

Report Title	Pensions Administration Report from 1 October to 31 March 2020	
Originating service	Pension Services	
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Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for decision:

The Committee is recommended to:

1. Approve the write-offs detailed in section 14 of this report.
2. Approve the Administering Authority Discretions Policy for 2020.

Recommendations for noting:

The Committee is asked to note: The applications approved by the Director of Pensions and the Chair or Vice-Chair of Pensions Committee for admission to the West Midlands Pension Fund.

1. The pensions administration activity and that performance targets were met across the key benefit operations processes during the reporting period.
2. The impact of COVID19 on the workload volumes for pension administration
3. The update on the progress of the Fund's Digital Transformation Programme

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 2019 to 31 March 2020. This includes members and employers of the Main Fund and the former WMITA Pension Fund, following merge of the West Midlands LGPS funds, effective from April 2019.

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 (covering six months on this occasion due to the cancellation of the March Committee meeting) to assist monitoring of the activity and performance of these functions during that period. Data management is covered in a separate report.

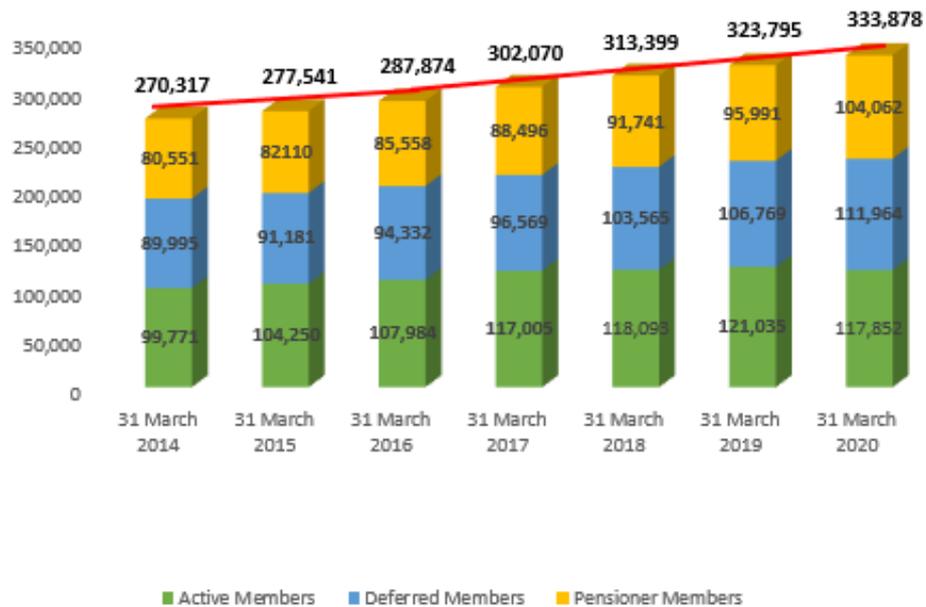
3.0 Scheme Activity

3.1 Membership movement – Main Fund

- 3.1.1 The total number of scheme member records in the Fund at 31 March 2020 stands at 333,878, with an overall increase since September 2019 of 3,640. This reporting period sees a slightly higher increase in the total number of members, as it also includes the WMITA Pension Fund figures. 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 March 2020
	Total	Total	Total
Active Members	117,714	138	117,852
Deferred Members	110,275	1,689	111,964
Pensioner Members	102,249	1,813	104,062
Total Members	330,238	3,640	333,878

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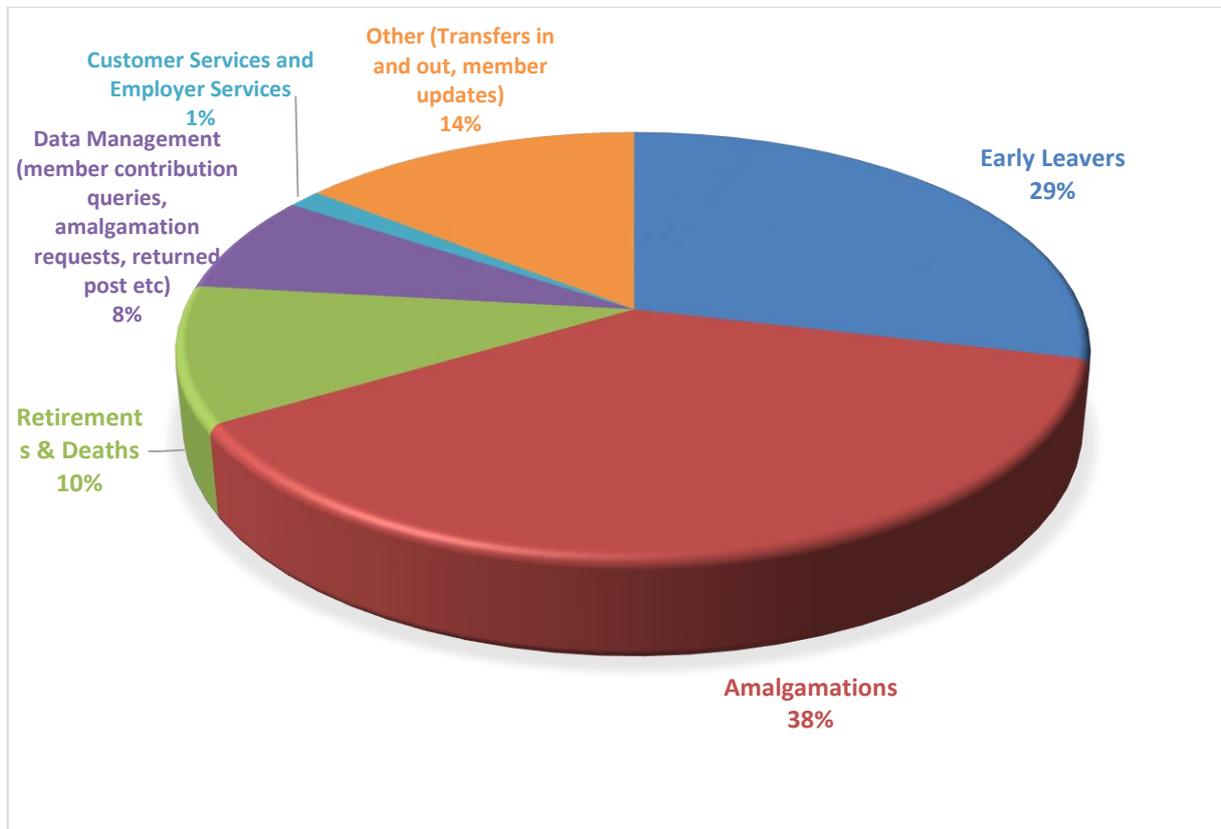
3.2 Workflow statistics

3.2.1 The process analysis statistics show details of overall workflow within the Pensions Administration Service during the period 1 October 2019 to 31 March 2020. During the period covered by this report, 84,022 administrative processes were commenced, and 75,770 processes were completed, as per the two periods below:

- 1 October – December 2019, 41,967 were commenced and 38,231 processes were completed
- 1 January – 31 March 2020, 42,055 processes were commenced, and 37,539 processes were completed

3.2.2 On 31 March 2020 there were 45,434 items of work outstanding. This represents an increase of 1,262 items outstanding compared to 30 September 2019 (44,172). Of the 44,246 items of work outstanding, 4,286 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 41,149 processes are now either proceeding to the next stage of the process or through to final completion. A summary of the processes started and completed is detailed in Appendix A.

3.2.3 The total number of processes outstanding remains high and are broken down into the following key categories:



As shown in the graph above, most of the work is managing the movement of members between employments, where they have the option to amalgamate their records, and those members who leave the scheme before their retirement date. Work has been focussed on reducing the volume of early leavers and this has reduced, compared to the previous period. The Fund continues to review the volumes of incoming work and put in place plans to address high volume areas. This includes looking to increase the number of processes which could be completed in bulk and further analysis and review of the management of queries with employers to increase efficiency in processing.

- 3.2.4 A detailed analysis of the key processes completed across all operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details is shown in Appendix B
- 3.2.5 The overall impact of COVID 19 to date has seen the volume of incoming work reduce compared to the same period last year, despite significant increases in Death notifications (a total of 892 and 77% increase in the eight weeks following 23 March). The Fund is monitoring workloads on a weekly basis and ensuring resource is reallocated as far as possible to maintain service delivery and mitigate the impact on KPIs.

4.0 Digital Transformation Programme

4.1 The aim of the programme is to support the Fund to transform its administration services using information and technology to drive processing efficiencies and cost savings whilst improving the service we provide to our members and responding to increasing volumes of benefit processing work.

4.2 Since the last report to Committee, the programme has seen some progress with the implementation of its key projects. An update on key development projects are detailed below:

4.2.1 Deferred Retirement Quotes Online

As previously reported to Committee, following the amendment to the regulations to allow deferred members to access their pension from age 55, the Fund has seen a significant increase in the number of requests for members, and has been working with our software provider to develop functionality to enable members to self-service and perform a retirement estimate online. In April, this was made available to members, and within the first week just under 500 estimates were run by members.

The Fund is now looking at scoping Phase two of this project which will enable members to run a formal retirement quote and select their retirement options online.

4.2.2 Employer Hub

The platform for exchanging data with our employers is the employer portal, which is key to ensuring efficient and secure exchange. The development work aims to improve the reporting functionality, user experience through design, availability of performance monitoring information and enable earlier issue resolution. Since the last update to Committee the initial round of testing the new functionality has been completed and the Fund is working with the software provider to refine and undertake any remedial work to further enhance the system. Following completion of this final development and testing, a pilot group of employers have agreed to support user-based testing, expected to follow over the summer of 2020.

4.2.3 Employer Web Trays

This functionality will enable queries with data to be raised with employers via the web portal with the process being sent to the employers' web-tray for action. This development will support the flow of information and assist in monitoring queries and resolution, providing insight to the development of employer communications and coaching material and supporting faster resolution. Testing is now complete and a demonstration to the Employer Peer Group took place in October and more widely to employers at the Fund AGM in December. Work is underway to schedule the transition of this functionality into the live environment over the coming months.

5.0 Key Performance Indicators (KPIs)

5.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements. All the KPI's have been achieved for the reporting period.

5.2 Further information on KPIs by process by month over the reporting period and the cumulative performance for the year is included in Appendix C.

6.0 Customer services

6.1 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.

6.2 The most popular queries to our contact centre remain as follows:

- Customers following up on an existing Fund process
- Enquires about accessing pension benefits
- Requests for Pensions Portal support
- Members updating their personal details
- Request for support with a Fund Letter/Form

6.3 Customer contact has been lower during February and March, and we continue to explore ways in which efficiencies can be identified to manage the customer contact received. Steps have been taken to stagger mailings sent to members, smoothing the impact on the contact centre and reducing call queues/written response times, allowing us to better serve our customers and reduce peaks in demand.

6.4 The email form on our website, which requests all the necessary security information at the first point of contact, has continued to have a noticeable impact on email volumes. Our 'Google Mybusiness' profile is being utilised to respond to customer questions and reviews, whilst Google Posts allow us to advertise key information such as pension pay dates, helping members to self-serve. Further systems improvements are planned as part of the Fund's Digital Transformation Programme.

6.5 The number of 'post event' customer satisfaction surveys are continuing to expand, with surveys already being issued to members who have recently:

- Joined the scheme
- Retired from the scheme
- Transferred in pension benefits
- Transferred out pension benefits

Customer feedback is key to understanding our customer's journey, highlighting our strengths and any areas for improvement in the service we deliver so that we can continually improve the services we offer. Further event driven surveys will be rolled out in 2020/21. Some service enhancements already made following feedback from members include:

- Revising the retirement payment letter to include additional guidance on income tax
- Improving the guidance notes on the sign in page of the Pensions Portal
- Developing content for the Retirement Guide

7.0 Complaints

- 7.1 The Fund has a complaint monitoring framework, which enables regular monitoring and reporting of the volumes and key trends for the key performance indicator. 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 per our Customer Engagement Update.
- 7.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 73 complaints received for the period October – March 2020 (less than 1% of scheme members). Two areas most commonly raised issues during the period relate processing timescales and regulation principles. We are enhancing the information available to members on our website and in our wider member services to increase awareness of the LGPS scheme rules..
- 7.3 There is also a noted trend in an overall reduction in complaints. Over the last three years the Fund has developed services in several areas (from letters wording to workflow practices) based on the feedback received from members, improving overall service to members.

8.0 IDRP (Internal Dispute Resolution Procedure) casework

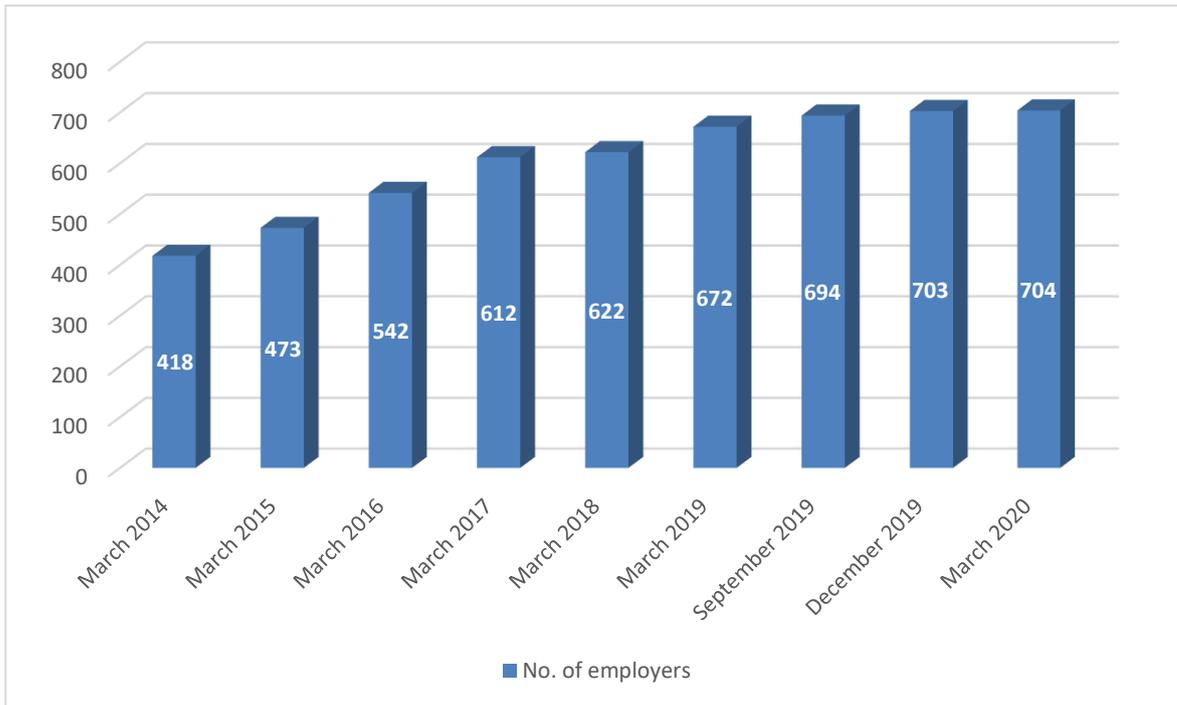
- 8.1 For 2019/2020, two cases have been referred to Stage one of the procedure against the Fund, one case has not been upheld and the other is still under investigation.
- 8.2 Three cases have progressed to Stage two of the procedure against the Fund, and these have been dismissed after independent review.
- 8.3 Five appeals against employer decisions have been received for Stage two investigation, two cases have been upheld and the other three cases are on-going. Of the cases up-held; one was regarding a member wishing to receive a cash equivalent transfer value (CETV) details of the cash equivalent transfer value have subsequently been provided. The other case that was up-held was a medical case and the Tier of ill health was rewarded after appeal as Tier 1. The three cases that are on-going are also medical appeals.

9.0 Death grant

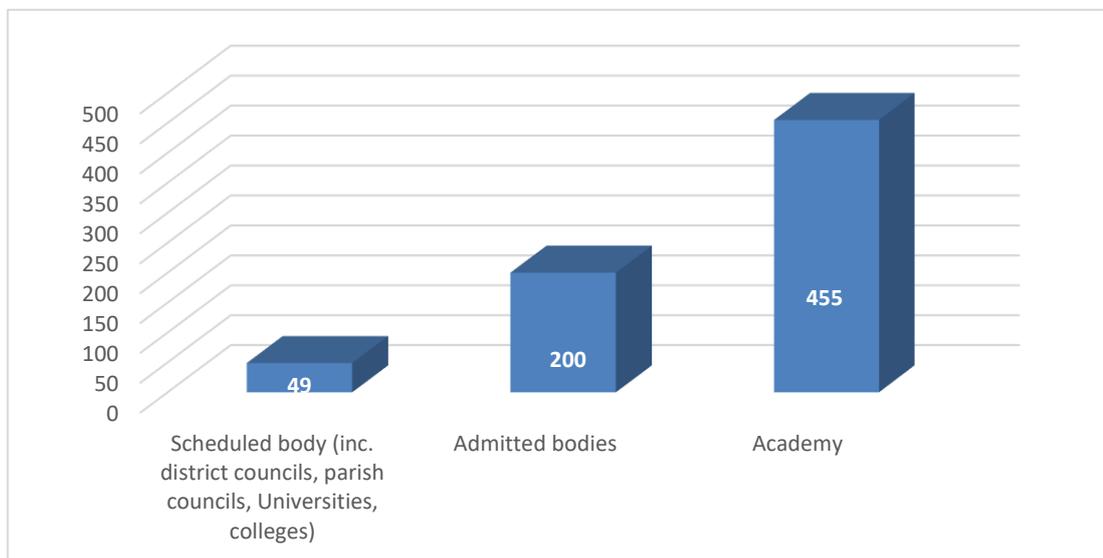
- 9.1 In 2019/2020 no cases have been referred to the Legal Department for consideration. These are being reviewed on a case by case basis in line with the agreed policy and case matrix.

10.0 Employer membership

10.1 The Main Fund continues to see an overall upward trend in employer numbers, with an increase of 5 employers since the last reporting period in September 2019. However, there was a decrease from December 2019 of 10 employers, a slightly lower number than previous reporting periods due to a number of applications in process but requiring the confirmation of pass through arrangements which requires additional time to action. The number of employers registered with the Fund as at 31 March 2020 is 704 a 67% increase since March 2014 as shown in the graph below.



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



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

- 86 admission agreements
- 21 academies
- 54 employer terminations

11.0 Application for admission body status

11.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Main Fund following Pensions Committee approving the applications. Sometimes a decision is required which is not compatible with the cycle of Pensions Committee meetings. In these circumstances, 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.

11.2 There have been 9 approvals requested from Committee regarding applications for admission to the West Midlands Pension Fund which have been approved by the Director of Pensions and either the Chair or the Vice Chair of Pensions Committee, which are detailed in Appendix E.

12.0 Administering Authority Discretions Policy Statement 2020

12.1 Under the LGPS Regulations, the Fund is required to formally publish its policy on its 'discretions'. Administering authorities have certain powers which enable them to choose how they will apply the scheme in respect of certain provisions. These are called discretions. Discretions is taken to include where the administering authority is required to carry out a task, but an element of choice is seen to exist as to how the task is completed.

12.2 The Fund are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion, these are also to be published and kept under review. Within the policy there are circa 50 areas covered, and these include; admission of admission bodies, commutation of small pensions, management of funding strains, for example on member taking unreduced benefits on early retirement.

12.3 The Fund has undertaken its annual review of the policy and it was also reviewed as part of the external governance review undertaken in 2019, which identified no specific areas for development. In addition, as there have not been any major scheme changes since the revised version was implemented and therefore no changes are proposed to this statement following the review, it is updated to reflect and record the review being undertaken.

12.4 The policy statement will, subject to Committee approval, be applicable from June 2020, a copy is attached at Appendix F.

13.0 Pensions in payment

13.1 The gross annual value of pensions in payment for the Fund to March 2020 was £551.30, £16.0m of which (£7.9m for pensions increase and £8.1m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

13.2 Monthly payroll details were:

Month	Number	Value £
October 2019		
November 2019	85,727	39,139,837
December 2019	94,897	39,948,141
January 2020	86,062	39,107,112
February 2020	86,301	39,289,844
March 2020	103,501	40,527,334

The December and March figures include pensioners paid on a quarterly basis.

14.0 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.

14.1 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	1	£70.08	8	£203.45
£100 - £500	15	£2592.20	2	£265.20
Over £500	1	£1838.00	0	£0
TOTAL	17	£4500.28	10	£468.65

Of the 17 cases where the overpayment has been written off, all 17 cases are where the Fund has not received a response or are unable to trace the Next of Kin.

15.0 Transfer Out Cases

15.1 During the period 1 October to 31 March 2020, 637 transfer value quotes were issued to members considering transferring their benefits out of the scheme.

15.2 In total 121 transfer payments made during the period 1 October 2019 to 31 March 2020 resulting in a total amount transferred of £7,652,015. This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	65
£30,001 to £100,000	33
£100,001 to £200,000	15
£200,001 to £300,000	2
£300,001 to £400,000	4
£400,001 to £500,000	2
Above £500,001	0
Total	121

16.0 Financial implications

16.1 The report contains financial information which should be noted.

16.2 Employees of organisations who become members of the Local Government Pension Scheme 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.

17.0 Legal implications

17.1 The Fund on behalf of the Council will enter into a legally binding contract with organisations applying to join the Local Government Pension Scheme under an admission agreement.

18.0 Equalities implications

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

19.0 Environmental implications

19.1 The report contains no direct environmental implications.

20.0 Human resources implications

20.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees.

21.0 Corporate landlord implications

21.1 The report contains no direct corporate landlord implications.

22.0 Schedule of background papers

22.1 None.

23.0 Schedule of appendices

23.1 Appendix A: Process Summary

23.2 Appendix B: Detailed process analysis

23.3 Appendix C: Key performance indicators (KPIs)

23.4 Appendix D: Customer service statistics

23.5 Appendix E: Admitted Body Applications

23.6 Appendix F: Administering Authority Discretion Policy