

Warwickshire Local Pension Board

26 April 2022

Pensions administration activity and performance update

Recommendation

That the Warwickshire Local Pension Board notes and comments 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 Testing of the system has been completed. The portal has gone live from 1 April and notifications are going out to all scheme members with instructions on how they can create user accounts to view their pension details.
- 4.2 We will provide easy to follow instructions for logging on and signposting 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 1 April 2021 to 28 February 2022. KPIs where a payment is to be made are treated as highest priority.

5.2 Areas to note are:

KPI 1 – This is due to the increasing number of transfers in. From 1st April 2022 we will have more resource in this area and performance is expected to improve as a result.

KPI 2 – This has increased to 87.76% from 72.22% when last reported, so is improving. We have processed more transfers out so far this year than we have done before.

KPI 3 – 43 refunds were paid in February which is the most refunds we have ever processed in a month. 38 of these were paid within the 10-day target and for the year we are meeting the target 87% of the time. 4 of the 5 that were late were due to an upgrade of the payment system, which meant that payments could not be processed between the 25 January and the 2 February.

KPI 4 – Letter notifying estimate of benefits: – there were 18 cases and the target was missed in 2 cases due to a short term resourcing issue and the need to prioritise payments.

KPI 8 – There were 41 deaths in the month and 4 were not acknowledged within 5 days. All of these cases arose where the death certificate was not available from the estate and therefore needed to be purchased from the death certificate from the General Register Office.

KPI 9 – Letter informing dependents of benefits due – 3 out of 9 cases were sent outside of the 10-day target as a result of short term resourcing issues and the need to prioritise payments in this period. There were also a number of more complex cases within the time frame.

KPI 10 – Divorce quote letter - One case was delayed awaiting payment from the member. As such, the case was not out of time as we are unable to provide the information until payment is received. We are looking at the workflow process moving forward so that days where the action cannot be processed as a result of outstanding information are discounted.

5.3 Board members have previously raised concerns about the difficulties of reading the chart at appendix 1, and this is particularly difficult towards the end of the financial year when we have up to 12 months of data to include. It is therefore proposed that in future, monthly information is presented for the current quarter, with previous quarters' data aggregated into a single figure for each KPI. Members' views are invited on this approach.

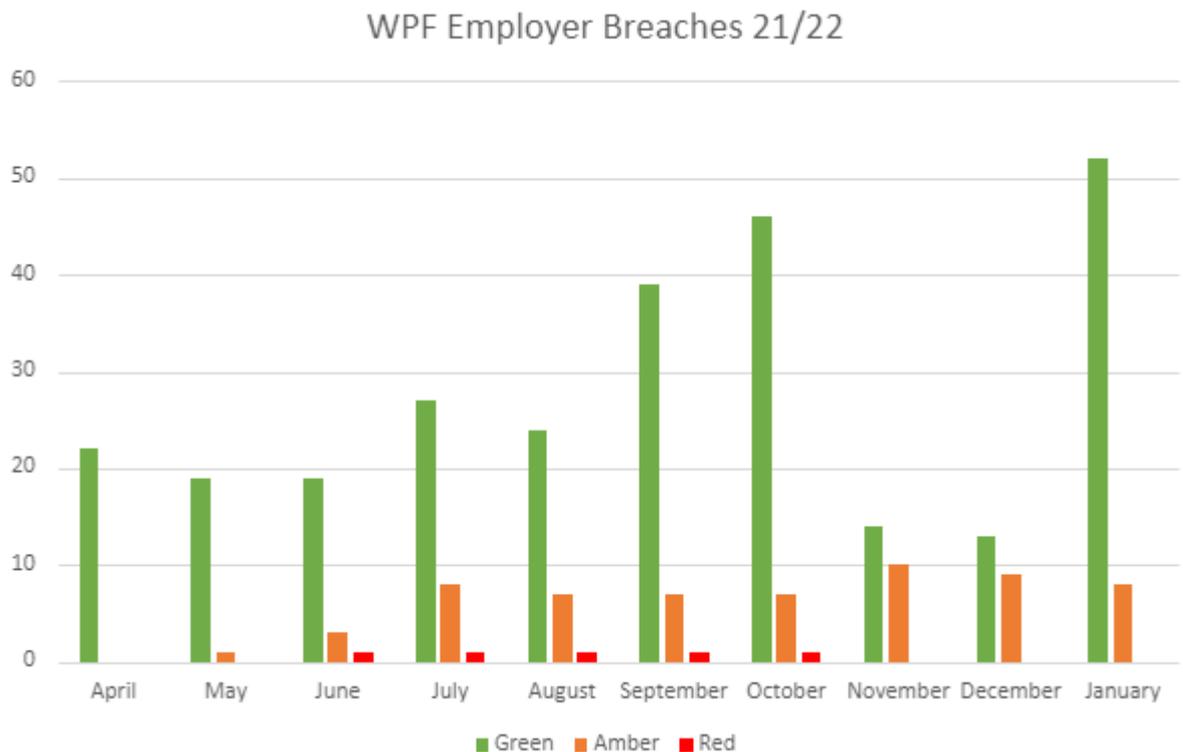
6. Workloads

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 2322

live tasks as at 28 February 2022. 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.



- 7.2 After the levelling of green breaches in November and December, January has seen a higher number of breaches due to two multiple payroll providers missing the i-Connect deadline by several days. Notifications have been sent to the employers so that they are aware their payroll provider have not supplied data by the statutory deadline.

8. McCloud Project

- 8.1 The McCloud project is continuing. The data collection exercise has been completed for the Local Government Scheme, and all employers have either provided information regarding changes for their employees or signed a disclaimer to confirm they agree that the data held on the pension's administration record is correct.

- 8.2 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 will begin shortly. This has been pushed back due to the delay in the government's response to the consultation.
- 8.3 We are anticipating that the draft legislation required to implement the changes will be released in April 2022 for consultation. The changes are intended to be implemented by April 2023 but will we understand be retrospective.
- 8.4 The Public Service Pensions and Judicial Offices Bill, which will have retrospective effect from 1 April 2015 has now been passed. 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. The bill includes some amendments which will lead to additional work having to be undertaken as part of the project for the Local Government Pension Scheme:
- changes to the qualification criteria, bringing more members into scope for the McCloud remedy
 - a requirement for multiple periods of service to be aggregated to qualify for McCloud
 - provisions for teachers to be offered membership of the LGPS in respect of "excess teacher service"
- 8.5 These amendments may lead to additional work needing to be undertaken, due to the increase in potential members in scope. However, we anticipate that the majority of members in scope have already been captured in the work done to date. Teachers with excess teacher service is an area of further activity and we are working with WCC payroll to see how these potential cases can be identified.

9. Internal Dispute Resolution Procedure (IDRP)

- 9.1 The Fund has 2 outstanding IDRP cases, both at Stage 1. One is in relation to a transfer out payment and one is in relation to the reduction of a member's pension in relation to the GMP rectification exercise.
- 9.2 The Fund has also received one complaint. This is in relation to incorrect retirement estimate information provided to a member, where a transfer in has been credited twice, therefore overstating the value of benefits.

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 31st January 2022 is 1937, of which 940 overpayments and 74 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 Due to the significant cost to the fund for the overpayments that have been identified, a paper has gone to the Leader of the Council to seek approval to write off any overpayments owed by members that have been caused by incorrect GMP information being held on record. This is the agreed course of action taken by the majority of LGPS funds and other public sector pension schemes.
- 10.4 923 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 either not yet reached state pension age or the figures have balanced due to only being post 88 GMP.
- 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 Pensions Dashboard

- 11.1 The government is introducing new “Pensions Dashboards” which are intended to revolutionise the way people interact with their pensions. They will make accessing pensions information easier by allowing people to see what they have in their various pensions in one place.
- 11.2 The PAS have set up a project group to look at the work that will be need to be done in preparation for the Pensions Dashboard going live in 2023.
- 11.3 The majority of the work is linked to data quality which will ensure that members can trace all their pension benefits back to the correct provider. This is turn is likely to increase the number of enquiries the team will receive from members, particularly those that are no longer actively contributing to their pension in the Warwickshire Fund but have an entitlement to a benefit from the fund.

11.4 With the introduction of MSS we hope to sign post members to this facility so that they can gather information via the self-service portal and therefore reduce the number of queries the team would need to deal with.

12. Transfer of Firefighter Pensions Administration service and Pensioner payroll

12.1 The transfer of the Fire Pension Schemes administration has now taken place. From 1st April 2022 West Yorkshire Pension Fund will now provide the administration service.

12.2 The contract will be managed by a The Pensions administration delivery lead assisted by the team leader for the benefits team.

12.3 The transfer of this service is expected to allow the team to divert resources to address areas of LGPS work which are currently under pressure.

13. New employers joining and leaving the fund

13.1 New Academies

- Camp Hill Primary School (Futures Multi Academy Trust from 01/03/2022)

13.2 New Employers

- Risual Limited – letting employer Warwickshire Police with effect from 1/12/2021
- Radway Parish Council – joining as a Resolution body with effect from 18/11/2021

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

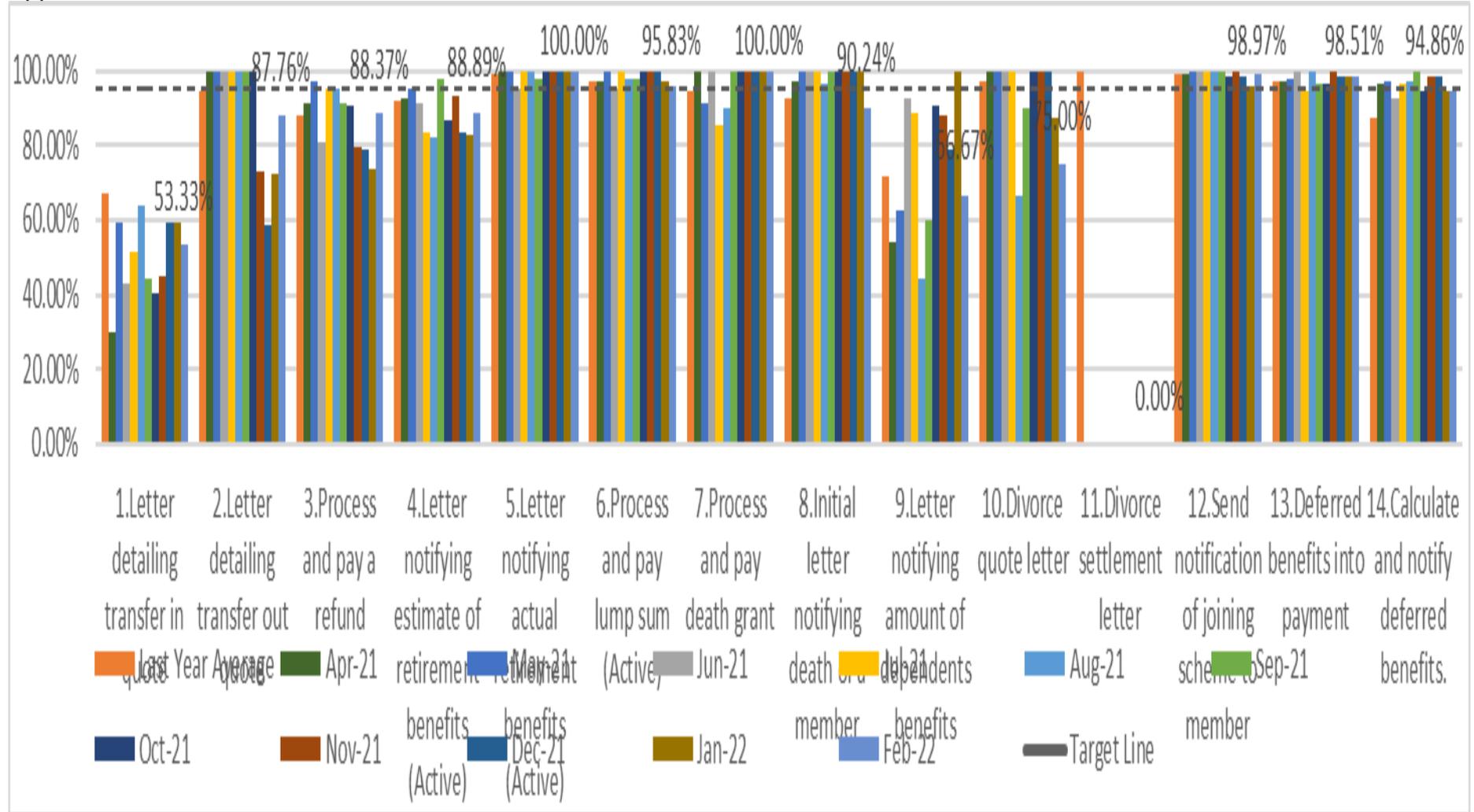
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The report was circulated to the following members prior to publication:

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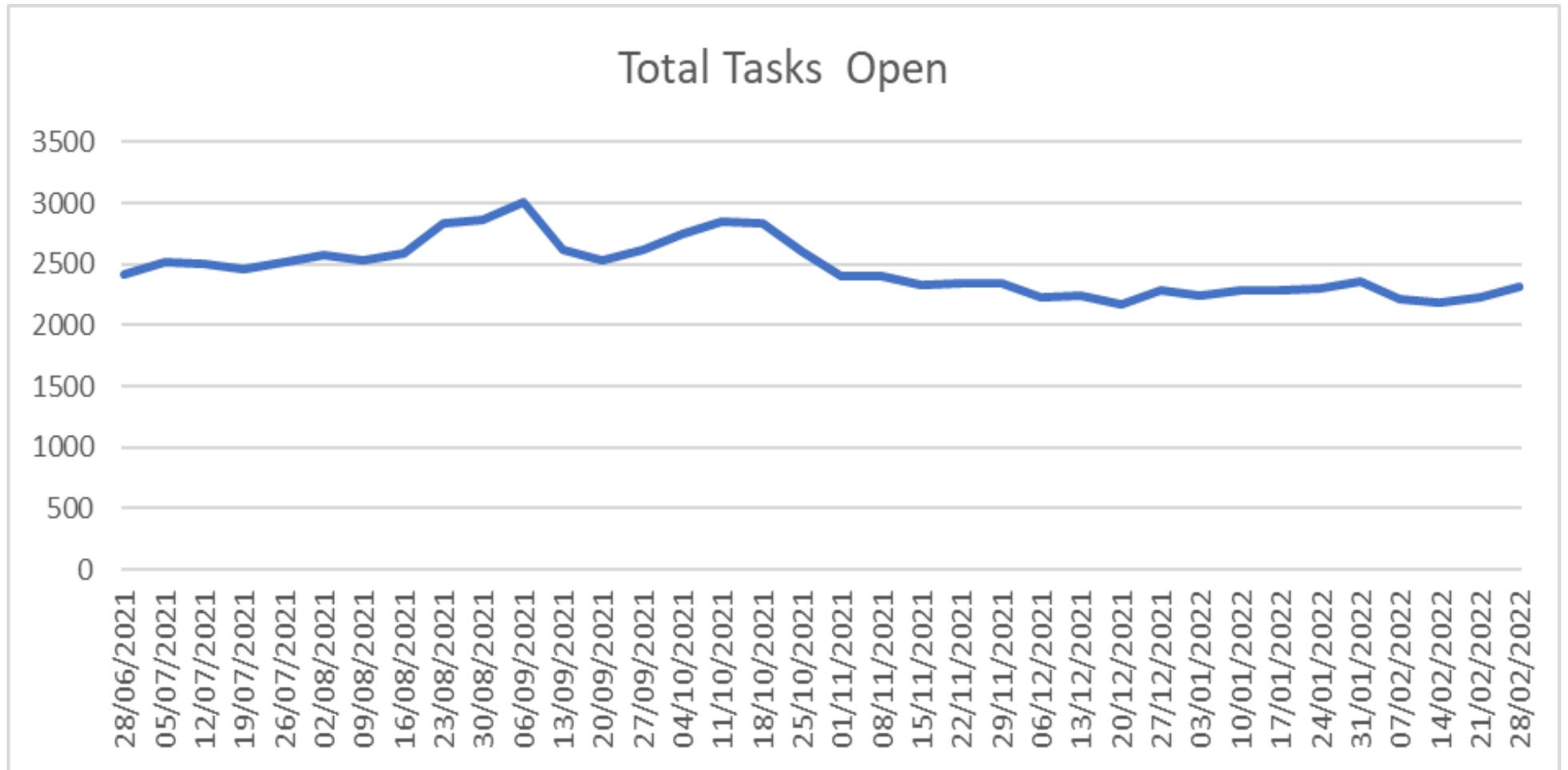
Other members:

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



Appendix 3 – Comparison of incoming and completed tasks

