

Staff and Pensions Committee

Pensions Administration Activity and Performance update

14 June 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. i-Connect

- 4.1 The first 3 phases of live data transfers have taken place, and we have 73 employers going live in Phase 4. This means that 13,179 out of 16,911 member records are now being updated by i-Connect.
- 4.2 Test data has been received from most employers in phase 4. Those that have not yet submitted data are being contacted to ensure it is received and does not delay the project. We have escalated concern over one employer, who has not been responding to our requests. The employer in question has changed payroll provider from 1st April 2021, so a delay has been caused by the timing of this. We still have until the end of June to get all employers onboarded.
- 4.3 In the event that we do not receive the required data to onboard a Phase 4 employer by the end of June, i-Connect will still transition from project to BAU status. We will use our existing policies and processes, within the Pensions Administration strategy to ensure all employers are complying with their roles and responsibilities, including the use of i-Connect. As i-Connect becomes

BAU for the collection of payroll data, any employer using other methods to supply this data can be charged.

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, Nuneaton and Bedworth Borough Council)	23 April 2021	18 June 2021

5. Pensions Increase

- 5.1 Each year pensions payments are updated by the Pensions Increase. This year the increase is 0.5%. The work required by the Payroll and Pensions teams has now been completed and all pensioners have received their Increases.

6. Key Performance indicators (KPIs)

- 6.1 Appendix 1 shows the KPIs for the period 1st May 2020 to 31st March 2021.

- 6.2 KPIs where a payment is to be made are treated as highest priority.

- 6.3 From the chart it shows there are 11 out of 14 targets being consistently achieved. Of the remaining indicators where performance is below target, the following explanations and actions are highlighted:

- KPI 1 - Letter detailing transfer in quote –we currently have two members of staff working on these cases, there is one other member of staff who has been tasked to work on Fire pension scheme administration to clear a backlog. As this backlog has reduced, this member of staff will now assist with this workload and support the two officers working on these cases.
- KPI 9 - Letter to dependants – there is still a number of these cases not meeting the target and this is being monitored by the Benefits team leader.
There have been changes to the workflow process and we are looking to ensure the system is being set to accurately record the number of working days we are taking to process these cases in order to improve efficiency.
- KPI 14 - Deferred benefits – team members who deal with these cases have been working on a backlog of work created by the first i-Connect

submissions. This backlog is reducing, and the number of deferred benefits being processed has increased over the last month.

7. Workloads

- 7.1 The PAS has been monitoring the tasks outstanding and completed by the service since 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 3,144 tasks outstanding as at the 31st March 2021. Since March, 57,424 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 the volume coming in on certain weeks (Appendix 3). It is encouraging to see that the chart continues to show that the team increases output to meet the level of demand. The chart in Appendix 3 shows the big increase in work we received following the i-Connect submissions for WCC payrolls in February and how the incoming work has started to level off.

8. Breaches

- 8.1 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.
- 8.2 A separate report has been produced for this committee to agree a change to the reporting and escalation procedure.

9. Tracing service

- 9.1 Of the 2,724 records where we had no address for the scheme member, we have been able to trace 2,443 members (90%), leaving just 281 where no trace has been made. We will be sending approx. 50 cases for a gold trace, as these are members who should have benefits in payment.

10. McCloud project

- 10.1 The McCloud project has now begun and meetings with Aon, who we have appointed as Project Manager, have commenced.
- 10.2 Workstreams to manage data collection involving members of the PAS and payroll teams has begun. Employers have been split into 3 phases and requests for data have started to be sent out from 1st April.
- 10.3 Communication workstreams have also begun work, and initial communications have been sent out to all employers, giving information about

McCloud and employer responsibilities for supplying data. An employer engagement event was held on 29th April. Further communication is waiting on a response from the Government to its recent consultation exercise. It is proposed that information will be included with the Annual Benefit Statements for Active and Deferred members. Pensioners have received an update via the Ragged Staff newsletter that has been sent out in May.

- 10.4 Information has been received from the Pensions administration software supplier for the changes that need to be made and the expected timescales. This is helping us to plan work and resources. It is envisaged that work to analyse the impact on members and recalculation of benefits will begin from January 2022.
- 10.5 The response from the Government for the Local Government Pension Scheme is now expected later this year and this will help to determine the timescales involved for the implementation of changes to the regulations.
- 10.6 It is suggested that the regulations will be implemented on 1st April 2023.

11. Exit Payment Update

- 11.1 The Restriction of Public Sector Exit Payments Regulations 2020 (“the regulations”) which imposed a cap of £95,000 on the payments for specified public sector exits, were revoked on 12th February 2021.
- 11.2 As the cap no longer applies, if an LGPS member exits on or after 12 February 2021 due to redundancy or business efficiency at age 55 or over:
 - The member is entitled to and must take an unreduced pension.
 - If requested, employers must pay to the administering authority the strain cost associated with the early payment of that pension.
 - Employers must not make a cash alternative payment as set out in regulation 8 of the Exit Cap Regulations.
- 11.3 It should also be noted that the revocation of the Regulations was stated to be retrospective. Therefore, all LGPS member exits are essentially treated as if the Regulations never existed.
- 11.4 On 9th April 2021, the Ministry of Housing, Communities & Local Government (MHCLG) sent a notification for feedback on a new information requirement for exit payments data for the financial years 2014-15 up to 2020-21. It is anticipated that this data will be used to inform any new proposals regarding exit payments.

12. Annual Benefit Statements

- 12.1 The Annual Benefit statement project for 2021 has commenced. Statements for those that have benefits held in the scheme but are not currently contributing (deferred members) are scheduled to go out by June. Statements for active members will be sent out in August and must be received by 31st.
- 12.2 This year, with the introduction of i-Connect we are expecting to receive fewer queries on pay and contributions, significantly reducing the normal influx of work generated by these queries.

13. Pensions Schemes Bill/Pensions Schemes Act 2021

- 13.1 On 11 February the UK Pensions Scheme Act received Royal Assent. The Act sets out changes not all of which will be relevant to the LGPS. The following sections are expected to be relevant to the LGPS (either directly or indirectly).
- 13.2 Pensions dashboards: The Money and Pensions Service (MaPS) is to deliver a non-commercial dashboard. The Act provides a framework to support pensions dashboards, including new powers to compel schemes to provide information. We will be required to feed in information and regulations will specify the detail of what, when and how information must be provided.
- 13.3 Limiting transfer rights: The Act will allow Funds to restrict transfer requests where conditions, including in relation to the member's new employment or to where they live, are not met. This is intended to help prevent pensions scams. Exercising due diligence when a transfer request is received can be difficult, with funds currently having little power to refuse a transfer.
- 13.4 In the last report to the board, we reported the increase in requests the PAS have been receiving from claim management companies, for members who decided to transfer benefits out of the fund. The LGA technical group are gathering information from Funds, regarding how they are dealing these cases so that a common approach can be agreed.
- 13.5 It has also been suggested that a framework (or panel) of IFA's should be provided by Funds, that members could be referred to for pension transfer advice. The PAS are unable to provide advice to member's regarding transfers and members are therefore left to find their own financial advice. This can lead to incorrect advice being given to members from advisors who are not truly independent.

14. Timescales associated with the decision and next steps

None

Appendices

- 1 – KPIs
- 2 – Total outstanding tasks
- 3 – Total tasks created and completed

Background Papers

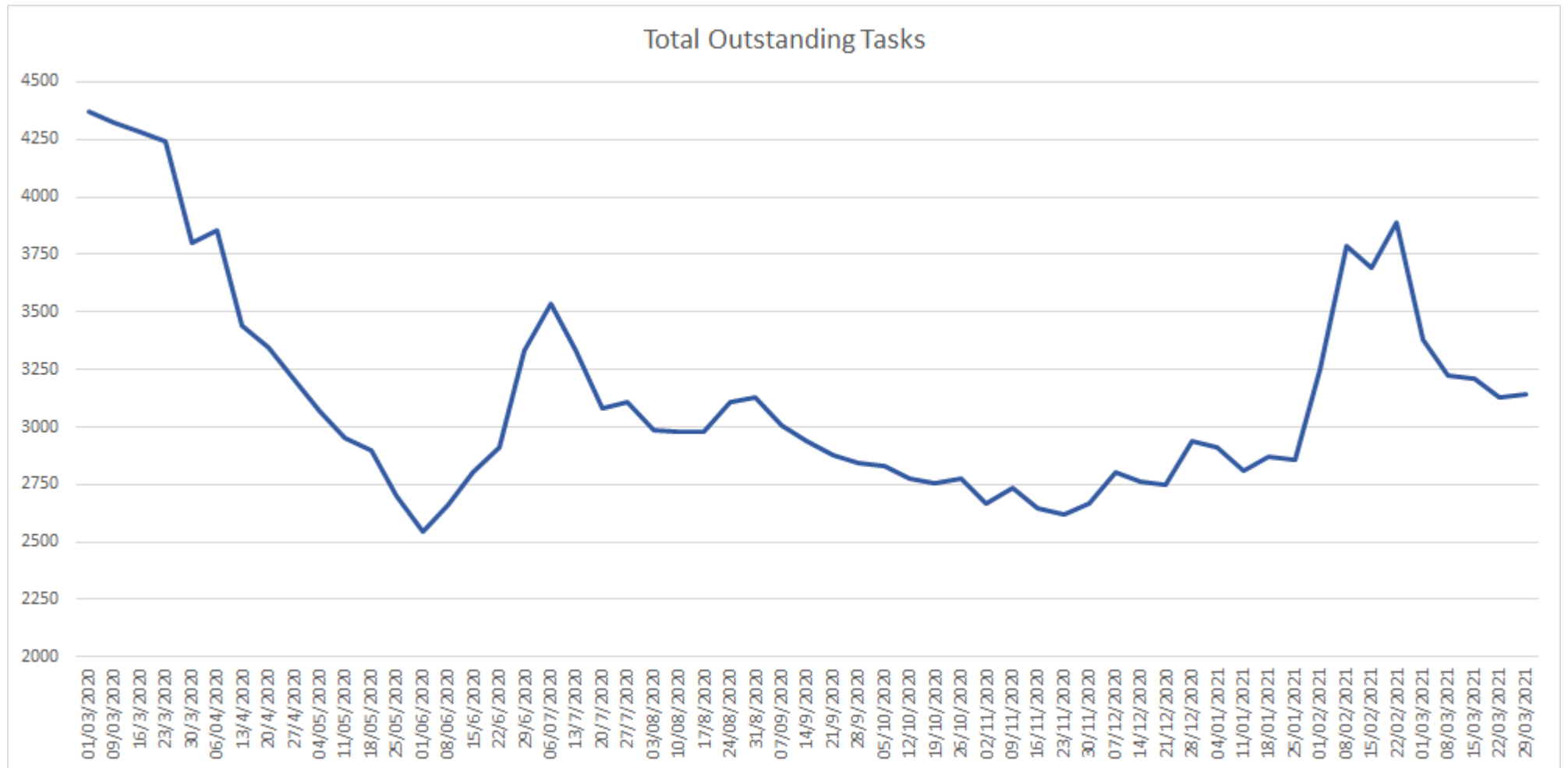
[Mandatory HM Treasury Directions - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
<https://www.legislation.gov.uk/ukpga/2021/1/contents/enacted>

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

Local Member(s): None
 Other members: Councillors Jenns & Gifford

Appendix 2



Appendix 3

