Warwickshire Local Pension Board

Pension's administration activity and performance update

20 October 2021

Recommendation(s)

1.   The Local Pension Board note and comment on this report.

1.   Executive Summary

1.1   This report updates the Board 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.   Annual Benefit Statements

4.1   The total number of statements sent out by 31st August was 33,422, this equates to 99.25% of statements. 319 statements were not sent out by the deadline due to outstanding queries relating to information supplied by employers. 129 active statements have been issued to members in September. A further 189 outstanding statements will be issued by the end of October.

4.2   As the number that were not issued by 31st August was so small, and we will have issued over 95% of statements by the statutory deadline this will not need to be reported as a breach to the Pensions Regulator.

4.3   Next year the intention is that all statements will be issued on-line via Member self-service.

5.   Member self service

5.1   The Pensions Administration Team currently spends 16% of its time responding to queries from members of the Local Government Pension Scheme (LGPS). This reduces capacity to deal with more complex or urgent cases, can create workload backlogs, and impacts progress to deliver other significant areas of work, such as ensuring good governance and scheme compliance, and implementation of legislative and regulatory changes.

5.2   Member Self-Service (MSS) provides internet and intranet facilities to enable all employees, past and present, to access their individual information, update data, view documents and carry out "What if…" modelling.

Functionality includes:
- Full support for multiple devices, such as tablets and mobile phones, delivered in a modern looking, clean, and responsive design
- Full integration with the existing Pensions Administration system, ensuring the member has access to their current membership data.
- Online benefit calculations for members
- Online benefit statements
- General scheme documentation can be uploaded for members to access along with system-generated documents
- Members can view and update personal details such as address, benefit nominations and bank details. The updates can write straight back to the system database, start a workflow, or notify administrators via e-mail
- Strict security controls. Members register and manage their own passwords and security questions and answers
- Option to combine the existing static Warwickshire content website with Member Self-Service
- Option for Social media integration

The accurate calculation and payment of pensions is dependent on holding accurate member data. MSS improves data quality as members are able to view and update their details 24/7, reducing reliance on the Pensions Administration Team to identify and correct errors.

5.3   The implementation of MSS has begun; the PAS are working with our software suppliers and internal ICT teams to deliver this project. The project has a 'go live' date of 1st April 2022.

5.4   Under disclosure requirements, members have been notified twice of the funds intention to move to digital communications.

5.5   A communication will be sent out to all members via their employers, which will provide instruction on how to create an account on MSS. There will be an option to opt out of receiving digital communications if a member cannot access MSS.

5.5   To coincide with the move to digital communications for members approval will be sought from Staff and Pensions Committee to cease sending paper

payslips to our pensioner members. Currently 9,097 pensioners out of approx. 15,000 still receive a paper payslip. This costs the fund over £70K a year.

5.6   Pensioners will be able to view payslips online and for anyone requiring a paper payslip they can contact the pensions team to request one.

6.   Key Performance indicators (KPIs)

6.1   Appendix 1 shows the KPIs for the period 1st May 2020 to 31st August 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 9 out of 14 targets being consistently achieved. This has slipped from 10 out of 14 in the last period.

6.4   For KPIs that are not being achieved:

KPI 1 - providing transfer information, this is showing improvement, even though we have seen an increase in the number of transfers being requested. This is because we are seeing members wishing to request more than one transfer due to a change in the way people work. Previously employees tendered to stay in one job and retire, we are now seeing people move employment more frequently. We have increased support in this area and when the Fire Pensions administration transfers to a new provider with effect from 1st April 2022, we will have more resource available.

6.5   KPI 4 - relating to estimates, we received a large number of requests in August following the release of Annual Benefit Statements and we also had members of the team on leave. Of 22 cases 4 were processed outside of time. Once MSS goes live, members will be able to run their own pension estimates.

6.6   KPI 7 – in August we processed 10 cases and 1 was not completed within the set time. This was delayed due to dealing with other priority and complex cases.

6.7   KPI 9- relating to the notification of benefits sent out to dependants, there were 9 cases and 5 were processed out of time. These 5 were complex cases where additional work had to be completed before information could be sent out to the member. Training has been provided to the team to ensure that an improvement can be made.

6.8   KPI 10 – in August we processed 6 cases and 2 were not processed with in the set time.

7. Workloads

7.1 The PAS has been monitoring the tasks outstanding and completed by the service since the 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 2858 tasks as at the 31st August 2021.

7.2 Although in the short- term work coming in slightly exceeds work completed, this is due to a smoothing out of demand over the year following the introduction of I-Connect, rather than peaks of work being created at year end. The team has a number of new staff whose productivity is increasing with experience, and together with outsourcing of firefighter pensions administration and the introduction of Member Self-Service, we expect capacity to be created to manage workloads going forward.

7.3 Its anticipated that with the introduction of "Insights", a new reporting tool will be available in the new calendar year, and this will allow us to report more granular information to the board regarding workloads and KPIs.

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.

WPF Breaches 20/21
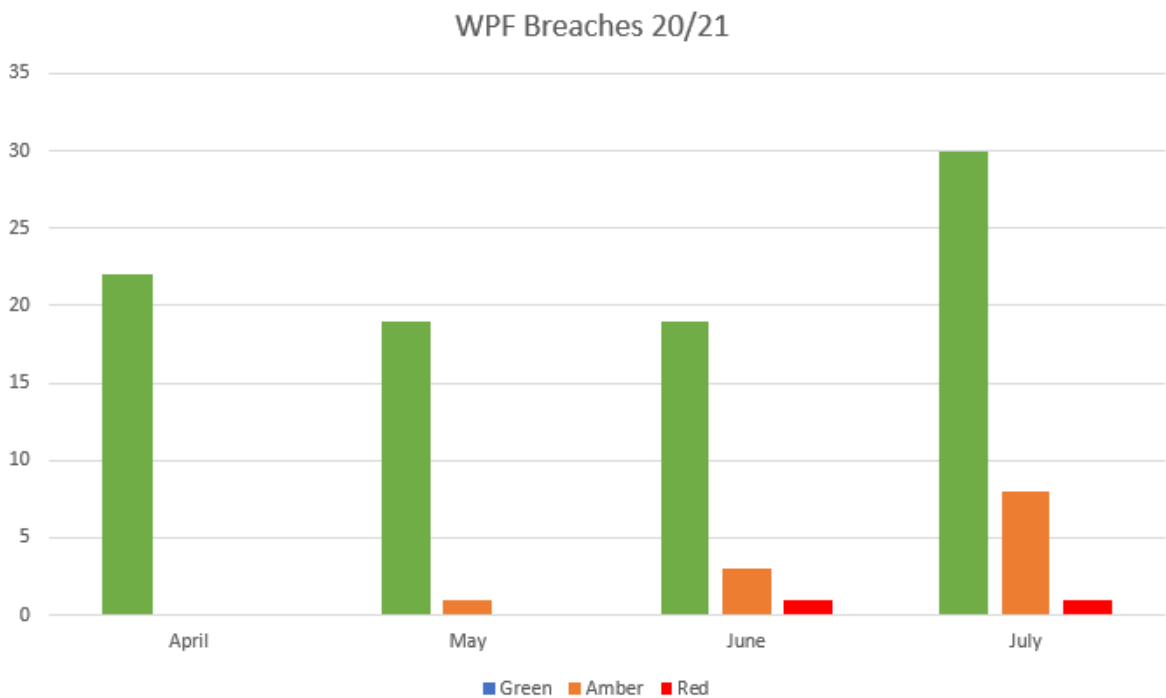
8.2 Through regular reviews of the breaches being logged we have identified an issue with admissions for contracts being let by Academies for catering and

cleaning. Issues include delays in signing of the admission agreement, late payment of contributions and monthly data submissions.

8.3 Through discussion with both our Border to Coast Pension Administration Group and our regional pension managers group, the issue has been raised via Local Pension Board Chairs to the Scheme Advisory Board. The PAS have arranged an employer engagement event with Academies in the fund to provide information and guidance regarding the letting of contracts and their responsibilities for payment of pension liabilities and employees affected by the transfer.

8.4 The fund has had an issue with a Multi Academy Trust (MAT) who let a contract for cleaning services back in 2019. Due to a dispute between the MAT and the contractor over the rate for pension liabilities an admission agreement is not in place for the employees who transferred. A letter was sent to the Contractor, The School, and the MAT, which highlighted that no pension cover was being provided for employees whilst the admission agreement is outstanding and that the fund could choose not to back date the agreement. We have now been contacted by both the contractor and the MAT and expect an admission agreement to be in place by the end of October.

9. McCloud project

9.1 The McCloud project is continuing, and information is beginning to be received from employers. There is a growing risk that data from employers may not be provided within set timescales, and this has been recorded in the project risk register and highlighted to the project management group.

9.2 Work is starting to identify where our processes will require changes to accommodate the additional checks that will need to be done for members affected by the underpin.

9.3 The pensions software provider has also shared the indicative costs the fund may have to pay to cover the development of the software required.

9.5 There are enquiries underway as to whether central funding can be granted to pay for this to help administrators cover the cost.

10. New employers joining and leaving the fund

10.1 The fund has received applications from the listed employers below to be admitted into the Warwickshire Pension Fund:

New Academies   • Brailes C of E Primary School (1st August 2021)

New Employers   • Sodexo (1st August 2021)
                        • Prime Facilities Services (8th June 2021)

Internal Dispute Resolution Procedure (IDRP)

11.1 The Fund has received one IDRP at stage one, which was not upheld.

11. Timescales associated with the decision and next steps

None

Appendices
None

Background Papers
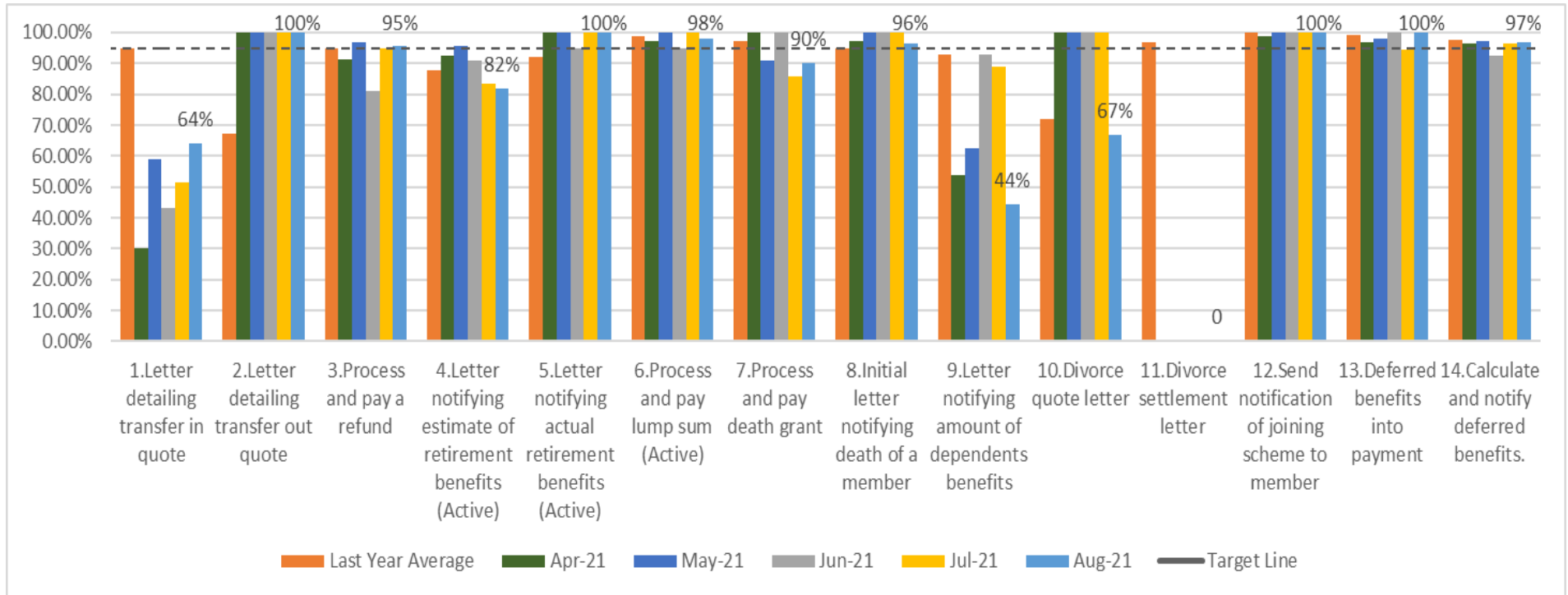https://lgpslibrary.org/assets/minutes/20210702_DSG_draft%20response.pdf

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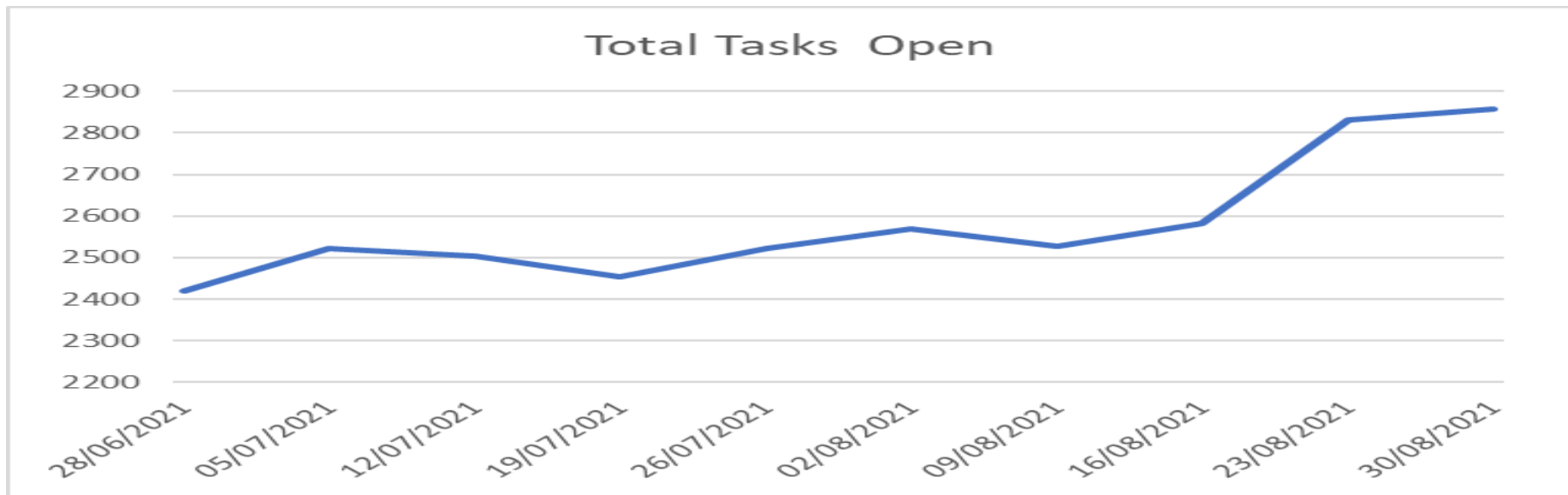The report was circulated to the following members prior to publication:

Local Member(s): Cllr Andy Jenns
Other members: n/a

Appendix 1 Key Performance Indicators

Chart legend: Last Year Average, Apr-21, May-21, Jun-21, Jul-21, Aug-21, Target Line

Categories:
1. Letter detailing transfer in quote
2. Letter detailing transfer out quote
3. Process and pay a refund
4. Letter notifying estimate of retirement benefits (Active)
5. Letter notifying actual retirement benefits (Active)
6. Process and pay lump sum (Active)
7. Process and pay death grant
8. Initial letter notifying death of a member
9. Letter notifying amount of dependents benefits
10. Divorce quote letter
11. Divorce settlement letter
12. Send notification of joining scheme to member
13. Deferred benefits into payment
14. Calculate and notify deferred benefits.

Appendix 2 total outstanding work

Total Tasks Open

Appendix 3   Comparison of work created to work completed

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