

Staff and Pensions Committee

Pensions Administration Activity and Performance Update

13 December 2021

Recommendation

That the Committee 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. Member Self Service

- 4.1 The Pensions Administration Team currently spends 16% of its time responding to queries from members of the Local Government Pension Scheme (LGPS).
- 4.2 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.
- 4.3 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; and
- Option for Social media integration.

- 4.4 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.
- 4.5 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.
- 4.6 Under disclosure requirements, members have been notified twice of the Fund's intention to move to digital communications. 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.
- 4.7 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. (See report elsewhere on this agenda). Currently 9,617 pensioners out of approx. 13,771 still receive a paper payslip. This costs the fund over £70K a year.
- 4.8 Pensioners will be able to view payslips online and for anyone requiring a paper payslip they can contact the pensions team to request one.

5. Key Performance indicators (KPIs)

- 5.1 Appendix 1 shows the KPIs for the period 01st April 21 to 31st October 21.
- 5.2 KPIs where a payment is to be made are treated as highest priority.

5.3 From the chart it shows there are 11 out of 14 targets being consistently achieved. For KPI 11 we have had no cases to report on.

5.4 For KPIs that are not being achieved:

- KPI 1 - providing transfer information: 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 tended 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, this will free up resource which can assist with this work. For reference, in October there were 59 cases processed with 24 completed within the KPI timescale.
- KPI 4 - relating to estimates: unfortunately, due to staff sickness with covid during October we did not fully meet the KPI this month. Of 30 cases 4 were processed outside of time. Once MSS goes live, members will be able to run their own pension estimates.
- KPI 9- relating to the notification of benefits sent out to dependants, there were 11 cases and 1 was processed out of time. This was a case which required extra checking and retrieval of file from storage.

6. Workloads

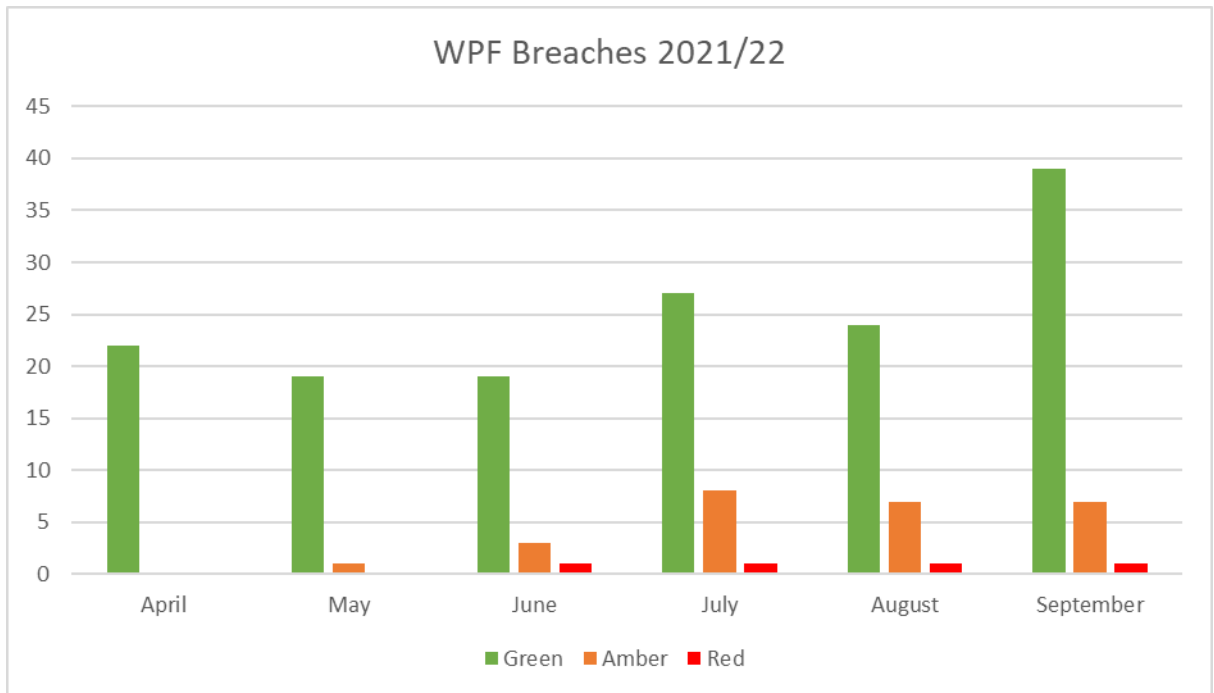
6.1 The PAS has been monitoring the tasks outstanding and completed by the service since the 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 2604 live tasks as at the 31st October 2021.

6.2 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.

6.3 It is 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.

7. Breaches

- 7.1 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.



- 7.2 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. For one particular case, 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. The admission agreement has been now signed and collection of the outstanding contributions is being made. The new process of escalating issues to senior officers is helping to complete admissions where letting employers and contractors are slow to act.

- 7.3 The fund has escalated an employer to red breach status for failing to provide financial and member data for the first six months of the 2021/22 financial year. The breach has been reported to the Pensions Regulator (tPR), who is being kept informed of the actions being taken to resolve the issue. The employer has now sent the outstanding contribution reconciliation sheets

while working to build an i-Connect submission and will be charged for the additional work required from the fund.

8. McCloud Project

- 8.1 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, who will be directing the necessary communications with employers to ensure information is supplied in a timely fashion.
- 8.2 The legislation which is intended to remedy the discrimination in pension provision following McCloud is contained within the Public Service Pensions and Judicial Offices Bill, which will have retrospective effect from 1 April 2015. The Finance Bill 2021-22 and supporting regulations will contain technical changes to ensure that the pensions taxation framework can operate as intended to the McCloud reforms, and are expected to clarify the actions the Pension Fund can take if, for example, an individual would receive a tax charge as a result of the recalculation of their benefits. Work has commenced in identifying where our processes will require changes to accommodate the additional checks that will need to be done for members who are affected by the underpin..
- 8.3 The pensions software provider has notified officers of the indicative costs the fund may have to pay to cover the development of the software required. There are enquiries underway as to whether central funding can be granted to pay for this to help administrators cover the cost.

9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 The Fund has no outstanding IDRP cases.

10. Guaranteed Minimum Pension (GMP) reconciliation exercise

- 10.1 The work to complete the GMP reconciliation and rectification continues, and targeted resources have now been in place since August 2021. Priority is being given to members already in receipt of their pension where the amount they are receiving needs to be amended.
- 10.2 The total number of outstanding cases was 2,618. The number of cases that have been rectified is 729, of which 526 overpayments and 30 underpayments have been identified. For all overpayments a letter has been sent out to the member to confirm that the pension in payment needs to be amended. If there is a significant change to the value, we work with the member to ensure that the reduction does not create any financial hardship. For underpayments the

payment is adjusted for the next available payment to the member, and this will include an arrears that are due. 173 have resulted in a change to the GMP information held on the member record but this has not affected the pension in payment as the member has not yet reached state pension age.

11. Timescales associated with the decision and next steps

None

Appendices

Background Papers

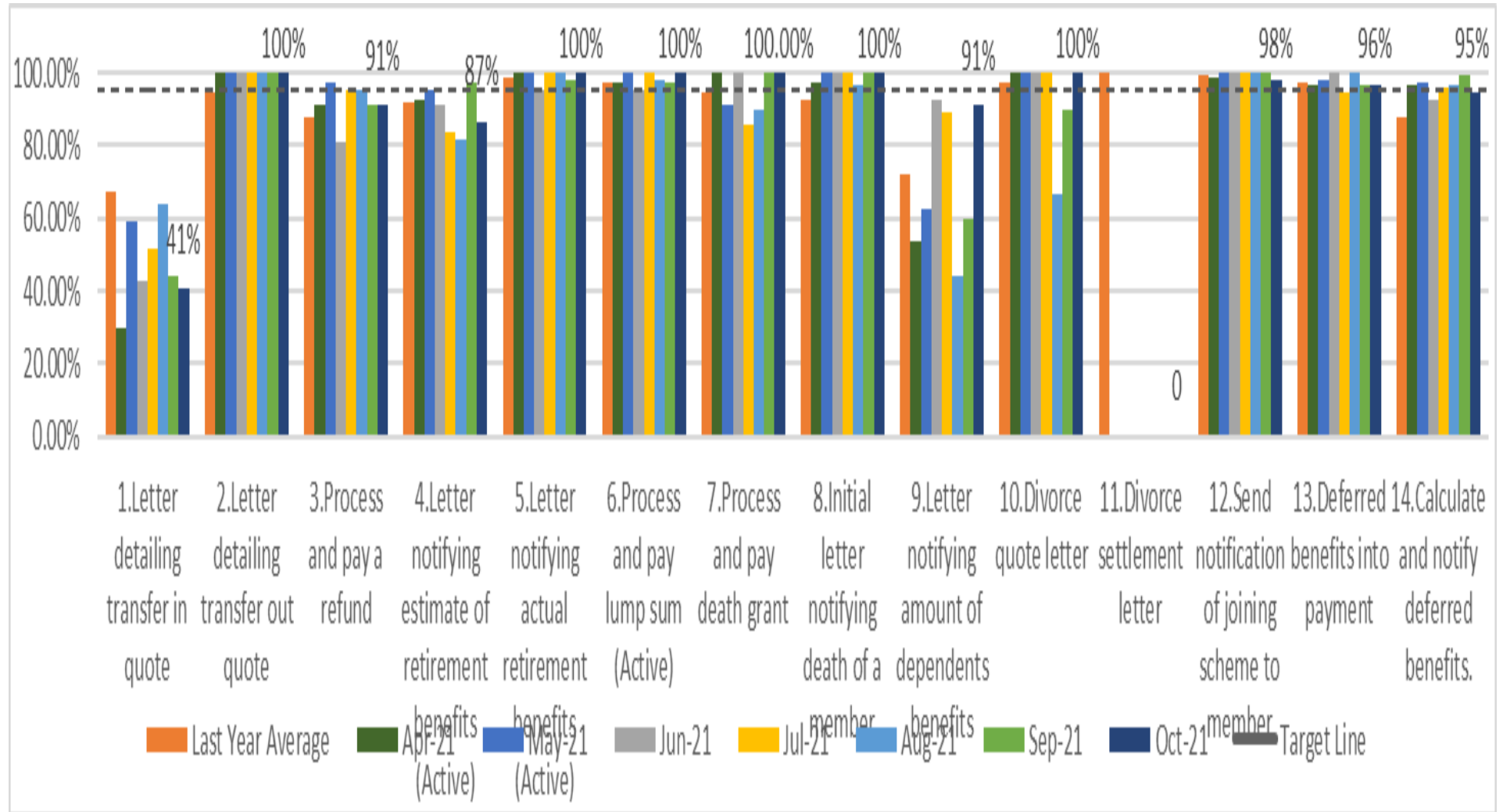
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The report was circulated to the following members prior to publication:

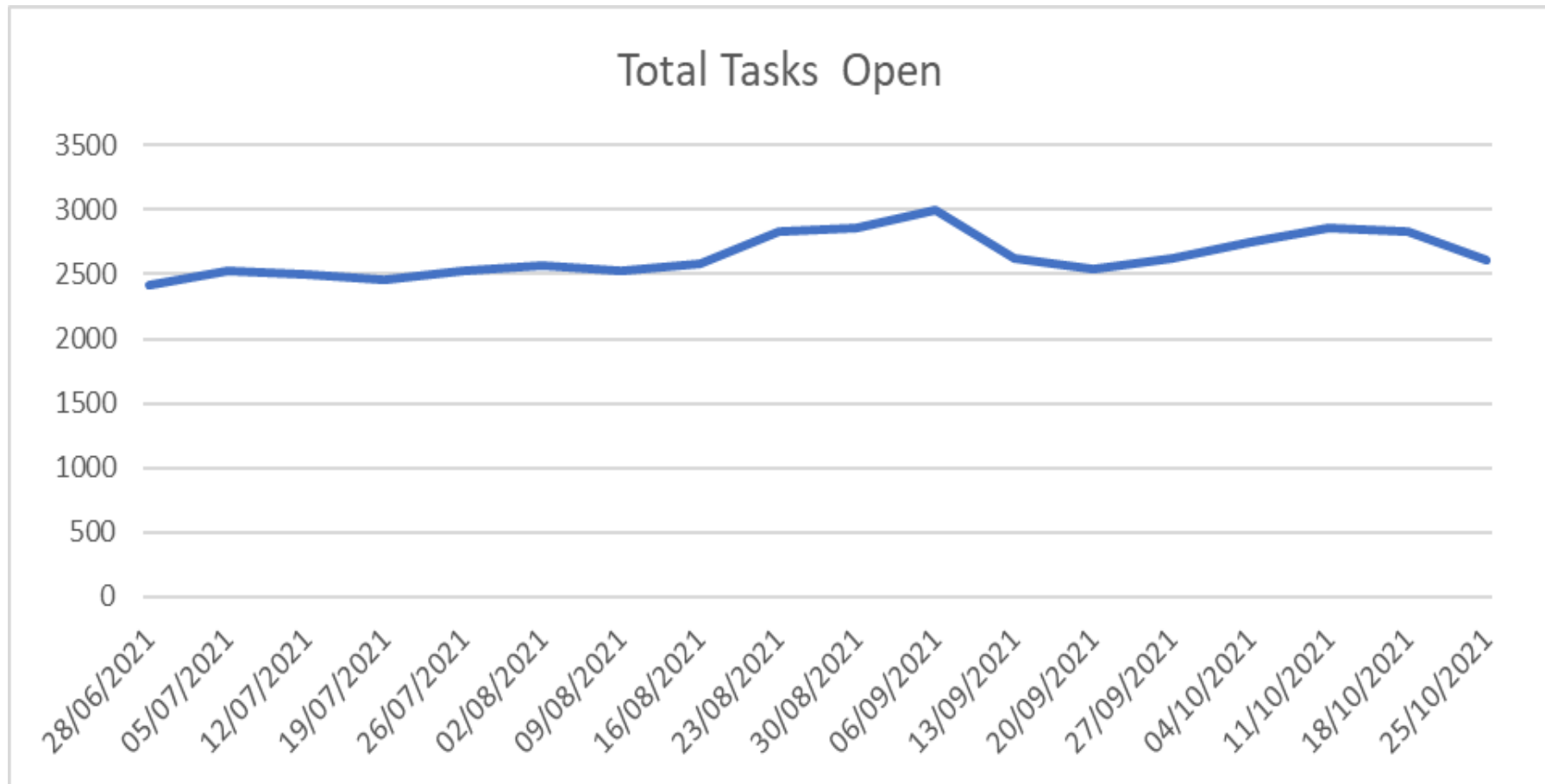
Local Member(s): Cllr Andy Jenns

Other members: n/a

Appendix 1 Key Performance Indicators



Appendix 2 total outstanding work



Appendix 3 Comparison of work created to work completed

