

Staff and Pensions Committee

Pensions Administration Activity and Performance update

8 March 2021

Recommendation(s)

1. Staff and Pensions Committee note this report.

1. Executive Summary

- 1.1 This report updates the Committee on the 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 this report.

3. Environmental Implications

- 3.1 None

4. Governance Action Plan

- 4.1 The Governance action plan has been completed, except for the implementation of i-Connect. This project is scheduled to run until June 2021 and is on track.
- 4.2 Going forward items listed on the plan will become part of business as usual for the PAS and investment teams and have been included in the business plan for 2021-22.

5. i-Connect

- 5.1 The first live data transfer has taken place and 66 of our 195 employers have submitted data using the i-Connect system by 31st January 2021. WCC is the payroll provider for 29 different payrolls, all of which went live by 31 January

2021. This means that 11,539 out of 15,072 (77%) of member records are now being updated by i-Connect following phase 2 of the implementation.

- 5.2 Three employers expressed a wish to change the date they will start to use i-connect. We have agreed that all 3 can move from Phase 3 to Phase 4.

Phase	Testing phase commences	Live Date Deadline
Phase 1 (Multiple payroll providers already using i-Connect data portal)	9 October 2020	1 December 2020
Phase 2 (Warwickshire County Council employers)	12 October 2020	31 January 2021
Phase 3 (District and Borough Councils, colleges)	1 March 2021	30 April 2021
Phase 4 (remaining employers - Police and Crime Commissioner support staff, North Warks BC, Warwick DC, Warwick Independent Schools)	23 April 2021	18 June 2021

6. Guaranteed Minimum Pension (GMP) reconciliation

- 6.1 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 (National Insurance Contributions Office part of HMRC). This enables a scheme to consider its data as clean and reliable.
- 6.2 Data comparison work has been undertaken and work continues to update records where this does not match with HMRC data. Most records have been updated; however, the project has taken longer than expected due to having to check the information held on both the pensions administration system and the payroll system for pensioner members.

7. Pensions Increase

- 7.1 Each year pensions in payment are updated by the Pensions Increase.
- 7.2 This year the increase is 0.5%. Work has begun by both the payroll and pension teams to apply this increase from 12th April 2021.

8. Key Performance indicators (KPIs)

- 8.1 Appendix 1 shows the KPIs for the period 1st May 2020 to 31st January 2021.
- 8.2 KPIs where a payment is to be made are treated as highest priority.

- 8.3 From the chart it shows there are 6 out of 14 targets being consistently achieved. Of the remaining indicators where performance is below target the following explanations and actions are highlighted:
- Letter Detailing Transfer in Quote - we have recently updated the workflow process and for November this has resulted in a dip in performance. This has been investigated and a training need has been identified and remedied from December onwards. It should be noted that the drop in performance only related to 3 cases.
 - Payments of Refunds – the team that deals with the payment of refunds experienced a change in staff for this period, leading to a loss of productive time due to training, and a consequent dip in the number of cases processed within the target timescales. As a result of further training, this has now been remedied.
- 8.4 At the last committee meeting we reported that in September there was an influx of new scheme members, which impacted on the number of cases processed in the target timescales. For context, in the first 3 quarters of 2020/21 the team has processed over 3000 new starters. With the implementation of I-connect most of this work will be automated, freeing up capacity to address those areas of performance that are currently below target.
- 8.5 In October we not only saw an influx of retirements but have also noted a spiked increase in deaths in both April and October, which has impacted on the number of death grant and dependants benefits we are currently processing. This has affected the number of cases processed in the target timescales, relating to information going out to dependants.
- 8.6 The Scheme Advisory Board (SAB) is collecting data on the number of deaths being recorded by pension administrators to understand the impact of COVID19 on the LGPS.
- 8.7 With regard to staff welfare, the team management are paying attention to the possible impact of higher bereavement levels on team members and support is available should this be required.

9. Workloads

- 9.1 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 had 2,859 tasks as at the 31st January 2021. Since March, 45,129 tasks have been completed.
- 9.2 On an average weekly basis, we create between 800-1000 tasks and we are starting to see the team complete slightly more than the volume coming in. As more of the team become fully trained, we expect to continue to see the number of tasks being completed exceeding the number being created. It is

encouraging to see that the chart continues to show that the reduced volume of tasks outstanding is being sustained.

10. Breaches

Table 1: Breaches 2020/21	Red	Amber	Green	No Breach	Total
Number of Employers	0	106	22	65	193

- 10.1 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.
- 10.2 With the introduction of i-Connect, we expect to see a reduction in the number of breaches for the submission of monthly contribution returns, which is by far the most common reason for breaches occurring.
- 10.3 We are currently reviewing how breaches are recorded and reported and will be updating the format in which these are presented to the committee at the next meeting.

11. Tracing service

- 11.1 JLT Mercer were appointed as a 3rd party tracing service and commenced work on a project to trace members for whom the service does not have current contact details on 22nd October 2020.
- 11.2 Of the 2,724 records, we have been able to trace 2,443 members (90%), leaving just 281 where no trace has been made. We are currently looking at the profile of these cases, to see what date these benefits would be due and the value; this will help to determine if we should put these through a higher-level trace.
- 11.3 66 members have been returned as deceased, 27 of these were for members in receipt of their pension and checks are being made to ensure any pension payments have been suspended and contact has been made with a next of kin. 39 of these are for members with deferred benefits, so there is no payment being made to these individuals, and again we are making contact with next of kin for these.

12. McCloud project

- 12.1 The McCloud project has now begun and meetings with Aon, who we have appointed as Project Manager, have commenced.
- 12.2 The project charter has been created and identifies the success criteria and risks involved in delivering the project for both the Local Government Pension Scheme and the Firefighter Pension Schemes. The PAS are now planning resources and workstreams, starting with data collection from April.
- 12.3 The Government's response to the unfunded public sector schemes consultation, which covers firefighter pension schemes, was released on 4th February. The government has indicated that it will follow the deferred choice underpin option. This means that members will decide whether to take benefits based on either the legacy (final salary) scheme or reformed (CARE) scheme for the remedy period, 1st April 2015 to 31 March 2022, or date of leaving, only when they leave the pension scheme.
- 12.4 The response from the Government, for the Local Government Pension Scheme is expected imminently and this will help to determine the timescales involved for the implementation of changes to the regulations.
- 12.5 It is suggested that the regulations will be implemented on 1st April 2022, but administrators will have up to 31st October 2023, to implement the changes.

13. Exit Payment update

- 13.1 The Restriction of Public Sector Exit Payments Regulations 2020 ("the regulations") impose a cap of £95,000 on the payments which specified public sector exits.
- 13.2 LLG (Lawyers in Local Government) and ALACE (the Association of Local Authority Chief Executives and Senior Managers) have been given permission to bring a judicial review challenge over the Exit Payment Cap Regulations. This is to be heard in March 2021.
- 13.3 Several "procedural flaws" in bringing the regulations forward and also substantive issues as to the basis on which the regulations had been made have been identified, which also affect the Ministry for Housing, Communities and Local government's (MHCLG) draft pension regulations on which consultation outcomes have not yet concluded.
- 13.4 This will mean further delays to the change in the Local Government Pension Scheme Regulations 2013, which were expected at the beginning of 2021.

14. Timescales associated with the decision and next steps

None

Appendices

None

Background Papers

None

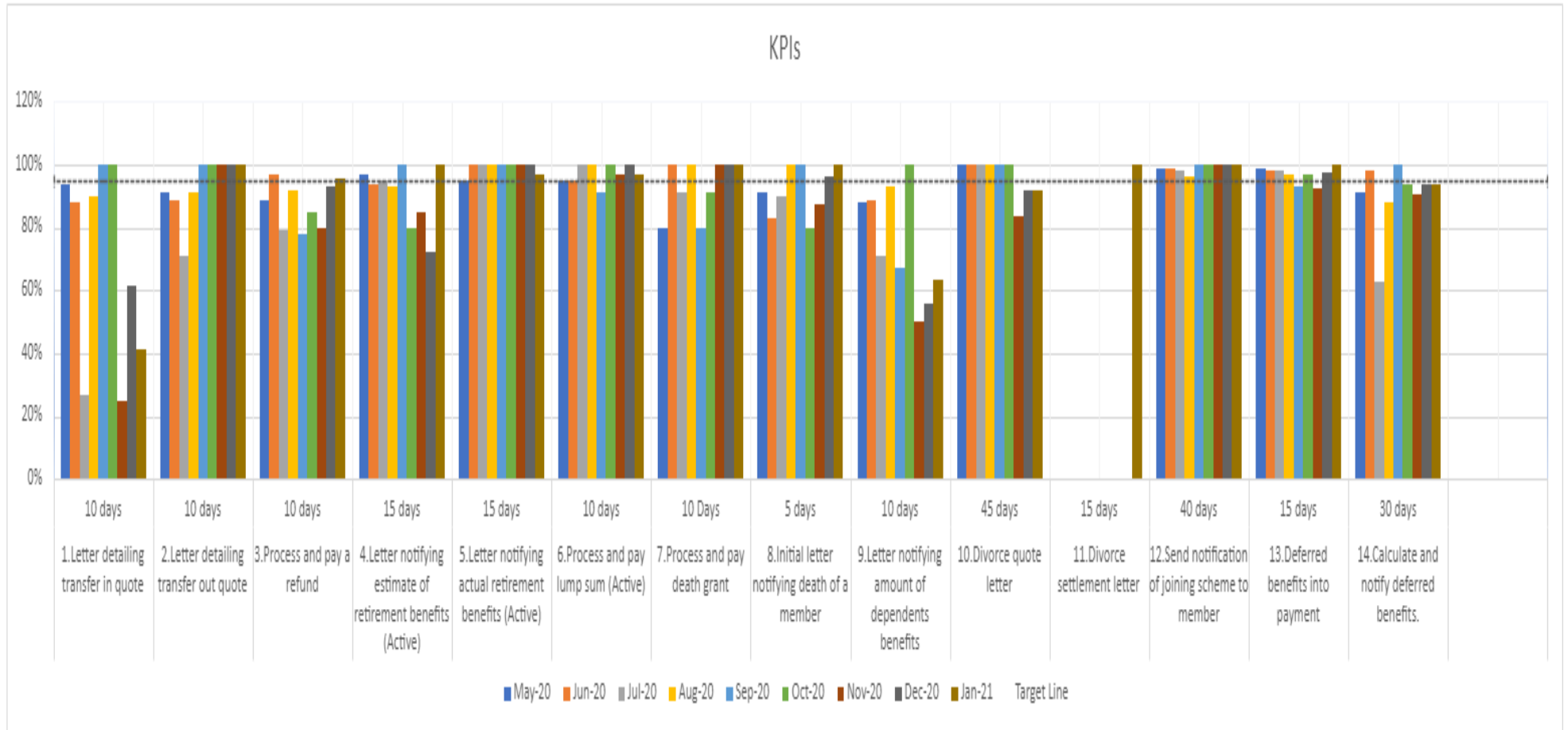
	Name	Contact Information
Report Author	Liz Firmstone, Victoria Jenks, Victoria Moffett, Chris Norton	lizfirmstone@warwickshire.gov.uk, vickyjenks@warwickshire.gov.uk, victoriamoffett@warwickshire.gov.uk, chrisnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton	Andrewfelton@warwickshire.gov.uk
Lead Director	Strategic Director for Resources	Robpowell@warwickshire.gov.uk
Lead Member	Portfolio Holder for Finance and Property	PeterButlin@warwickshire.gov.uk

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

Local Member(s): None

Other members: Councillors Kaur & Gifford

Appendix 1



Appendix 2

