

## **Staff & Pensions Committee**

### **Administration Activity and Performance update**

14 December 2020

#### **Recommendation(s)**

1. Staff and Pensions Committee notes this report

#### **1. Executive Summary**

- 1.1 This report updates the Committee on key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

#### **2. Financial Implications**

- 2.1 All financial implications are dealt with in the body of the report

#### **3. Environmental Implications**

- 3.1 None

#### **4. Governance Action Plan**

- 4.1 Good progress has been made in implementing the Governance Action Plan, with 52 actions out of 54 now completed. The actions outstanding out of the original 54 are:
  - the implementation of i-Connect, our first Live data transfer has taken place on 19<sup>th</sup> November for 17 employers.
  - Cyber security policy – going to Staff and Pensions Committee for approval 14 December.

#### **5. GMP reconciliation**

- 5.1 GMP reconciliation is the process used to ensure that the Local Government Pension Scheme (LGPS) Records agree with those of the National Insurance Contribution Office (NICO part of HMRC). This enables a scheme to consider its data as clean and reliable.
- 5.2 A project has been established to review the data received from HMRC and

identify where data doesn't match. This is being done alongside a project to ensure the Pensions Administration system and Pensioner payroll system match up values of pensions in payment.

- 5.3 The data comparison work has now been completed and a total number of 4,541 records have been identified as not matching. The benefits team are now working through these cases and have set a deadline of 31 January 2020 to get this work completed.

## **6. Key Performance Indicators (KPIs)**

- 6.1 Appendix 2 shows KPIs for the period 1<sup>st</sup> May to 31<sup>st</sup> October 2020.
- 6.2 Where the PAS have not met 95%, these should be for KPIs where there is no payment due. KPIs where payments are due are treated as a priority.
- 6.3 In July there was a dip in the total number of transfers completed due to a key member of staff being assigned to the Annual Benefit Statements project and a new member of staff receiving training.
- 6.4 It has also been identified that better processes are needed to help cover priorities when a member of staff goes off unexpectedly. The team will introduce these new processes going forward.
- 6.5 In September we saw an influx of new scheme members joining and a greater number of retirements. Which impacted on the number of cases processed in the target timescales.
- 6.6 We have also noted a spiked increase in deaths in April, which has impacted on the number of death grant and dependants benefits we are currently processing. This has also impacted on the number of cases processed in the target timescales.

## **7. Workloads**

- 7.1 The PAS has been monitoring the tasks outstanding and completed by the service since the 1 March 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service reduced this figure to just 2,774 tasks as at the 31<sup>st</sup> October 2020. Since March, 32,130 tasks have been completed.
- 7.2 On an average weekly basis, we create between 800-1000 tasks and we are starting to see the team complete slightly more than what is coming in. As more of the team become fully trained, we expect to see the number of tasks being completed exceeding the number being created by a greater number.

## 8. Breaches

- 8.1 In 2020 the Service reported a breach to The Pensions Regulator (tPR) relating to the failure to meet the regulatory deadline for issuing Annual Benefit Statements to members. This had been caused by the printing company used to print and post out Annual Benefit Statements on behalf of Warwickshire Pension Fund. The issue was identified by a member of the Pensions Team, an investigatory report completed, and remedial actions taken. A total number of 4,989 statements were sent out on 11<sup>th</sup> September 2020. The tPR have already confirmed that no further action is required.
- 8.2 All other recorded breaches this year relate to the late submission of data or contributions by employers. Where an employer submits more than one week late on more than three occasions in one year, or more than five weeks late on one occasion, then a Green breach is escalated to Amber. Table 1 below summarises the number of employer breaches to date for 2020/21:

<b>Table 1: Breaches 2020/21</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>No Breach</b>	<b>Total</b>
Number of Employers	1	104	20	70	194

- 8.3 In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.
- 8.4 The red breach relates to the issue with a number of Annual Benefit Statements not being sent out by 31<sup>st</sup> August deadline, reported in 8.1.
- 8.5 tPR have clarified that a breach does not necessarily need to be reported for non-issue of an Annual Benefit Statement where a member's home address is listed as "gone away". We should, however, record the breach if we deem it to be of material significance. The PAS is taking steps to trace "gone-aways" (see section 10 below).

## 9. i-Connect

- 9.1 The i-Connect project will provide a digital platform for employers to submit monthly member data on-line. This is an automated process, and should therefore, remove the issue of late submissions, which is a key cause of employer breaches.
- 9.2 The project is progressing well; Aquila Heywood, the system provider, has now completed the handover to the PAS and employers onboarding for the first phase is being rolled out. The first live data transfer was completed in November. This was for 27 employers, with a further 10 employers expected to complete their live transfer in December. The team is now working with

employers to prepare them to start submitting data via i-Connect. It is expected that WCC as a Scheme employer will go live in Phase 2 of the project, well ahead of their original schedule. This is down to the successful collaboration between the pensions and payroll teams.

- 9.3 It has been encouraging that engagement with employers has been positive and working through COVID has not led to any delays in this project. The only task we would have done differently would have been to hold face to face sessions with employers to provide information and training. However, we have been able to successfully deliver this online.

## **10. Tracing service**

- 10.1 JLT Mercer have been appointed as a 3<sup>rd</sup> party tracing service and work commenced on this project on 22<sup>nd</sup> October, Information to track 2,654 deferred benefit members who the fund has lost contact with has been prepared and forwarded to JLT Mercer. There are also approximately 75 pensioners whose pension payments are currently suspended because we do not have a current address for them. In the next meeting we will be able to confirm the success rate for tracing members using this service.

## **11. Internal Dispute Resolution Procedure (IDRP)**

- 11.1 The IDRP procedure for WCC members and members previously employed by an employer who has since become defunct is currently being updated with input from the PAS and legal services. The stage one process is being formalised to identify clearly the key contacts. This should be completed ready for the March Staff and Pensions Committee meeting.

## **12. Appointment of Chair to Warwickshire Fire Pensions Board**

- 12.1 Following early notification of a desire to resign from the current Chair of the Warwickshire Fire Pensions Board, a robust process has been undertaken to find a suitable replacement. This process included a meeting of the preferred candidate with representatives from the Staff and Pensions Committee and the Chair of the Resources and Fire Overview and Scrutiny Committee. The recommended candidate is Mr Martin Reohorn, who is the Director of Finance and Treasurer at Hereford and Worcester Fire and Rescue Service. Approval to this appointment will now be sought from the County Council at its meeting on 15<sup>th</sup> December 2020.

## **Appendices**

1. Appendix 1 – KPIs
2. Appendix 2 – Outstanding tasks

### Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: Councillors Kaur & Gifford

## Appendix 1 KPIs

Key Performance Indicator	Fund Target (95% )	May 2020	June 2020	July 2020	Cumulative
1.Letter detailing transfer in quote	10 days	94%	88%	27%	69.81%
2.Letter detailing transfer out quote	10 days	91%	89%	71%	83.51%
3.Process and pay a refund	10 days	89%	97%	79%	88.43%
4.Letter notifying estimate of retirement benefits (Active)	15 days	97%	94%	95%	95.38%
5.Letter notifying actual retirement benefits (Active)	15 days	95%	100%	100%	98.25%
6.Process and pay lump sum (Active)	10 days	95%	95%	100%	96.58%
7.Process and pay death grant	10 Days	80%	100%	91%	90.30%
8.Initial letter notifying death of a member	5 days	91%	83%	90%	88.16%
9.Letter notifying amount of dependents benefits	10 days	88%	89%	71%	82.46%
10.Divorce quote letter	45 days	100%	100%	100%	100.00%
11.Divorce settlement letter	15 days	No cases	No Cases	No Cases	No cases
12.Send notification of joining scheme to member	40 days	99%	99%	98%	97.38%
13.Deferred benefits into payment	15 days	99%	98%	98%	97.83%
14.Calculate and notify deferred benefits.	30 days	91%	98%	63%	84.03%
15.Average days from retirement to payment of lump sum.	Measure of member experience	39 Days	34 Days	34 days	36 days

Key Performance Indicator	Fund Target (95% )	August 2020	September 2020	October 2020	Cumulative
1.Letter detailing transfer in quote	10 days	90%	100%	100%	96.67%
2.Letter detailing transfer out quote	10 days	91%	100%	100%	97.10%
3.Process and pay a refund	10 days	92%	78%	85%	84.82%
4.Letter notifying estimate of retirement benefits (Active)	15 days	93%	100%	80%	90.95%
5.Letter notifying actual retirement benefits (Active)	15 days	100%	100%	100%	100.00%
6.Process and pay lump sum (Active)	10 days	100%	91%	100%	97.10%
7.Process and pay death grant	10 Days	100%	80%	91.3%	89.17%
8.Initial letter notifying death of a member	5 days	100%	100%	80%	97.78%
9.Letter notifying amount of dependents benefits	10 days	93%	67%	100%	71.70%
10.Divorce quote letter	45 days	100%	100%	100%	100.00%
11.Divorce settlement letter	15 days	No Cases	No cases	No cases	No cases
12.Send notification of joining scheme to member	40 days	96%	100%	100%	98.81%
13.Deferred benefits into payment	15 days	97%	93%	97%	95.68%
14.Calculate and notify deferred benefits.	30 days	88%	100%	94%	96.96%
15.Average days from retirement to payment of lump sum.	Measure of member experience	55 days	54 days	45 days	51 days

## Appendix 2 Workloads

