

Pensions Committee

20 June 2018

Report Title	Pensions Administration Report from 1 January to 31 March 2018	
Originating service	Pension Services	
Accountable employee(s)	Mark Smith Tel Email	Benefit Operations and Payroll Manager 01902 551508 Mark.Smith3@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendation for 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 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).

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1. Purpose

- 1.1 To inform Committee of the work undertaken by the pensions administration service during the period 1 January to 31 March 2018 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, customer and member services, data management, 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.

3. Scheme Activity

3.1 Membership movement – Main Fund

- 3.1.1 The total number of scheme member records in the Fund at 31 March 2018 stands at 313,399, with an overall increase since December 2017 of 4,231. 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, pensioners and deferred membership continues to rise.

	Membership as at 31 st December 2017	Net Movements during the period	Membership as at 30 th March 2018
	Total	Total	Total
Active Members	117,511	582	118,093
Deferred Members	100,752	2,813	103,565
Pensioner Members	90,905	836	91,741
Total Members	309,168	4,231	313,399

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 4,997 on 31 March 2018, 7% are active members, 14.5% are deferred and the largest group are pensioner members at 78.5% of the total membership. The Fund is closed to new joiners but active members continue to accrue benefits. Detailed overleaf are current membership numbers showing movements between 31 December 2017 and 31 March 2018.

	Membership as at 31 st December 2017			Net Movements during the period			Membership as at 30 th March 2018		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	357	0	357	-5	0	-5	352	0	352
Deferred Members	722	13	735	-13	0	-13	709	13	722
Pensioner Members	3,811	118	3,929	-3	-3	-6	3,808	115	3,923
Total Members	4,890	131	5,021	-21	-3	-24	4,869	128	4,997

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 January to 31 March 2018.
- 3.3.2 During the period covered by this report 38,321 administrative processes were commenced and 34,682 completed. On 31 March 2018 there were 33,680 items of work outstanding. This represents an increase of 1,805 items outstanding compared to 31 December 2017 (31,875). Of the 33,680 items of work outstanding, 3,527 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. Within pensions administration, 30,153 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.3.3 The number of active processes remains high. From 1 January to 31 March 2018, the Fund has seen an increase in the volumes received. The total number of processes outstanding remains high as part of the increased focus on data quality. A number of additional processes have been started to action work relating to historic outstanding data employers are providing.
- 3.3.4 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).

3.4 Workflow statistics – WMITA Fund

- 3.4.1 During the period covered by this report 526 administrative processes were commenced and 517 completed. On 31 March 2018 there were 119 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.
- 3.5.2 A key area of focus across all teams has and continues to be working to maintain and improve the timely issue of information to members and this is reflected in the notable improvements across the KPIs during the year. For more information please see Appendix D.

3.6 Employer membership

- 3.6.1 The Main Fund continues to see an overall upward trend, although there has been a decrease of 9 employers over the previous quarter, due mainly to the establishment of academies and outsourced local government contracts, with 2 new organisations being admitted during the period 1 January to 31 March 2018. The current number of employers as at 31 March is 622. The level of on-going work being processed at the end of the period is as follows: -

- 94 admission agreements

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- 10 academies
- 61 employer terminations

For more information see paragraph 6.

3.7 Customer services

- 3.7.1 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 is included within the charts as a comparative measure.
- 3.7.2 We are continuing to see a trend of increasing customer enquiries including a preference for electronic communications among members. During 2017/18 the Fund saw a 43% increase in the number of emails received, compared to a reduction of 10% in the number of postal items received. In contrast, visitors to the Fund office have increased.
- 3.7.3 The Fund is exploring ways in which efficiencies can be identified to manage the customer contact received. Potential improvements in both our systems and internal processes are being investigated with improvements planned as part of the council-wide Digital Transformation Programme.
- 3.7.4 All pension fund enquiries received are acknowledged or responded to by the Customer Services team. The general enquiry emails which aren't resolved immediately are referred to the relevant specialist area and/or are added to an existing benefit operation/payroll process as they require action or more detailed investigation.

4. IDRP (Internal Dispute Resolution Procedure) casework

- 4.1 In the 2017/2018 financial year there has been a total seven cases referred to Stage one of the procedure against the Fund, no additional cases have been referred during the reporting period of January – March 2018. One case has been up-held, five cases have been dismissed and one case is on-going.
- 4.2 Fourteen cases have been received for Stage 2 investigation against the employers, which includes 2 new cases received during the reporting period. Overall twelve cases have been dismissed. Two cases are under investigation.
- 4.3 The cases dismissed at stage 2 against the employers related to the following pension issues:
- Exercise of employer discretion on the early payment of deferred benefits from age 55.
 - Ill health retirement benefits not awarded
 - Early payment of deferred benefits on ill health not awarded

5. Death grant

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5.1 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.

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 Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

6.2 There have been 24 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.

Employer name	Guarantee Status (Agreement)	No of employees (Scheme members) Agreement type	Status
Premier Support Services Ltd (Yew Tree Community School)	Inspire Education Community Trust	1 (1) Closed	Approved
The Active Wellbeing Society Limited	Birmingham CC	32(32) Closed	Approved
Pendergate Ltd (Lea Forest Academy)	Academies Enterprise Trust	2(2) Closed	Approved
Superclean Services Wothorpe Ltd (Lyndon Academy)	Ninestiles Academy Trust	3(3) Closed	Approved
Spurgeons Children's Charity (Birmingham CC)	Birmingham CC	64(64) Closed	Approved
Dovetail Group (Hazel Oak School)	Solihull MBC	2(2) Closed	Approved
Leisure Provisions Ltd (Slade Primary School)	Arthur Terry Learning Partnership	3(3) Unknown	Approved
Churchill Contract Services Ltd (Archbishop Ilsey Catholic School)	Birmingham CC	10(10) Closed	Approved
OCS (Highfields and Pennfields)	Wolverhampton CC	Unknown Closed	Approved
Compass Contract Services (UK) Ltd (Uplands Junior School)	Wolverhampton CC	3(3) Closed	Approved

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Churchill Contract Services Ltd (Greswold Primary School)	Solihull MBC	1(1) Closed	Approved
Jewson Limited (Dudley MBC)	Dudley MBC	32(32) Closed	Approved
Premier Support Services Ltd (Sladefield Infant School)	Birmingham CC	1(1) Closed	Approved
Tame Cleaning and Maintenance Ltd (Kings Norton School)	Birmingham CC	Unknown Closed	Approved
Tame Cleaning and Maintenance Ltd (St Marks)	Birmingham CC	Unknown Closed	Approved
Tame Cleaning and Maintenance Ltd (Walmley Infants and Juniors)	Birmingham CC	4(4) Closed	Approved
Tenon FM Ltd (Bournville Junior and Infant School)	Birmingham CC	3(3) Closed	Approved
Premier Support Services Ltd (St Thomas C of E Academy)	All Saints MAT	4(4) Closed	Approved
Premier Support Services (St Johns and St Peters C of E Academy)	All Saints MAT	3(3) Closed	Approved
Churchill Contract Services Ltd (Finham Park School)	Finham Park MAT	6(6) Closed	Approved
Arden Services (UK) Ltd (Birchfield J and I)	Birmingham CC	7(7) Closed	Approved
Arden Services (UK) Ltd (Highfield)	Birmingham CC	7(7) Closed	Approved
Accuro FM Limited (Hall Green Secondary School)	Hall Green Secondary School	5(5) Closed	Approved
Accuro FM Limited (Hodge Hill Girls)	Birmingham CC	Unknown Closed	Approved
KWB Corporate Cleaning Ltd (Elms Farm Primary)	Birmingham CC	1(1) Closed	Approved
KWB Corporate Cleaning Ltd (Rubery Nursery)	Birmingham CC	Unknown Closed	Approved
ICE Creates Limited (Coventry CC)	Coventry CC	5(5) Closed	Approved
Miquill Catering Ltd (Rednal Hill)	Birmingham CC	7(7) Closed	Approved
Change, Grow, Live Ltd (Walsall MBC)	Walsall MBC	6(6) Closed	Approved

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Premier Support Services Ltd (Christchurch Primary School)	Sandwell MBC	2(2) Closed	Approved
Premier Support Services Ltd (Severne Primary School)	Birmingham CC	5(5) 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 March 2018 was £471.6m, £16.5m of which (£8.0m for pensions increase and £8.5m 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 £
January 2018	76,566	33,177,899
February 2018	76,738	33,167,912
March 2018	91,257	34,283,054

The March figure includes pensioners paid on a quarterly basis.

7.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to March 2018 was £25.5m, 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.

7.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
January 2018	3,858	1,894,604.35
February 2018	3,859	1,885,279.04

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March 2018	3,920	1,898,982.67
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The March figure includes pensioners paid on a quarterly basis.

8. 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.

8.1 Write-off analysis

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

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	1	73	0	0
£100 - £500	12	2,637	0	0
Over £500	6	15,494	0	0
TOTAL	19	18,204	0	0

8.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	0	0	0	0
£100 - £500	0	0	0	0
Over £500	0	0	0	0
TOTAL	0	0	0	0

9. Web Portal

- 9.1 Work is continuing to increase awareness of the web portal facility for members and employers. There are currently over 56,900 members registered to use the web-portal. Between the period 1 January 2018 to 31 March 2018, 5,697 members initiated web registrations (854 of which have not activated their accounts). A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

Registered and authenticated
WMITA - 789

WMPF – 56,131

10. Transfer Out Cases

- 10.1 Transfer values over recent years have become a topical issue due to the introduction of Freedom and Choice on 6 April 2015. Freedom and Choice has been introduced in order to give members of defined contribution pension arrangements more flexibility around how they can access their pension benefits. The LGPS is a defined benefit scheme and is covered under the legislation to the extent that protections are included to help safeguard members benefits when members may be considering transferring from a defined benefit to a defined contribution arrangement. An example of this is the requirement that on transfers above £30,000, independent financial advice must be obtained before a transfer can proceed.
- 10.2 During the period 1 January to 31 March 2018, 383 transfer values were issued to members considering transferring their benefits out of the scheme, a 10% reduction on the previous reporting period.
- 10.3 In total 82 transfer payments made during the period 1 January 2018 to 31 March 2018 resulting in a total amount transferred of £6,259,361. This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	45
£30,001 to £100,000	16
£100,001 to £200,000	10
£200,001 to £300,000	5
£300,001 to £400,000	3
£400,001 to £500,000	2
Above £500,001	1
Total	82

11. The Local Government Pension Scheme (Amendment) Regulations 2018

- 11.1 Following consultation in May 2016, the LGPS (Amendment) Regulations were made effective from 14 May 2018; however a number of the regulations are backdated to 1 April 2014. As well as amending the LGPS Regulations they also amended the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.
- 11.2 A few of the changes are clarification of existing regulations, however there were several areas that were consulted on that have not been included. This included Fair Deal, and the Government intend to commence a consultation on new proposals for Fair Deal by the end of the year.
- 11.3 One of the key changes brought by these regulations is to allow deferred members who left prior to 1 April 2014 access to their deferred benefit from age 55, which is expected to reduce appeals from members. However, for those members who left before 1 April 1998 they will only have the option to elect for payment at age 55 (with a reduction to their normal retirement date) and if they do not elect for payment at age 55 then their

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deferred benefit is payable from their normal retirement date. In addition, these members also have to have ceased to be in local government employment. Further guidance is being requested by Funds to clarify the wording of this regulation.

- 11.4 A transitional phase for implementation is needed, and consultation on further changes is expected later in the year.

12. 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. 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. 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. Environmental implications

- 15.1 The report contains no direct environmental implications.

16. 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. Corporate landlord implications

- 17.1 The report contains no direct corporate landlord implications.

18. Schedule of background papers

- 18.1 None.

19. 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