Warwickshire Local Pension Board

2 February 2022

Pensions Administration Activity and Performance Update

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 (MSS)

4.1 The implementation of MSS has begun. The PAS are working with software suppliers and internal ICT teams to deliver this project.

4.2 Testing of the system has been undertaken. An employer of the fund has been selected in order to do a 'soft launch' so that we can receive feedback from this and ensure that when MSS is rolled out, we can provide quick responses to any queries raised. We will look to provide easy to follow instructions for logging on and sign-posting to our website so that members can look there first to answer general questions regarding the pension scheme. We do anticipate receiving more enquiries during the launch period; however, we will look to complete the roll out in phases so that we can manage the additional queries we expect from members.

5. Key Performance indicators (KPIs)

5.1 Appendix 1 shows the KPIs for the period 01ˢᵗ April 21 to 30ᵗʰ November 2021.

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

5.3 For KPIs that are not being achieved:

5.3.1 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.

5.3.2 KPI 2 - relating to transfers out: The number of cases being processed on time has reduced. Legislation regarding the number of checks for due diligence the PAS have to complete has increased the work needed to complete these cases. Updated guidance and template documents are being provided by the Local Government Association which will help to ensure we are documenting all the checks being undertaken correctly.

5.3.3 KPI 3 - Paying a refund: 39 refunds were processed in November of which 31 were paid within 10 days. This is the most we have paid since October 2020. For the financial year we are paying 89% of refunds within 10 days which is higher (88.36%) than last year.

5.3.4 KPI 4 – Letter notifying estimate of benefits: – there were 31 cases and this KPI was missed in 2 cases due to queries looked at during the checking process.

5.3.5 KPI 9 - relating to the notification of benefits sent out to dependants, there were 17 cases and 2 were processed out of time. These were cases which required retrieval of the 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 2223 live tasks as at 6 December 2021. The overall volume of work is being managed effectively in spite of increases in demand in some areas.

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.

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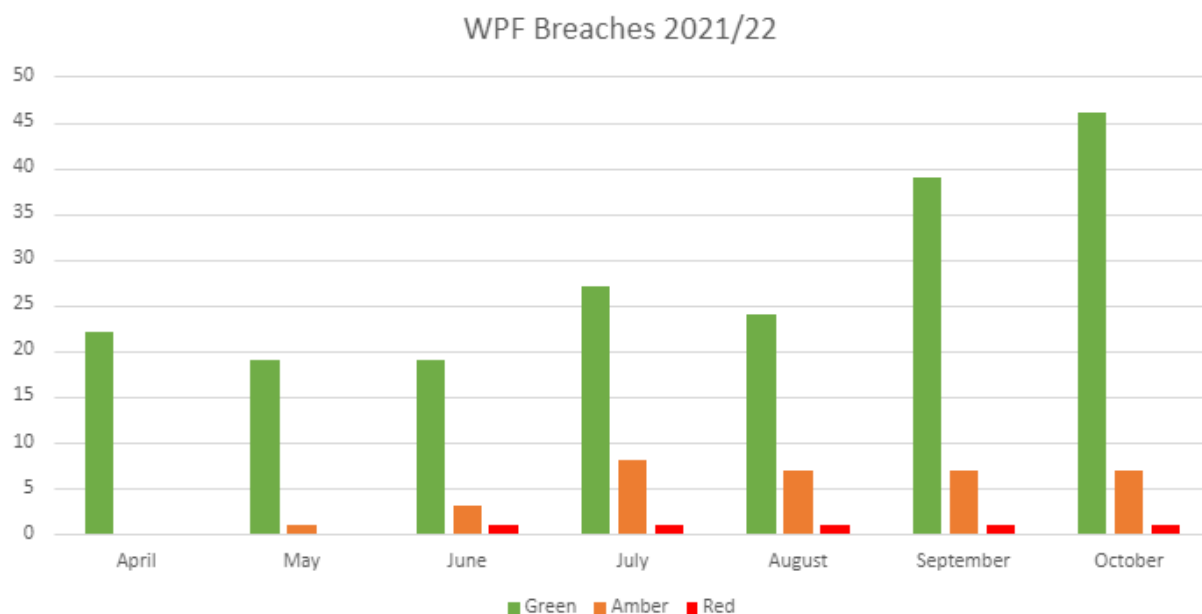
7.2   The fund has escalated an employer to red breach status for failing to provide financial and member data for the first six months of the 2021/22 financial year. The breach has been reported to the Pensions Regulator (tPR), who is being kept informed of the actions being taken to resolve the issue.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

7.3   The increase in green breaches is down to late submissions by a multiple payroll provider. This means that one provider submits data for a number of fund employers. A notification has been sent to the employers and payroll provider to ensure payments are received by 19th of each month going forward.

7.4   As part of the monthly breaches review, we have also identified that a reminder to employers that is automatically sent out via the I-Connect system is sent out at the beginning of each month. We are speaking with our software provider to ask if this reminder can be generated either slightly later or a second reminder issued to prompt the payroll provider. This will remind them to submit their I-connect data but also to make payment for the outstanding pension contributions before 19th of each month.

8.   McCloud Project

8.1   The McCloud project is continuing. The data collection exercise has been completed in part with the majority of employers either providing information regarding changes for their employees or signing a disclaimer to confirm they agree that the data held on the pension's administration record is correct.

8.2   The PAS will now look to move on to the next phase of work which is benefit rectification and the updating of our work processes to include the check for the underpin protection for members in scope.

8.3   The government response to the consultation is now expected in Spring 2022, with draft legislation for the changes required expected to be released in April 2022 for consultation. These are intended to be implemented by April 2023 but will be retrospective.

8.4   Other legislation that is required to remedy discrimination 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 also contain technical changes to ensure that the pensions taxation framework can operate as intended following the McCloud reforms, and these changes 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.

8.5   The Fund's actuary, Hymans, has completed an analysis of all fund employers to assess the individual impact and letters have been sent out to confirm this.

8.6   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 2 outstanding IDRP cases, both at Stage 1.

9.2   The Fund has also received one complaint.

10.   Guaranteed Minimum Pension (GMP) reconciliation exercise

10.1 The work to complete the GMP reconciliation and rectification continues, and targeted resources have 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 up until 30 November 2021 is 1075, of which 698 overpayments and 41 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.

10.3 For underpayments the payment is adjusted for the next available payment to the member, and this will include any arrears that are due.

10.4 336 cases have resulted in a change to the GMP information held on the member record but have not affected the pension in payment as the member has not yet reached state pension age.

10.5 There is one case where a significant overpayment has been uncovered, which relates to an incorrect GMP being held on the member record, as well as an incorrect value to be paid to the member being set up when the pension commenced in 2009. The PAS is working with the member to put the correct value of pension into payment.

11. New employers leaving and joining the fund

11.1   New Academies:

- Brailes C of E Primary School (Part of The Stour Federation) 01/08/2021
- Houlton School (Part of Transforming Lives Educational Trust) 01/09/2021
- The Warwickshire Academy (Part of Thrive Education Partnership) 01/01/2022

11.2   New Employers:

- Premier Active 01/09/2021   (Coventry Diocese)
- Miquill Catering Limited 01/09/2021 (The Stour Federation)
- Prime Facilities Services 06/09/2021 (Evergreen School)
- NSL – Marston's Holdings 01/11/2021 (new contract) (Warwickshire County Council)
- Caterlink 22/07/2021 (Coventry Diocese)

11.3 The employers who have left the fund as they have no active members left in the scheme:

- Rugby First Ltd on 01/08/2021

12. Introduction of e-payslips for Local Government Pension Scheme (LGPS) pensioners

12.1 Until January 2018 the PAS issued monthly paper payslips to all members of the Warwickshire Pension Fund. Since that date, newly retired members of the scheme have received their payslips by email unless they have chosen to opt out, and so receive a paper payslip, while existing pensioners have continued to receive paper payslips by post.

12.2 9,061 paper payslips are sent out each month (108,732 per annum), representing 65.80% of pensioner scheme members. 4,710 pensioners, which represents 34.2%, already receive their payslips by email.

12.3 The current cost of issuing paper payslips is £70,000 per year. This is the cost of printing and postage, which are contracted out to a third party.

12.4 There is clearly an environmental benefit from reducing the number of paper payslips sent out each month. A reduction in paper payslips would contribute to the Council's target of becoming "net zero" by 2030. It is estimated that one tonne of CO_2 per annum is currently produced by sending out paper payslips.

12.5 The majority of other LGPS Pension Funds have already adopted e-payslips as their primary method. Most funds will only send out a payslip when the value of the pension payment varies by £5 or more. The majority have made e-payslips the default, but a member can opt out and still request to receive a paper payslip. For funds that haven't yet moved to e-payslips it is on their plans to do so in the near future.

12.6 Staff and Pensions Committee have agreed to the recommendation to adopt the use of e-payslips for all LGPS pensioners as the default position, with the option to opt out remaining available. Work will now begin on giving effect to that recommendation.

13. Timescales associated with the decision and next steps

None

Appendices

Appendix 1   KPI Chart
Appendix 2   Work received compared to work completed chart
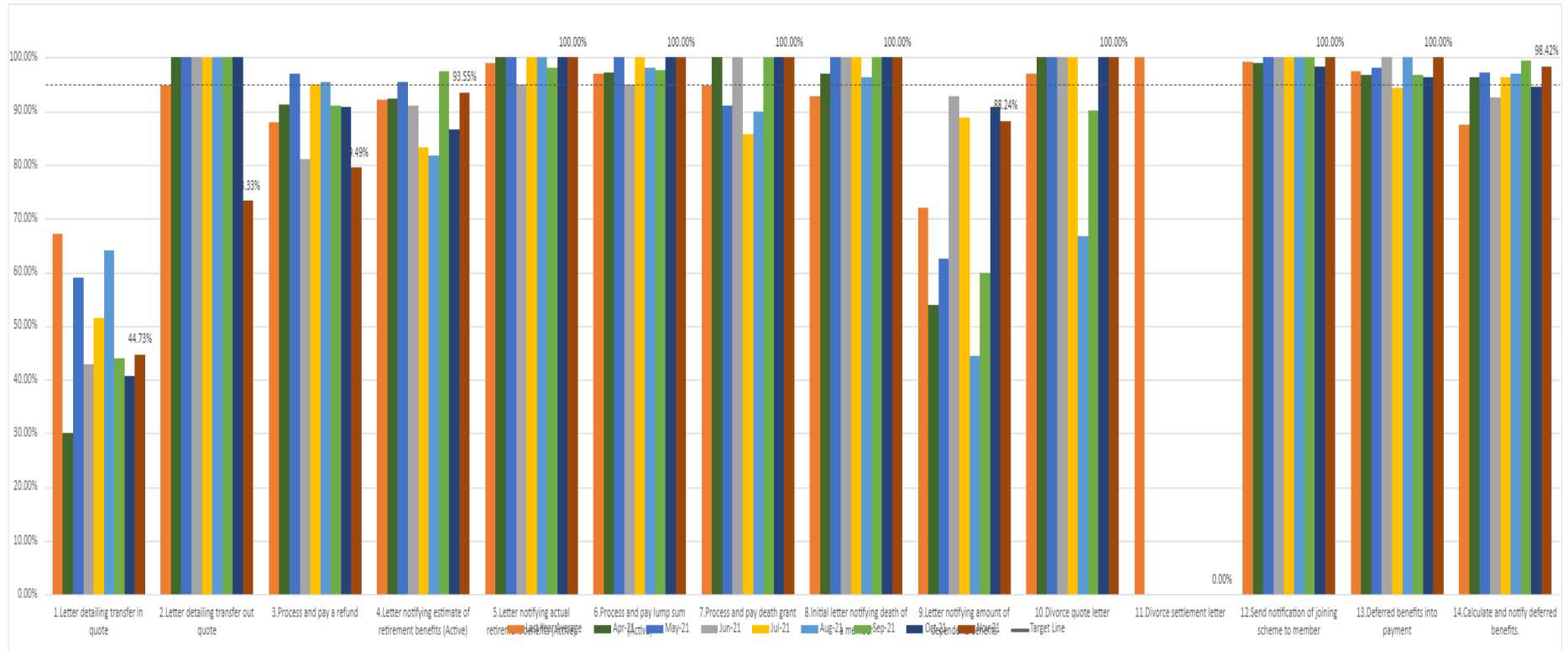Appendix 2   Total work outstanding

Background Papers

None

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

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

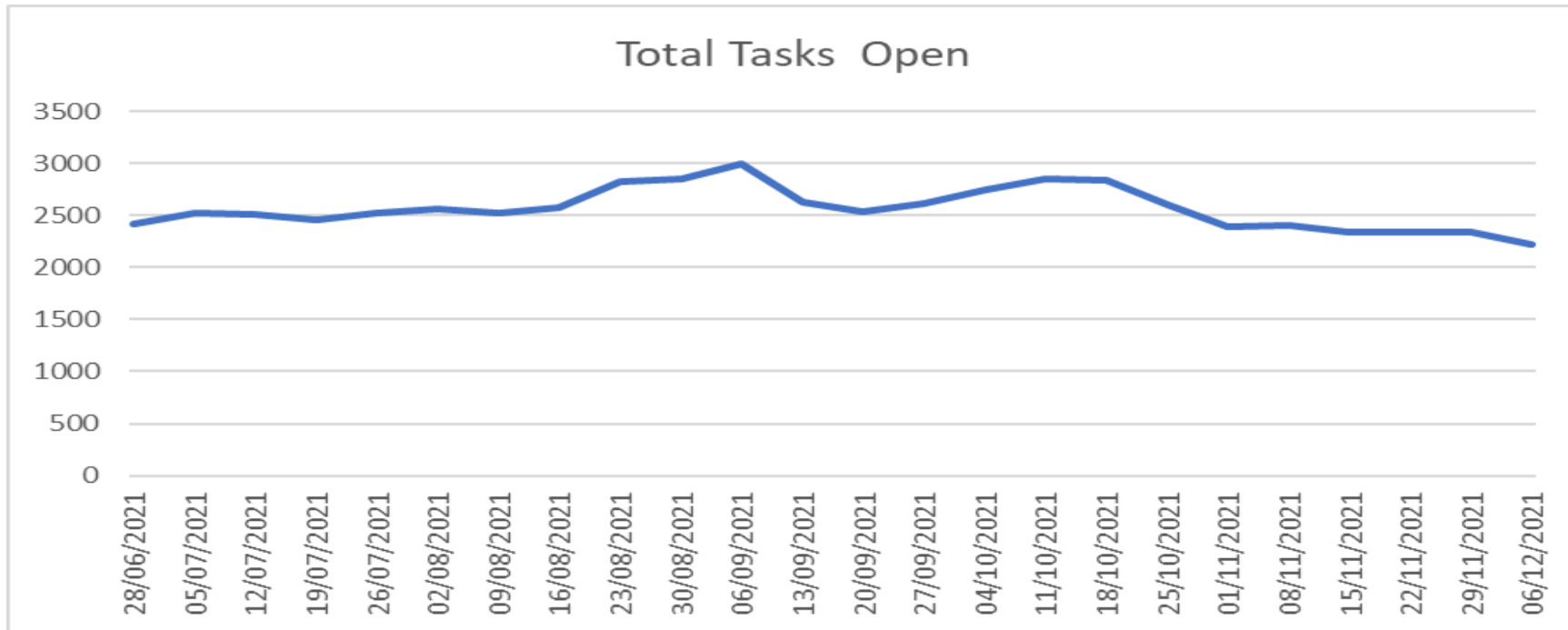Local Member(s): Cllr Andy Jenns
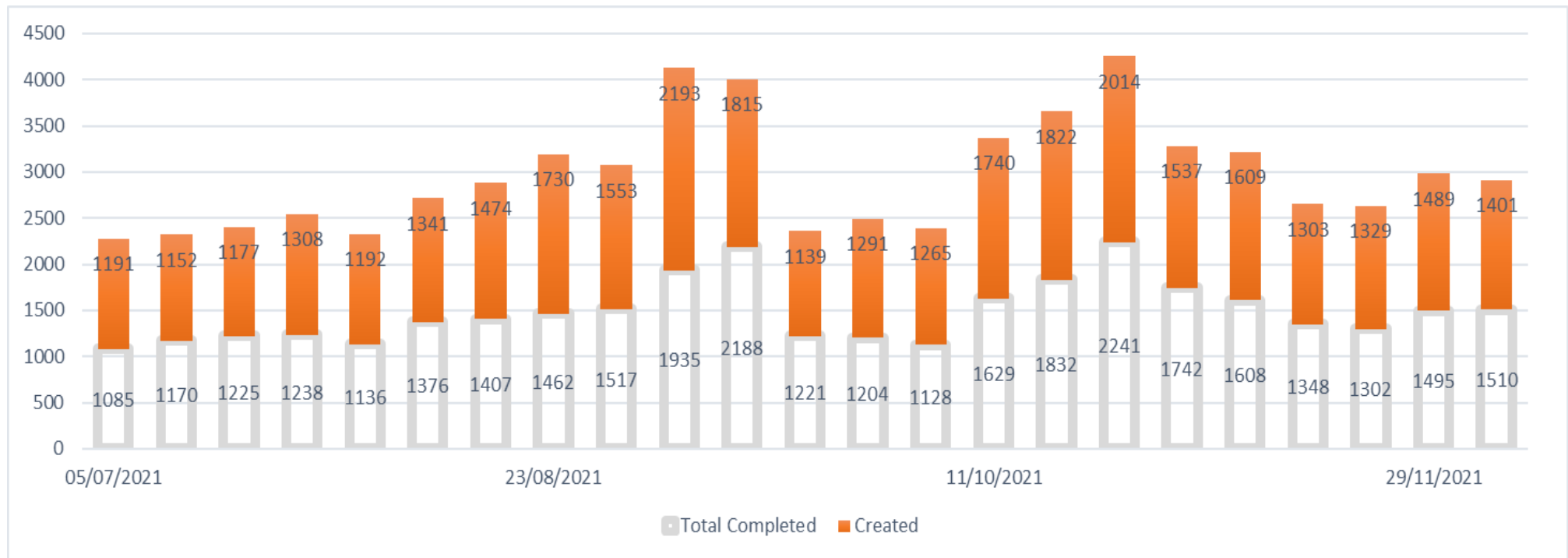Other members: n/a

Appendix 1 - KPI chart

The chart may be difficult to read if you receive a black and white paper copy. This chart will be shared on screen in colour during the meeting

Appendix 2 - Total work outstanding

Total Tasks Open

Appendix 3 – Comparison of incoming and completed tasks