

Pensions Committee

5 September 2018

Report Title	Pensions Administration Report from 1 April to 30 June 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 9.0 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).
3. The appointment of ITM to support with the reduction in outstanding leaver casework.

1.0 Purpose

1.1 To inform Committee of the work undertaken by the pensions administration service during the period 1 April to 30 June 2018 for both the Main Fund and the WMITA Fund.

2.0 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.

3.0 Scheme Activity

3.1 Membership movement – Main Fund

3.1.1 The total number of scheme member records in the Fund at 30 June 2018 stands at 317,481, with an overall increase since March 2018 of 4,082. 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, pensioners and deferred membership continues to rise.

	Membership as at 31 st March 2018	Net Movements during the period	Membership as at 30 th June 2018
	Total	Total	Total
Active Members	118,093	2,515	120,608
Deferred Members	103,565	883	104,448
Pensioner Members	91,741	684	92,425
Total Members	313,399	4,082	317,481

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 4,988 on 30 June 2018, 7% are active members, 14% are deferred and the largest group are pensioner members at 79% 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 March 2018 and 30 June 2018

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

	Membership as at 31st March 2018			Net Movements during the period			Membership as at 30 th June 2018		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	352	0	352	-5	0	-5	347	0	347
Deferred Members	709	13	722	-17	0	-17	692	13	705
Pensioner Members	3,808	115	3,923	11	2	13	3819	117	3936
Total Members	4,869	128	4,997	-11	2	9	4,858	130	4,988

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 April to 30 June 2018.
- 3.3.2 During the period covered by this report, 39,917 administrative processes were commenced and 34,452 completed. On 30 June 2018 there were 36,756 items of work outstanding. This represents an increase of 3,076 items outstanding compared to 31 March 2018 (33,680). Of the 36,756 items of work outstanding, 3,932 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities. Within pensions administration, 32,824 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 April to 30 June 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. Key areas of high volume include early leavers (deferments and refunds) and transfers in and out of the scheme.
- 3.3.4 The Fund has been reviewing the volumes of incoming work and putting in place plans to address key high volume areas. As part of this plan the Fund has engaged with third-party companies through the National LGPS Framework and has appointed a provider for 12-months to support the Fund with specific case work, including processing the increased volume of leaver cases. System development is being investigated 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 518 administrative processes were commenced and 488 completed. On 30 June 2018 there were 127 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 and achievement of the KPIs. With the exception of April 2018 (where performance of retirement quotes was below target KPIs) performance has returned to above 90%. In line with prior years, April performance is impacted by higher volumes of 31 March retirements and delays in government confirmation and system update of CARE pension relvaution factors. 2018 has however, seen substantially improved performance compared to prior years, due to measures taken by the Fund to enable short term workarounds and increase timely delivery of information to members. For more information on KPIs by process by month over the last year, please see Appendix D.
- 3.5.3 The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. Regulation 24 – effective 14 May 2018 allows deferred members who left prior to 1 April 2014 access to their deferred benefit from age 55. Since this change the Fund has started to receive an increase in requests for deferred retirement quotations - approximately 25 additional requests per day. This is expected to increase over coming months and normal timescales for completing deferred retirement quotations will be impacted. The Fund was already in the process of investigating development of functionality within My Pensions Portal to enable deferred members to access retirement quotations. This is now being considered as a higher priority.

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 is included within the charts as a comparative measure – we have seen an increase in contact from members across most channels (phone, email, post, reception visits) compared to the same period in 2017.
- 3.6.3 The most popular queries to our contact centre include:
- Pensions Portal support
 - Updating personal details
 - Following up on an existing Fund process
 - Fund Letter/Form support

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 Fund's Digital Transformation Programme and through the Fund's internal website review project.

- 3.6.4 In June, the first Deferred Benefit Statement email alert was issued to deferred members along with a Pensions Portal promotion. This generated an increase in customer contact predominately for Pensions Portal support as more members were using this channel to

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

contact the Fund. As a result of this feedback, the website has been updated to include a 'Pensions Portal Guidance & Support' page. This page, complete with FAQs, guides and videos which will be promoted on future mailings that promote the Pensions Portal, allowing members to self-serve should they wish to do so.

3.6.5 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.

4.0 IDRP (Internal Dispute Resolution Procedure) casework

4.1 In the 2018/2019 financial year there has been one case referred to Stage one of the procedure against the Fund, this case has been subsequently dismissed.

4.2 Two cases have been received for Stage two investigation against the employers, which includes one new case received during the reporting period. Overall one case has been dismissed. One case is under investigation.

4.3 The case dismissed at stage two against the employers related to the following pension issues:

- Terms of leaving employment and early access to retirement benefits.

5.0 Death grant

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.

6.0 Employer membership

6.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 8 employers over the previous quarter, due mainly to the establishment of academies and outsourced local government contracts, with 20 new organisations being admitted during the period 1 April to 30 June 2018. The current number of employers as at 30 June is 630. The level of on-going work being processed at the end of the period is as follows: -

- 102 admission agreements
- 22 academies
- 51 employer terminations

7.0 Application for admission body status

7.1 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.

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

7.2 There have been 20 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
Accuro FM Ltd (Hodge Hill Girls School)	Birmingham CC	11 (11) Closed	Approved
Accuro FM Ltd (Hall Green Secondary School)	Hall Green Secondary School	6 (5) Closed	Approved
Arden Services (UK) Ltd (Birchfields Junior and Infant School)	Birmingham CC	7 (7) Closed	Approved
Arden Services (UK) Ltd (Highfields Junior and Infant School)	Birmingham CC	7 (6) Closed	Approved
Change, Grow, Live Ltd (Walsall MBC)	Walsall MBC	6 (6) Closed	Approved
ICE Creates Ltd (Coventry CC)	Coventry CC	3 (3) Closed	Approved
KWB Corporate Cleaning Ltd (Elms Farm Primary School)	Birmingham CC	1 (1) Closed	Approved
KWB Corporate Cleaning Ltd (Rubery Nursery School)	Birmingham CC	2 (2) Closed	Approved
Miquill Catering Ltd (Rednal Hill)	Birmingham CC	7 (5) Closed	Approved
Premier Support Services Ltd (Christchurch Primary School)	Sandwell MBC	2 (2) Closed	Approved
Premier Support Services Ltd (Severne Primary School)	Birmingham CC	3 (3) Closed	Approved
Superclean Services Wothorpe Ltd (Lyndon Academy)	Ninestiles Academy Trust	3 (2) Closed	Approved

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

Tenon FM Ltd (Bournville Junior and Infant School)	Birmingham CC	3 (3) Closed	Approved
Aramark Ltd (Walsall College)	Walsall College	3 (3) Closed	Approved
Genie Cleaning Services Ltd (Chilwell Croft Academy)	Equitas Academies Trust	2 (2) Closed	Approved
Genie Cleaning Services Ltd (Springfield Primary School)	Birmingham CC	4 (4) Closed	Approved
Genie Cleaning Services Ltd (St Bernadette's Primary School)	Birmingham CC	4 (4) Closed	Approved
KWB Corporate Cleaning Ltd (Gilbertstone Primary School)	Birmingham CC	2 (2) Closed	Approved
OCS Group UK Ltd (Heath Park and St Matthias)	Wolverhampton CC	Unknown Closed	Approved
Premier Support Services Ltd (Lady Pool Primary School)	Birmingham CC	Unknown Closed	Approved

8.0 Pensions in payment

8.1 Pensions in payment – Main Fund

The gross annual value of pensions in payment for the Main Fund to June 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.

8.2 Monthly payroll details for the Main Fund were:

Month	Number	Value £
April 2018	77,079	33,624,274
May 2018	77,315	34,341,903
June 2018	85,203	35,013,380

The June figure includes pensioners paid on a quarterly basis.

8.3 Pensions in payment – WMITA Fund

The gross annual value of pensions in payment for the WMITA Fund to June 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.

8.4 Monthly payroll details for the WMITA Fund were:

Month	Number	Value £
April 2018	3,852	1,908,734
May 2018	3,859	1,941,290
June 2018	3,927	1,948,216

The June figure includes pensioners paid on a quarterly basis.

9.0 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.

9.1 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	0	0	0	0
£100 - £500	12	£2,418	0	0
Over £500	4	£4,064	0	0
TOTAL	16	£6,482	0	0

9.2 Write-on analysis

Individual Value	Main Fund		WMITA Fund	
	Number	Total	Number	Total
Less than £100	2	£22	0	0
£100 - £500	0	0	0	0
Over £500	2	£917	0	0
TOTAL	4	£939	0	0

10.0 My Pensions Portal and Employer Web

- 10.1 Work is continuing to increase awareness of the My Pensions portal facility for members and Employer Web for employers. There are as at 30 June 2018, over 62,555 members registered to use the web-portal. Between the period 1 April to 30 June 2018, 5,310 members initiated web registrations (778 of which have not activated their accounts). A breakdown of those registered and authenticated between the Main Fund and WMITA is provided below:

Registered
WMITA - 857
WMPF – 61,698

Since the relaunch of My Pensions Portal there has been a marked increase in member registrations.

11.0 Transfer Out Cases

- 11.1 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.
- 11.2 During the period 1 April to 30 June 2018, 342 transfer values were issued to members considering transferring their benefits out of the scheme.
- 11.3 Over recent months there has been increased focus by both the Pensions Regulator and the Financial Conduct Authority on the risk of fraud in transfers. This can often take the form of cold calling, promises of high or guaranteed returns, “free” pension reviews or early access to pensions, i.e. before minimum pension age of 55. The Fund takes a number of measures to ensure members have information in order to make an informed decision on whether to transfer of their benefits. The Fund provides as part of the standard information with all transfer quotations a copy of the Pension Regulators guidance on how to avoid scams. Members are sign posted to free independent and impartial bodies such as the Pensions Advisory Service. The Fund undertakes a number of checks to ensure that any schemes to which transfers take place are registered under the Finance Act 2004, that schemes are registered with HMRC and have the appropriate tax reference number. Where independent financial advice is provided, the FCA register is checked to see if that adviser is permitted to give advice regarding pension matters. Any suspected scams identified are flagged to the Governance team at the Fund for further investigation.

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

11.4 In total 65 transfer payments made during the period 1 April 2018 to 30 June 2018 resulting in a total amount transferred of £4,377,458 (previous 1 April 2017 to 30 June 2017 a total of £10,524,038 was transferred out) This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	36
£30,001 to £100,000	13
£100,001 to £200,000	8
£200,001 to £300,000	6
£300,001 to £400,000	2
£400,001 to £500,000	0
Above £500,001	0
Total	82

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