

<b>Report Title</b>	Pensions Administration Report from 1 October to 31 December 2021	
<b>Originating service</b>	Pension Services	
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<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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**Recommendations for decision:**

The Pensions Committee is recommended to approve:

1. The 8 applications for admission from employers into the Fund as detailed in section 9 and Appendix E of this report.
2. The write-offs detailed in section 11 of this report.

**Recommendations for noting:**

The Pensions Committee is asked to note:

1. Performance and workloads of the key pension administration functions.
2. Development of the Fund's membership and participating employers.

## 1.0 Purpose

1.1 To inform Committee of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 October – 31 December 2021.

## 2.0 Background

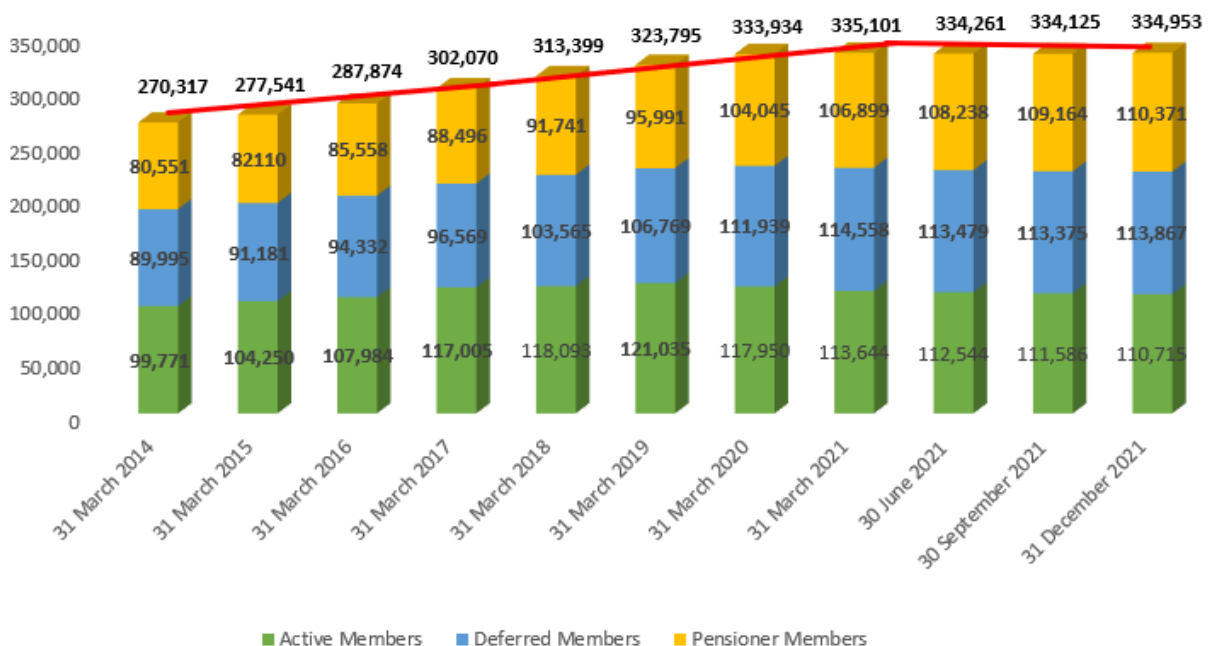
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions during that period.

## 3.0 Scheme Activity

### 3.1 Membership Movement – Main Fund

3.1.1 The total number of scheme member records in the Fund at 31 December 2021 stands at 334,953, with an overall increase since September 2021. This reporting period sees an increase in the total number of members. The long-term trend over a 12 year period in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 30 September 2019	Net Movements during the period	Membership as at 31 December 2021
Active Members	111,586	-871	110,715
Deferred Members	113,375	492	113,867
Pensioner Members	109,164	1207	110,371
<b>Total Members</b>	<b>334,125</b>	<b>828</b>	<b>334,953</b>



## **3.2 Workflow Statistics**

- 3.2.1 The process analysis statistics (Appendix A) show details of overall workflow within the Pensions Administration Service during the period 1 October to 31 December 2021. During the period covered by this report, 38,067 administrative processes were commenced and 40,430 processes were completed.
- 3.2.2 As we continue to see an increase in member movements, the workload volumes will also naturally remain high. On 31 December 2021 there were 41,659 items of work outstanding. This represents a decrease of 2,192 items outstanding compared to 30 September 2021 (43,851). Of the 41,659 items of work outstanding, 4,949 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 36,710 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.2.3 The Fund continues to review the volumes of incoming work and put in place plans to monitor and address high volume areas. Opportunities for bulk processing and streamlining the management of queries back to employers continue to be explored to increase efficiency in processing.
- 3.2.4 Appendix B provides a summary of the key processes completed by volume across benefit operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details. This shows the trend of lower joiners and higher leavers and retirements year to date is consistent with the tail off in growth of membership and increase in deferred and pensioner membership.

## **4.0 Key Performance Indicators (KPIs)**

- 4.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 4.2 During the period, all KPI year to date are within target, with two not achieving target in the quarter to 31 December 2021, as follows:
- Notification of Transfer In membership
    - Four cases fell short of the target KPI in November, three of these were due to delays by third parties. Overall, on average, casework was processed within 10 days during the quarter.
  - Notifications of Death Benefits Payable
    - In December 2021, the KPI fell short of the target. On average casework was processed in 3 days against the target of 5, with a couple of longstanding cases impacting the overall KPI.
- 4.3 Further information on achievement of target KPIs by process by month over the reporting period and Scheme year to date is included in Appendix C.

## **5.0 Customer Services**

- 5.1 An overview of our front-line customer contact activity is shown in Appendix D. This outlines the variety and volume of support provided by the Fund to address members' pension queries. An indication of the statistics for the previous year are included within the charts as a comparative measure.
- 5.2 The most popular queries to our contact centre remain as follows:
- Customers following up on an existing Fund process
  - Requests for Pensions Portal support
  - Enquires about accessing pension benefits
  - Request for support with a Fund letter/form
  - Members updating their personal details
- 5.3 There have, unfortunately, during 2021 to date, been absence and vacancies emerging within the Customer Services Team which have affected our call handling performance during the year. We have recruited to two vacancies and these staff members are currently completing a detailed induction plan to ensure that training is as efficient as possible. In addition, we are continuing to support and develop the new starters from the last quarter.
- 5.4 Calls and written responses remained stable in October - December enabling the allocation of time for staff training. We have continued to work closely with Member Services to stagger mailings sent to members, with annual benefit statement notifications being sent within this period. Staggering mailings smooths the impact on the contact centre and reduces call queues/written response times, allowing us to better serve our customers and reduce the number of chaser requests received.

## **6.0 Complaints**

- 6.1 The Fund has a complaint monitoring framework, which enables regular monitoring and review of trends impacting performance. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. This mirrors the process undertaken for general customer feedback as outlined within the Customer Engagement Update.
- 6.2 Overall the number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 99 complaints received for the last quarter. Of those complaints, 20% were upheld and lessons learned incorporated in training and process development.
- 6.3 Complaint numbers remained higher than average during the last quarter, with a number of complaints received as a result of Guaranteed Minimum Pension (GMP) reconciliation affecting some pensions in payment. The GMP reconciliation process involves comparison of Her Majesty's Revenue and Customs (HMRC) data with the Fund's data, as well as resolving any associated discrepancies in pensions in payment. The reconciliation of GMPs is a statutory exercise and, in accordance with the Local Government Pension Scheme (LGPS) Regulations, the Fund has a legal

obligation to pay the correct level of benefits, which is why we have made this adjustment.

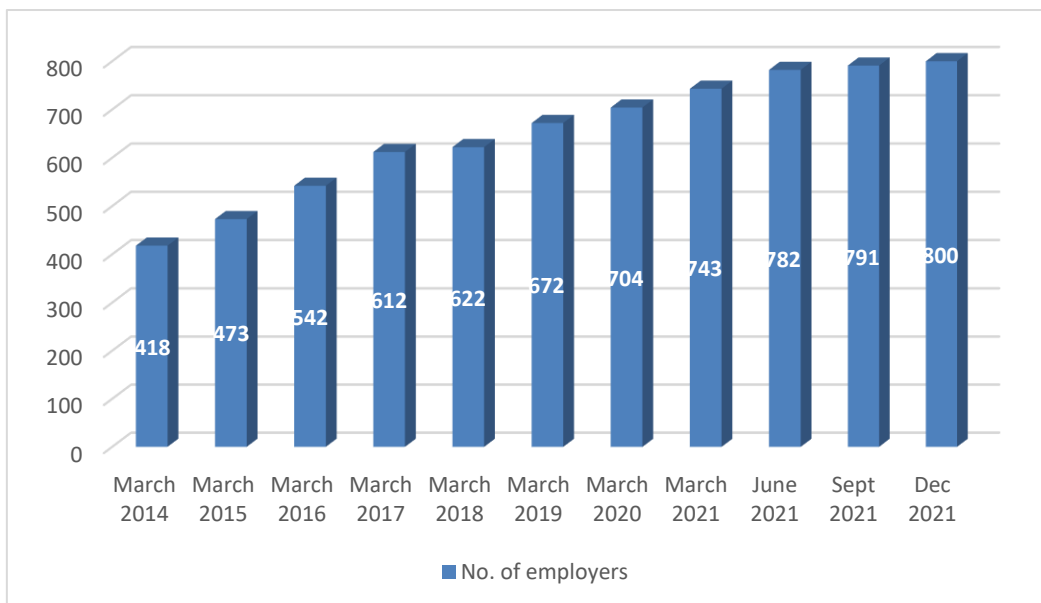
- 6.4 Recognising the unexpected nature of this change, we have endeavoured to provide all members with an extended period of notice ahead of amending pension payments (six months prior to adjustment in March 2022) and the Fund has agreed not to seek to recover any overpayments made up until that date.
- 6.5 The Fund has adhered to guidance produced by the Pension Administration Standards Association and has issued letters and accompanying 'frequently asked questions' to assist members to understand these changes and will continue to respond to individual queries.

## 7.0 Internal Dispute Resolution Procedure (IDRP) Casework

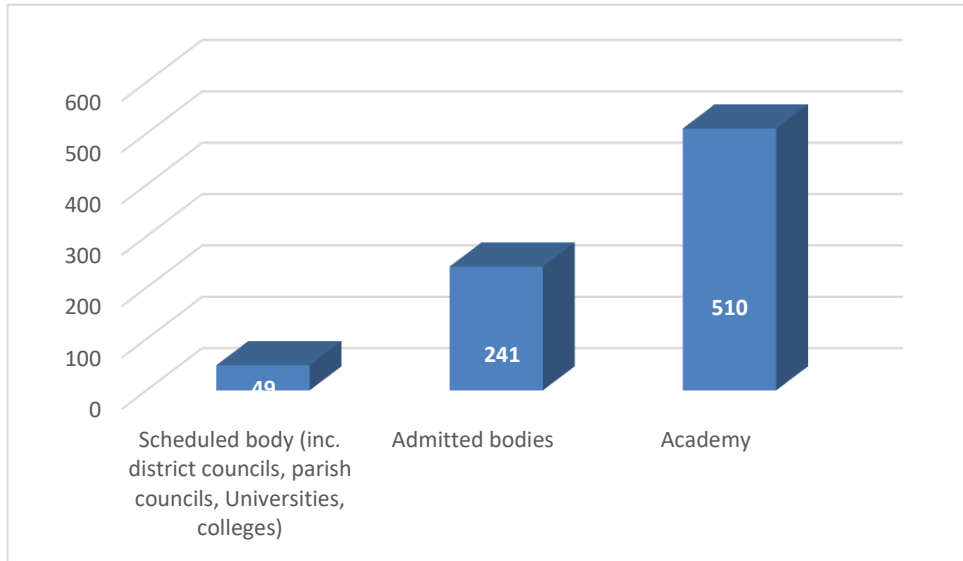
- 7.1 Year to date for 2021/22, ten cases have been referred to Stage one of the procedure on appeal against the Fund, six cases were not upheld, two cases partially up-held and two cases are currently under investigation.
- 7.2 Five cases have progressed to Stage two of the procedure, four against the Fund which two were not upheld and two are currently under investigation; and one against the employer which was partially upheld.

## 8.0 Employer Membership

- 8.1 The Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund increasing to 800 at 31 December 2021. This is an increase of 1% from the previous period and a 91% increase since March 2014 as shown in the graph below.



8.2 The employer base is categorised into the following employer types:



8.3 The level of on-going work being processed at the end of the period is as follows: -

- 62 admission agreements
- 12 academies
- 41 employer terminations

**9.0 Application for Admission Body Status**

9.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Fund following approval of applications. Where applications need to be progressed outside of the Committee meeting cycle, Pensions Committee has delegated responsibility for approving such applications to the Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

9.2 There are eight approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund, with 10 overall during the quarter. These are detailed in Appendix E.

**10.0 Pensions in Payment**

10.1 The gross annual value of pensions in payment to December 2021 was £552.1m, £17.0m of which (£7.4m for pensions increase and £9.6m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

10.2 Monthly payroll details were:

Month	Number	Value (£)
July 2021	89,730	40,895,370
August 2021	90,069	41,141,478
September 2021	100,681	41,901,021

The December figure includes pensioners paid on a quarterly basis.

## 11.0 Write-off Policy Decisions

A write-off relates to pensions overpaid to members, after following the debt recovery policy, these cases become uneconomical to pursue or the estate has insufficient funds to recover. In general, an overpayment is generated by late notification of death of members.

A write-on relates to monies due to the members estate in order to make pension payments up to date of death. After correspondences, the legal representative is untraceable or does not wish to claim the funds.

### 11.1 Write-off and Write-on Analysis

The following write-off and write-on of pension payments are reported in line with the Fund's policy:

Individual Value	Write-Off		Write-On	
	Number	Total (£)	Number	Total (£)
Less than £100	0	0	15	676
£100 - £500	25	3,592	1	138
Over £500	5	47,224	1	1,592
<b>TOTAL</b>	<b>30</b>	<b>50,816</b>	<b>17</b>	<b>2,406</b>

Of the cases where the overpayment has been written off:

- 21 cases are where the Fund has not received a response or are unable to trace the Next of Kin.
- One case due to a deceased spouse.
- Three cases due to no money left in the estate.
- One case unable to obtain the death certificate to identify who is dealing with the estate.
- Four historical cases which are recommended for write-off following advice from City of Wolverhampton Council legal team.

Of the cases where the overpayment has been written on:

- 16 cases where the Fund has received no response from Next of Kin.
- One case where the Fund are unable to trace the Next of Kin.

## 12.0 Overseas Existence Checking

12.1 The Fund has in the region of 1,600 overseas pensioner members, noting that overseas members cannot be traced using the same trace tools as those living in the UK, as the data sets typically used will not show information for an overseas person, even if that person is still a UK national. The Fund undertakes an annual Life Certification Process for Overseas pensioners, where we write out to pensioner members who are based overseas to confirm existence and their contact information.

12.2 The Fund engage with their tracing and member verification service provider, Target Professional Services, to utilise their digital services for our overseas members. This enables members to undertake the process via traditional postal methods or via the mypensionID app.

12.3 This is the second year the Fund has undertaken this exercise and has seen an improvement in response rate. The Fund received a 91% verification success rate, with 28% of members utilising the digital app (an increase from 22% last year) across 12 different countries. The age members who utilised the app ranged from 50 to 93 years old. The average age of respondents being 69, indicating broad member interest in engaging with the Fund electronically. In addition the Fund has been able to gather just under 600 new/updated email addresses as a result of the exercise and has identified 6 deceased members mitigating pension overpayment.

### 13.0 Transfer Out Cases

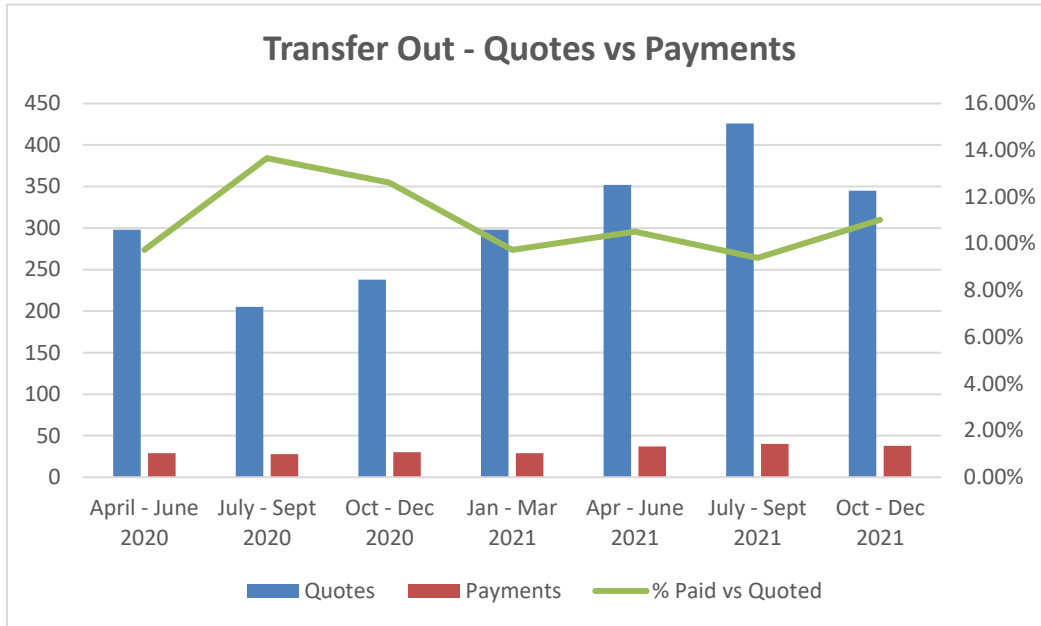
13.1 During the period 1 October to 31 December 2021, 357 transfer value quotations were issued to members considering transferring their benefits out of the scheme. The Fund continues to monitor any trends and increases in demands, as part of its programme of work to protect members from potential pension scams.

13.2 In total 38 transfer payments were made during the period 1 October to 31 December 2021 resulting in a total amount transferred of £1.6 million (in the prior year 1 October to 31 December 2020 a total of 30 transfer payments were made totalling £2.9 million). The payments by value and volume break down are as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	23
£30,001 to £100,000	11
£100,001 to £200,000	2
£200,001 to £300,000	1
£300,001 to £400,000	1
£400,001 to £500,000	0
Above £500,001	0
<b>Total</b>	<b>38</b>

13.3 The Fund has seen a gradual increase in the number of requests from members for transfer out values, however the number of members electing to progress with the transfer of their benefits out of the Fund remains fairly low and stable (c11% of the quotations requested for the period). This is shown in the graph below.





13.4 Analysis has been undertaken of the Transfer out payments to non-public sector or occupational schemes over the period of October through to December 2021 to review the volume and trends. During the period, of the 38 completed, a total of 19 non-public sector or occupational scheme transfer out payments have been processed, to a total of 12 different receiving schemes. The majority of the transfers were under £30,000 in value, meaning members were able to transfer these payments without a requirement to take financial advice. The average age of members transferring out was 45 years, with the main reason for members transferring out was to consolidate their benefits into one provider.

#### 14.0 Financial Implications

14.1 The report contains financial information which should be noted.

14.2 Employees of organisations who become members of the LGPS will contribute the percentage of their pensionable pay as specified in the Regulations. The Fund's actuary will initially, and at each triennial valuation or on joining intervaluation, set an appropriate employer's contribution rate based on the pension assets and liabilities of the individual employer.

#### 15.0 Legal Implications

15.1 The Fund on behalf of the Council will enter into a legally binding contract with organisations applying to join the LGPS under an admission agreement.

#### 16.0 Equalities Implications

16.1 This report has implications for the Council's equal opportunities policies, since it deals with the pension rights of employees.

**17.0 All Other Implications**

17.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees. The report contains no other direct implications.

**18.0 Schedule of Background Papers**

18.1 None.

**19.0 Schedule of Appendices**

19.1 Appendix A: Workflow Summary

19.2 Appendix B: Detailed Process Analysis

19.3 Appendix C: Key Performance Indicators (KPIs)

19.4 Appendix D: Customer Service Statistics

19.5 Appendix E: Admitted Body Applications