<b>Report Title</b>	Customer engagement and service developments		
<b>Originating service</b>	Pension Services		
<b>Accountable employee(s)</b>	Simon Taylor Tel Email	Head of Client and Funding Management 01902 554276 Simon.taylor2@wolverhampton.gov.uk	
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.brothwood@wolverhampton.gov.uk	

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### Recommendations for noting:

The Board is asked to note:

1. The customer engagement activity for the period
2. The results and proposed actions arising from the annual employer survey
3. The service developments, in particular the breach report submitted to the Pensions Regulator and the associated action to date.

## **1.0 Purpose**

1.1 To provide the Board with an update on the work of the Fund on customer engagement, and associated service delivery.

## **2.0 Background**

2.1 The role of the Local Pensions Board is to ensure the good governance of the Scheme which includes the way it communicates and engages with its member and employers.

2.2 The engagement with employers forms part of the over-arching customer engagement strategy, however due to its nature, it is often specific and bespoke in nature, in some cases revolving around certain events e.g. actuarial valuation.

## **3.0 Member Services**

3.1 The member services team provides a service of engaging with members, facilitated largely via employers, through a series of presentations, roadshows and one to ones on request.

### 3.2 Presentations

Fund officers have continued to deliver presentations upon request from employers. The team provide support on a variety of pension topics that are requested by an employer for their employees, examples of which are as follows:

- Planning, developing and enhancing our service.
- Supporting those members who are at risk of redundancy or maybe facing reductions in pay.
- Providing support and guidance to members at local authority depot sites using the Pension Roadshow Bus.
- Planning and delivering joint Fund and Prudential events.
- Providing an overview of the scheme and communicating the benefits the scheme offers.

Over the course of 2016/17 a total of 216 Fund presentations were delivered to 2,819 attendees, these presentations were held at a variety different employers, including the district councils, universities, schools/academies and other admitted bodies.

The feedback from these presentations was 51.0% of the members rated them as excellent, 36.75% as very good and 12% as good and 0.25% as satisfactory.

The Fund works in partnership with Prudential to deliver a joint presentation covering how the Scheme works and tax efficient methods of saving towards the future. During this period 93 of these presentations were delivered across 9 employers, 1,538 members attended.

### 3.3 Roadshows

Over the course of 2016/17, the Fund delivered 28 Roadshow events at our local authority sites, Universities and Further Education Colleges. The roadshows were attended by a total of 1,397 members.

### 3.4 Additional Support

Further support has also been provided to members either through drop in sessions or scheduled one to one support sessions. In total, additional support was delivered to 779 members on an individual basis.

## 4.0 Customer Services

- 4.1 An overview of our front-line customer contact activity is shown in Appendix 1. 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 is included within the charts as a comparative measure. Over the course of 2016/17 the Fund handled over 64,000 calls from members via the customer service helpline.
- 4.2 We continue to provide a high response rate at first point of contact for telephone calls and pension fund enquiry emails. The Fund met the Key Performance Indicator (KPI) of 85% or above for call response rate, achieving an average of 90.27% during the period 1 January to 31 March 2017.
- 4.3 The majority of pension fund enquiries received (97.7%) are responded to within 10 days by the Customer Services team. Those emails which aren't resolved immediately start a new process on the UPM administrative system or are added to an existing operational/payroll process as they require completion by the Operational or Payroll teams. These include requests for transfer values to be calculated, retirement forms etc.
- 4.4 During the period 1 January to 31 March 2017, the team received an increase in the number of enquiries received. The increase was largely due to the number of member queries following the announcement of employer redundancy programmes taking place. We are continuing to see a trend of increasing customer enquiries including a preference for electronic communications among members.

## 5.0 Employer engagement

### 5.1 Actuarial valuation

The Fund issued preliminary valuation results to employers in November 2016 and has subsequently engaged in dialogue with employers to discuss their contribution outcomes, employer categorisation and funding strategy (including actuarial assumptions) as a whole. Over the period to 31 January 2017:

- 179 employer representatives attended group consultation meetings
- Over 100 responses have been received through the consultation enquiry submission process (via on-line survey)
- Fund officers have met with almost 100 different employers and held/attended group meetings with different categories of employer and met with other representative groups

Overall, the Fund officers estimate the consultation exercise has engaged employers covering over 98% of the total liability. The Main Fund draft FSS was circulated to all employers and posted on the Fund website in December 2016.

A number of separate meetings were held with the two employers participating in the WMITA Fund throughout the year.

## 5.2 Monthly data submissions

The Fund has been increasing engagement with employers, as we begin the process of moving to monthly return submissions. Throughout last year the Fund gathered initial feedback from employers and tailored its approach, issuing the file layout to all employers in July. Employer workshops were held throughout September and November and were attended by 130 employer organisations. The Fund also worked with payroll providers to share best practice.

As part of the engagement with employers the Fund offered an initial roll out of monthly returns in April 2017 with the whole process due to go live in September 2017. As at 13 June 2017, 154 employers have sent their monthly returns and further feedback on this will be presented to employers at the Mid-Year Review.

## 5.3 Over the last quarter, the Employer Services team hosted 4 employer coaching sessions, 1 of which was a bespoke session for an individual employer.

## 5.4 Industry Publications

### 5.4.1 As well as a series of routine Fund publications and events, the Fund has also been approached on a number of occasions to write bespoke pieces for industry specific publications. Most recently, the Chief Investment Officer, Jason Fletcher, was interviewed for a piece with Professional Pensions discussing the LGPS costs framework and the work the Fund has undertaken to help reduce costs in this area. Jason also presented at this year's PLSA Local Authority conference on this subject. This year the Fund is able to report on a like for like basis, a year on year reduction of investment costs of £58 million over the last 3 years.

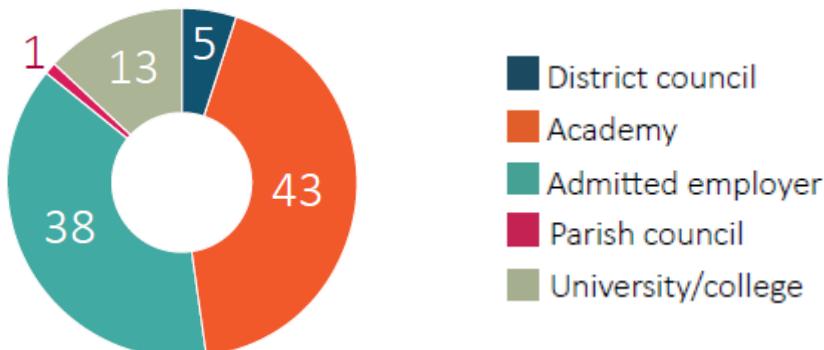
## 6.0 Employer Survey

### 6.1 The Fund undertakes to carry out an employer survey each year coinciding with the employer Annual General Meeting and Mid-Year Review where the results and associated actions will be covered with attendees before distribution to the wider employer base via the employer briefing note.

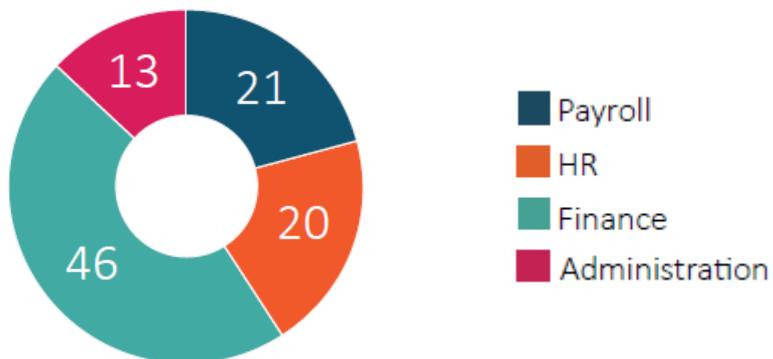
6.2 The latest survey closed on 31 January 2017 with the Fund receiving 61 responses, 75% of which rated the service as above average or exceeding expectations.

6.3 The following charts show the breakdown of the employer and department types that completed the survey and the service area that they are representing within their organisation:

Respondents by employer type (%)



Respondents by department type (%)



6.4 The top three Fund service areas identified as above average or exceeding expectations were:

1. Communications (face to face – AGM, Mid-Year Review, monthly returns workshops, customer journey mapping): 72% of respondents rated as above average/exceeding expectations
2. Member Support Services (Presentations, one to ones, roadshows, associated literature): 71% of respondents rated as above average/exceeding expectations
3. Financial (Collation and provision of financial information in relation to employers – Actuarial Valuation, covenant assessment, financial statements, collection of contributions): 68% of respondents rated as above average/exceeding expectations.

- 6.5 The three lowest performing Fund service areas, with the highest percentage of below average or poor levels of satisfaction were:
1. Electronic Services (web portal, bulk data import): 24% of respondents rated as below average/poor
  2. Administration (Processing of member benefits – joiners, leavers, retirements, pension payroll): 13% of respondents rated as below average/poor
  3. Financial (Collation and provision of financial information in relation to employers – Actuarial Valuation, covenant assessment, financial statements, collection of contributions): 10% of respondents rated as below average/poor
- 6.6 As many of the service areas outlined in the survey encompass a wide range of activity, this could explain why financial services appeared in both the top three and the lowest three performing areas. The Fund is reviewing the content for the next employer survey and will, where necessary, adopt questions to achieve more granularity.
- 6.7 Following the employer survey results, the Fund will report back to employers at the Mid-Year Review on 5<sup>th</sup> July and provide further detail in the next edition of the employer briefing note. One of the key outcomes to emerge from the survey will be the action the Fund takes in light of the results and free text comments. As part of the associated action, the Fund will endeavour to explore and where possible implement the following, set out in the respective function areas:
- 6.7.1 Administration
  - Communicate workload progress more regularly
  - Use of UPM Web Portal to refer queries to employer ‘worktrays’
- 6.7.2 Financial
  - Review of accounting standards process – costs and timelines
  - Funding update each year to assist monitoring between valuations
- 6.7.3 Training/support
  - Rolling 12 month plan of engagement
  - Induction and bespoke employer coaching sessions
  - Use of training videos/webinars/guidance notes
  - Up to date “Fund roles and responsibilities”/relevant structure chart
  - Link to employer performance/Pensions Administration Strategy
- 6.7.4 Communication
  - Review/improvement of website
  - AGM/MYR more focussed – ‘break-out’ sessions for specialised topics
  - Use of Employer Peer Group/coaching sessions – engage on relevant topics

#### 6.7.5 Electronic Services

- Immediate steps to improve stability
- Review of Web Portal, to include new member Web
- Reflect on employer feedback when upgrading Web Portal functionality
- Explore better methods for working in bulk
- Publish improvement plan once available – able to track progress.

### 7.0 Work over the next 12 months

- 7.1 This year the Fund is launching its new Member Web Portal and will be demonstrating the platform to our employers at the Mid-Year Review. Having received feedback on the current version of Web Portal the fund are keen to develop the functionality and increase the number of self-service processes members are able to undertake. In addition the new Web Portal will link directly to the Fund's UPM software system enabling members' details and requests to be completed as a straight through process, thereby reducing timescales for these processes to be completed.
- 7.2 The aim is for the new member Web Portal to be live for the issuance of the Active Benefit Statements in August.

### 8.0 Service deliverables in line with Pensions Administration Strategy

- 8.1 In line with the Fund's engagement with employers on data quality, the Fund monitors employers in terms of the timeliness of the submission of their annual return data and accompanying final statement, which details the earnings and contributions paid in the scheme year for all active members. It is a regulatory requirement for employers to provide this information to the Fund to enable the calculation of CARE benefits.
- 8.2 Despite a series of attempts to reach a handful of employers whose 2016 annual return and/or final statement remains outstanding, three employers have been reported to the Pensions Regulator (tPR). This includes, Integral (two admissions), Catering Academy and Charles Codd Walker (now known as North Walsall Academy).
- 8.3 The breach report submitted on 22 March 2017 confirmed the regulatory breach in accordance with Regulation 80(3) of the LGPS Regulations. As a result of the failure to obtain the required data on time, a subsequent breach has occurred under Regulation 89(2) whereby annual benefit statements must be issued to members no later than five months after the end of the Scheme year to which it relates.
- 8.4 The Fund has maintained dialogue with tPR over these regulatory breaches resulting in further correspondence from tPR on 22 May 2017 requesting further information which was provided by the Fund on 23 June 2017. In summary, the information requested/provided was as follows:
- Details of the active members affected by the late or non submission of annual returns data.
  - Details of the reasons given by employers for the late or non submission.

- Details of the Fund's efforts to resolve these issues, to include the level and detail of engagement to date and the officers with each organisation it has been raised with or escalated to.
- Details of the responses received from the relevant employers to the engagement.
- Whether the Fund has considered and utilised its powers under the LGPS Regulations in respect of employers who do not fulfil their legal duties to the Fund, and if so, the relevant details.

- 8.5 In total, 31 active members were affected across the three employers.
- 8.6 In some cases, the Fund has been unable to establish contact with the relevant employers, despite numerous chasers, to ascertain the reasons for late or non-submission. In the cases, where the Fund has made contact, the primary reasons appear to be a lack of understanding or confusion over the legislative/Fund requirements or payroll provider issues.
- 8.7 The Fund has used its powers under the LGPS Regulations to levy charges against the respective employers under Regulation 70, and in line with the Pensions Administration Strategy (as per Regulation 59). These charges were used as a "back-stop" mechanism having initially endeavoured to encourage improved performance and a resolution to the issues.
- 8.8 As part of the process of working closely with tPR, the Fund identified improvements which can be applied for the 2017/18 process. For example, earlier and higher escalation within the organisation where no response or progress is made and further engagement on performance management initiatives.
- 8.9 The Fund will continue to work closely with tPR and in particular awaits their response to the information provided on 23 June 2017.

## **9.0 Financial implications**

- 9.1 There are financial implications within this report inasmuch as use of the Fund's powers under the LGPS Regulations could result in fines being levied against participating employers for poor performance.
- 9.2 In addition, tPR has powers to issue improvement notices and fines (to both Funds and employers) as it deems applicable.

## **10.0 Legal implications**

- 10.1 The Fund are required under the Local Government Pension Scheme Regulations to publish an annual Communications Policy. In addition, the Fund is required to publish certain disclosure documents to our members on matters which may affect their pension benefits.

## **11.0 Equalities implications**

- 11.1 The Fund's policy for communication has been written in consideration of the Equalities Act with no individual group affected. The Fund's proposed change in communication with pensioner members has been considered in line with the Equalities Act and while it targets a specific group of individuals, these are no more advantaged compared to the Fund's other membership group.

## **12.0 Environmental implications**

- 12.1 The report contains no direct environmental implications.

## **13.0 Human resources implications**

- 13.1 The report contains no direct human resources implications.

## **14.0 Corporate landlord implications**

- 14.1 The report contains no direct corporate landlord implications.

## **15.0 Schedule of appendices**

- 15.1 Appendix 1 - Customer Service Statistics, 1 January to 31 March 2017