



# Pensions Board

## 25 September 2018

<b>Report Title</b>	Pensions Administration Report	
<b>Originating service</b>	Pension Services	
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### Recommendation for noting:

The Board is asked to note:

1. 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).

## 1.0 Purpose

1.1 To inform the Board of the work undertaken by the pensions administration service during the period 1 January to the end of May 2018 for both the Main Fund and the WMITA Fund.

## 2.0 Background

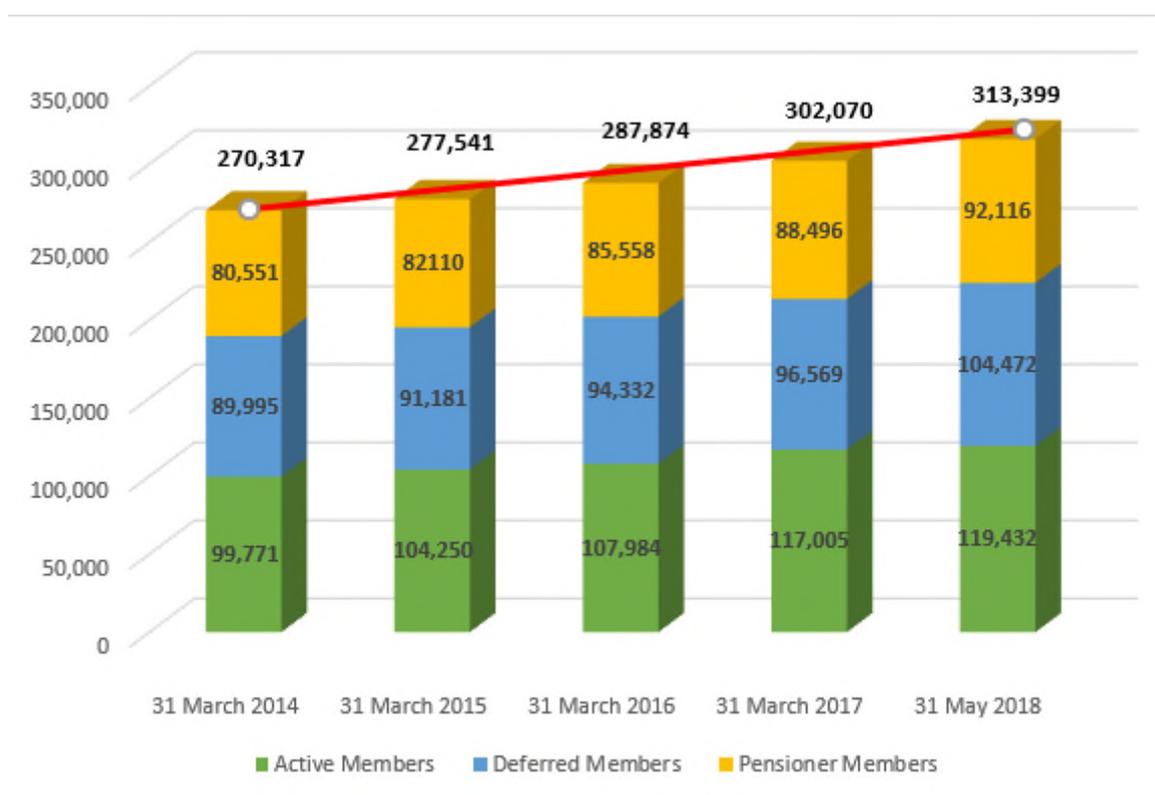
2.1 The Fund provides a pension administration service to its stakeholders, which covers employer, customer and member services, benefit operations, payroll and systems/technical support.

2.2 To date Pension Board has received performance information on a number of key areas of administration including data quality, customer engagement and employer performance. This report is designed to focus on the Operations service area and provide a summary of the work volumes and the performance of the Fund against benefit operations casework.

## 3.0 Scheme Activity

### 3.1 Membership movement – Main Fund

3.1.1 The total number of scheme member records in the Fund at end of May 2018 stands at 313,399, with an overall increase since April 2017 of 11,329 (4%). The graph below illustrates the trend over the last five years which demonstrates a move towards a more mature profile however, in general, all membership types active, pensioners and deferred continue to rise.



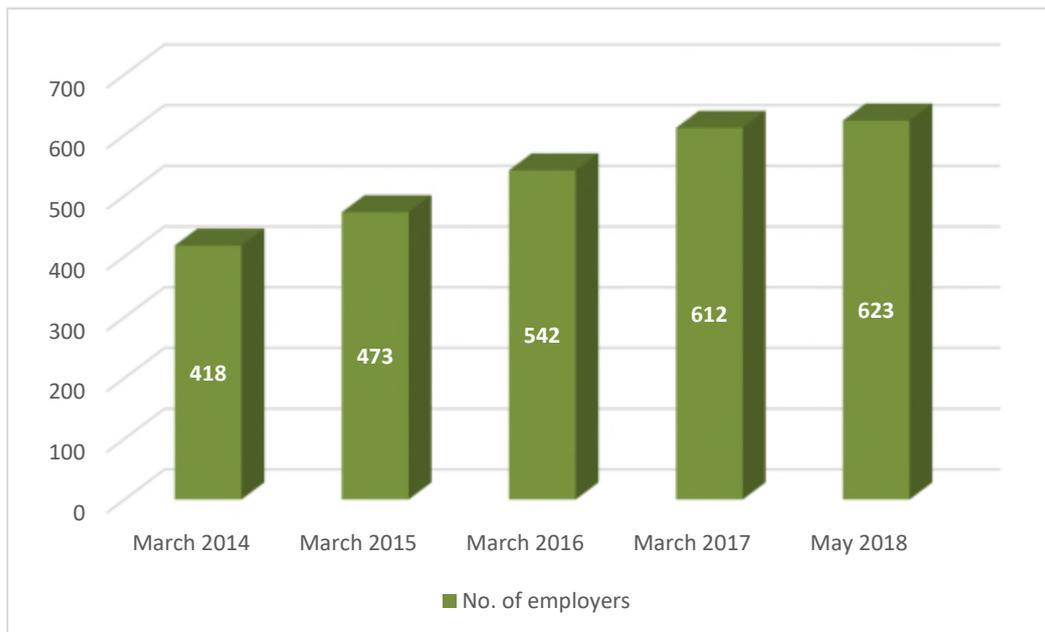
### 3.2 Membership movement – WMITA Fund

3.2.1 The number of scheme member records in the WMITA Fund in all three categories stood at 4,995 on 31 May 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 below are current membership numbers showing movements between 31 March 2017 and 31 May 2018.

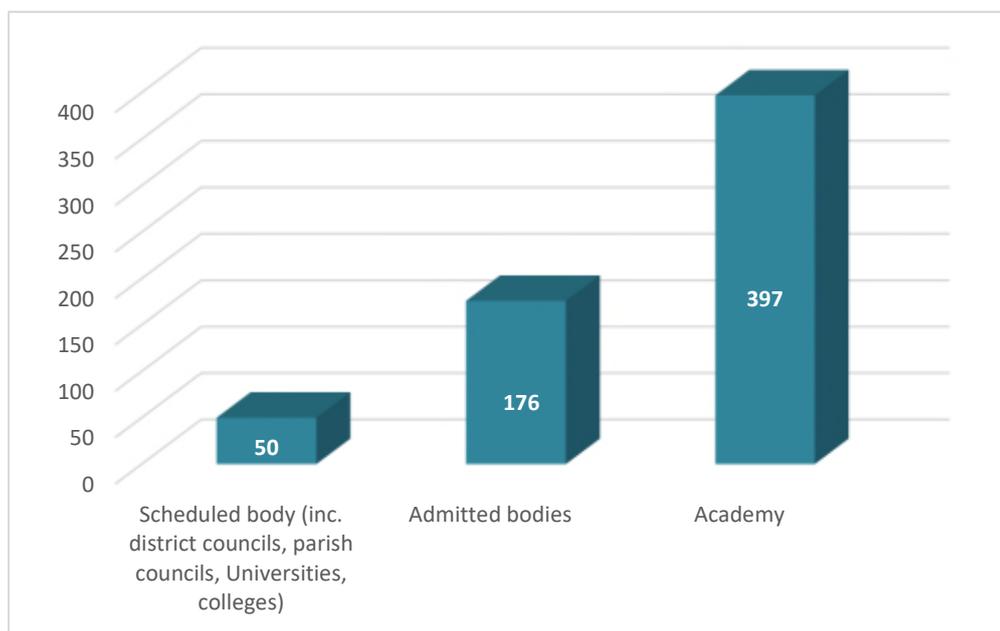
	Membership as at 31st March 2017			Net Movements during the period			Membership as at 31 May 2018		
	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total	National Express	Preston Bus Ltd	Total
Active Members	402	0	402	-54	0	-54	348	0	348
Deferred Members	764	15	779	-65	-2	-67	699	13	712
Pensioner Members	3772	119	3891	-44	0	-44	3816	119	3,935
<b>Total Members</b>	<b>4538</b>	<b>134</b>	<b>5072</b>	<b>-325</b>	<b>-2</b>	<b>-77</b>	<b>4,863</b>	<b>132</b>	<b>4,995</b>

### 3.3 Employers

3.3.1 As well as the increase in the numbers of members within the Fund the number of employers is also increasing and the current number of employers as at 31 May is 623 a 49% increase from 2014 to 2018. The graph below shows the increase in employers between 2014 and 2018.



3.3.2 The graph below shows the breakdown of the total number of employers as at 31 May 2018 by employer type.



### 3.4 Workflow statistics

- 3.4.1 The Benefit Operations casework is managed through the UPM Pension Administration System, which records all processing activity on a members record.
- 3.4.2 During the period covered by this report 61,916 administrative processes were commenced and 54,757 completed. On 31 May 2018 there were 35,866 items of work outstanding. This represents an increase of 1,923 items outstanding compared to 31 May 2017 (33,943). The 35,866 items of work outstanding, includes casework which the Fund is unable to process as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities. This accounts for 4,252 items. Within pensions administration, 32,564 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.4.3 The number of active processes and the total number of processes outstanding continue to be high; and this can be partly attributed to the Fund's increased focus on improving data quality. Key areas of high volume include early leavers (deferments and refunds) and transfers in and out of the scheme. The Fund saw a 20% increase in the average number of post 2014 leaver notifications received in the 2017/18 year compared to the previous year of 2016/17.
- 3.4.4 Due to the historic nature of some of these cases, a number of additional processes have also been started to action work relating to changes to members circumstances. For example, a member may have left employment with one employer and rejoined another before the Fund has been notified of and processed the original leaver. These cases can be time consuming to complete due to the multiple records and processes requiring investigation and action.

3.4.5 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 A).

### **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 etc. These are monitored on a monthly basis are set to support the Fund to report on and meet its statutory disclosure requirements.

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 cumulative improvements across the KPIs during the 12 month period. For more information please see Appendix B.

### **4.0 Pensions in payment**

#### **4.1 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.

#### **4.2 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.

### **5.0 The Local Government Pension Scheme (Amendment) Regulations 2018**

5.1 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.

5.2 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.

5.3 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 deferred benefit is payable from their normal retirement date.

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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.

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

## **6.0 Financial implications**

- 6.1 The report contains financial information which should be noted.
- 6.2 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.

## **7.0 Legal implications**

- 7.1 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.

## **8.0 Equalities implications**

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

## **9.0 Environmental implications**

- 9.1 The report contains no direct environmental implications.

## **10.0 Human resources implications**

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

## **11.0 Corporate landlord implications**

- 11.1 The report contains no direct corporate landlord implications.

## **12.0 Schedule of background papers**

- 12.1 None.

## **13.0 Schedule of appendices**

- 13.1 Appendix A: Detailed process analysis
- 13.2 Appendix B: Key performance indicators (KPIs)