



Pensions Committee

30 September 2020

Report Title	Pensions Administration Report from 1 April to 30 June 2020		
Originating service	Pension Services		
Accountable employee	Amy Regler Tel Email	Head of Operations 01902 55 5976 Amy.Regler@wolverhampton.gov.uk	
Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 Rachel.Brothwood@wolverhampton.gov.uk	

Recommendation for decision:

The Committee is recommended to:

1. Approve the write-offs detailed in section 14 of this report.

Recommendations for noting:

The Committee is asked to note:

1. 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.
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 April to 30 June 2020. This includes members and employers of the Main Fund and the former WMITA Pension Fund, following the merge of the West Midlands LGPS funds, effective from April 2019.

2.0 Background

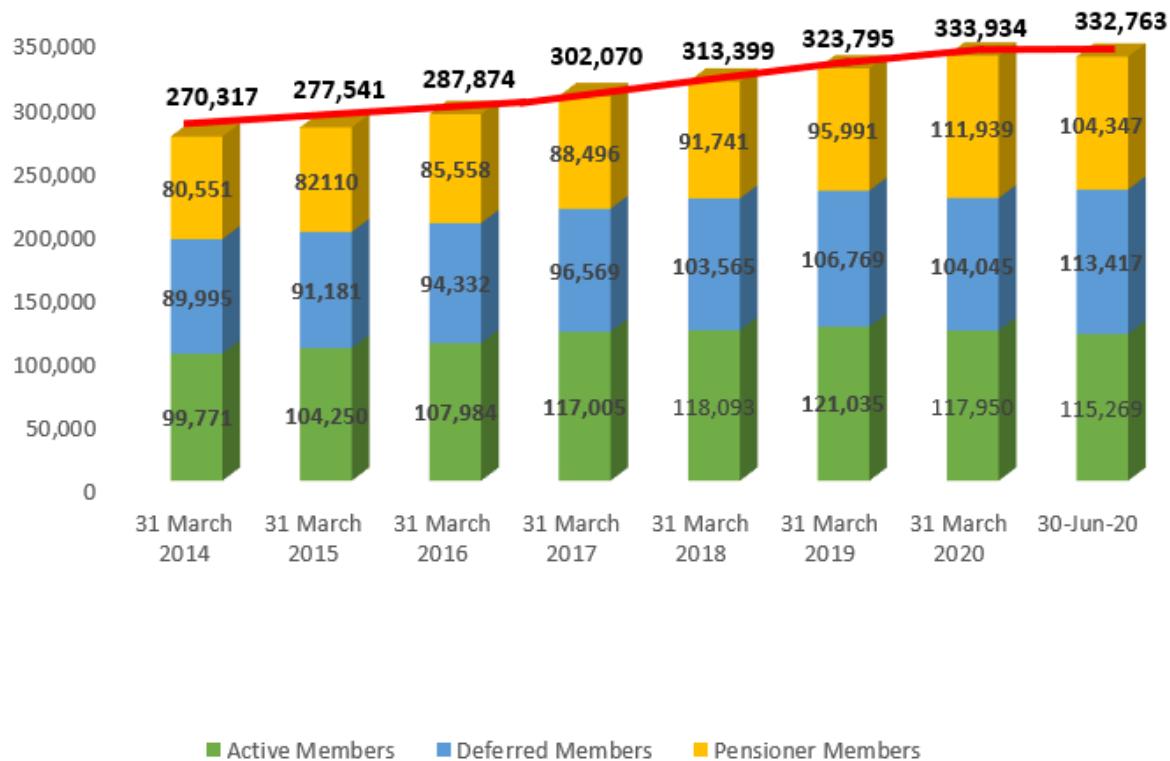
- 2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions 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 30 June 2020 stands at 332,763, with an overall decrease since March 2020 of 1,171. The reduction in active membership during this period is linked to a fall in the number of new joiners, with a reduction of c50% in June 2020 compared to June 2019, and ongoing processing of early leavers. 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.

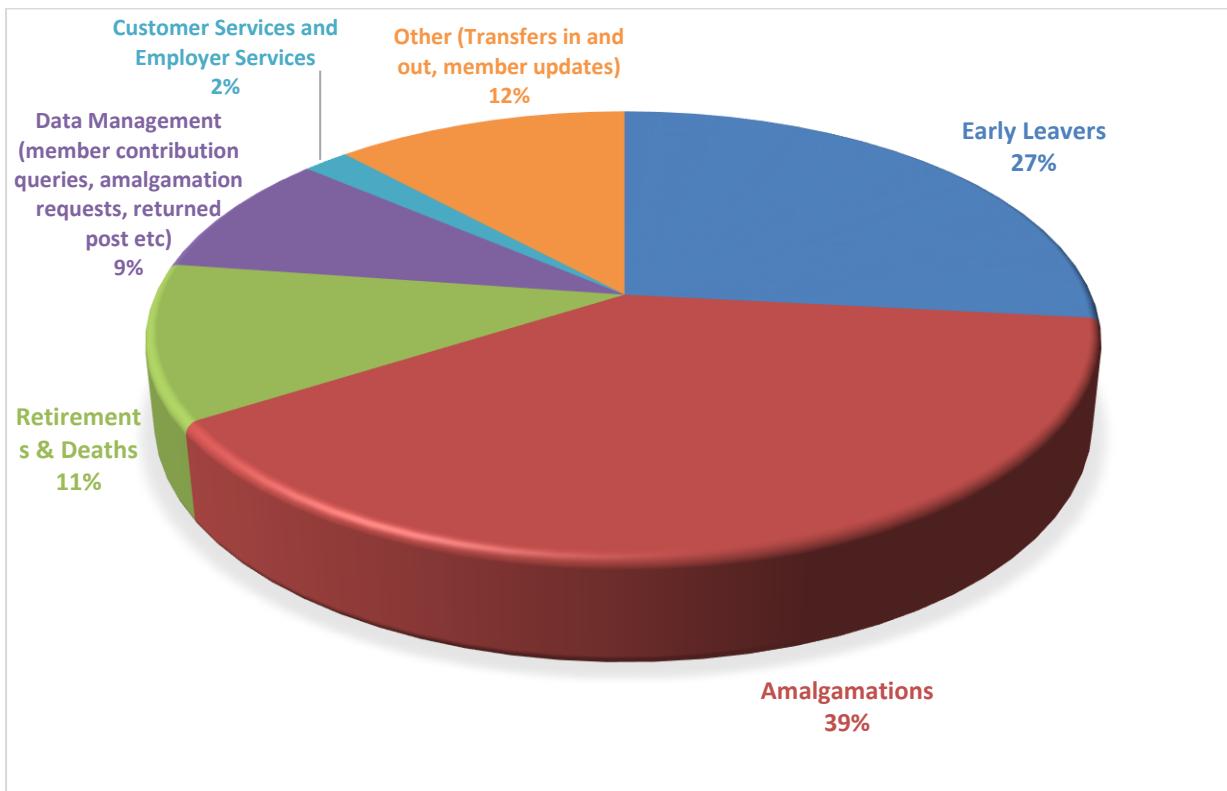
	Membership as at 31 March 2020	Net Movements during the period	Membership as at 30 June 2020
Active Members	117,950	-2,681	115,269
Deferred Members	111,939	1208	113,417
Pensioner Members	104,045	302	104,347
Total Members	333,934	-1,171	332,763



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 April 2020 to 30 June 2020. During the period covered by this report, 32,421 administrative processes were commenced, and 33,018 processes were completed.
- 3.2.2 On 30 June 2020 there were 45,038 items of work outstanding. This represents a net reduction of 396 items outstanding compared to 31 March 2019 (45,434). Of the 45,038 items of work outstanding, 4,803 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 40,235 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.2.3 The overall impact of COVID-19 to date has seen the overall volume of incoming work and processes completed reduce compared to the same period last year, despite increases in member death notifications. An increase in volume of work (by 35%) in this area has impacted the normal processing times. 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 timescales and performance relative to KPI target. A summary of the processes started and completed is detailed in Appendix A.

- 3.2.4 The total number of processes outstanding remains high but continues to stabilise and can be broken down into the following key categories:



As shown in the graph above, most of the outstanding 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. Since June 2019, the fund has seen c60% increase in this type of casework. Work has been focussed on reducing the volume of outstanding benefit processes for early leavers and this continues to reduce, with a 19% reduction since June 2019.

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.

- 3.2.5 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.

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 June 2020 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 a total of 6803 estimates have been run by members, on demand, over the four months to the end of July.

The Fund has undertaken scoping of Phase two of this project, which will enable members to run a formal retirement quote and select their retirement options online, and it is anticipated this will be available by the end of the year.
- 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 June, a series of system demonstrations and user tests have been provshared withpilot employers and well received. The system is scheduled to undergo security testing by a third party provider prior to the planned go live from November.
- 4.2.3 Employer Web Trays
This functionality enables 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 supports the flow of information and assists in monitoring queries and resolution, providing insight to the development of employer communications and coaching material and supporting faster resolution. The functionality was moved into the live environment in August, for the pilot employer. This was a successful transition and the Fund is now planning the transition of further employers in the Autumn.

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.
- 5.2 During the period the Fund did not achieve the KPI for Retirements, Notification of Estimated Benefits. This is due to an increase in the number of notifications received from employers the last two weeks in March and the transition of staff to homeworking, which saw a reduction in output. An improvement was seen in June and this has continued in subsequent months.
- 5.3 Further information on achievement of target KPIs by process by month over the reporting period 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
 - Requests for Pensions Portal support
 - Enquires about accessing pension benefits
 - Request for support with a Fund Letter/Form
 - Members updating their personal details
- 6.3 Calls were lower throughout April to June, however, written enquiries and change of address processes have increased. We continue to explore ways in which efficiencies can be identified to manage the customer contact received. As detailed in the Customer Engagement Report, a number of mailings have been issued during the period, and these have been issued in a phased delivery 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 waiting times.
- 6.4 The email form on the Fund's website, which requests all of the necessary security information at the first point of contact, has continued to have a noticeable impact on email volumes and improve customer experience, and this has now replaced the customer services email address on the Fund's letterhead, and as a result, even more members are using the form and receiving a more efficient service.
- 6.5 The Fund's 'Google Mybusiness' profile is being utilised to respond to customer questions and reviews, whilst Google Posts allow the Fund to advertise key information such as coronavirus service updates, pension pay dates and pension increase information, allowing us to keep our members informed and also help them self-serve.

- 6.6 Customer feedback is key to understanding our customers' journeys, highlighting strengths and any gaps in the service delivered to our customers to ensure continual improvement to the services offered. Some service enhancements made during the period include:
- Revising the retirement payment letter to include additional guidance on income tax
 - Revising the retirement quote letter to include more information on AVCs
 - Improving the guidance notes on the sign in page of the Pensions Portal
- 6.7 During the quarter, the customer satisfaction surveys were placed on hold whilst we re-allocated all available resources to front line services, allowing the Fund to support as many members as possible whilst working from home. All surveys were issued in bulk in July, and the data will be shown in next quarter's committee report.

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 outline within the Customer Engagement Update.
- 7.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 43 complaints received for the last quarter (less than 1%). During the reporting period 48% of complaints were upheld. Two areas most commonly raised issues during the period relate to 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 common issues stemming from specifics within the LGPS scheme rules.
- 7.3 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

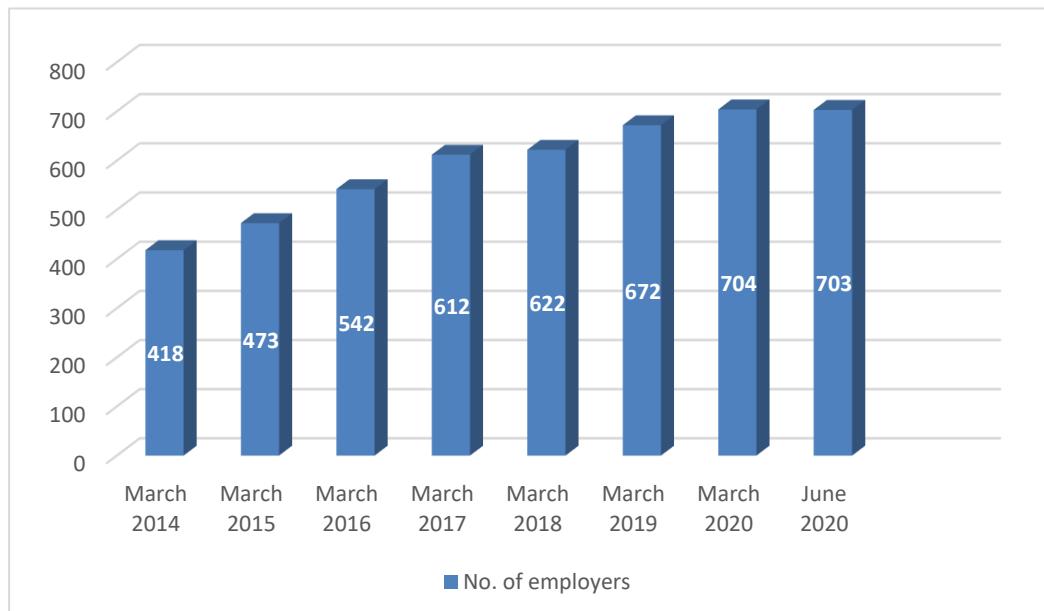
- 8.1 For 2019/2020, two cases remain on-going and are related to medical appeals.
- 8.2 In 2020/2021, six cases have been referred to Stage one of the procedure against the Fund. One case has been partially upheld and two cases have not up-held, the other three are still under investigation.
- 8.3 One case has progressed to Stage two of the procedure against the Fund, and this case is still under investigation. There are currently no Stage two appeals against employer decisions being investigated.

9.0 Death grant

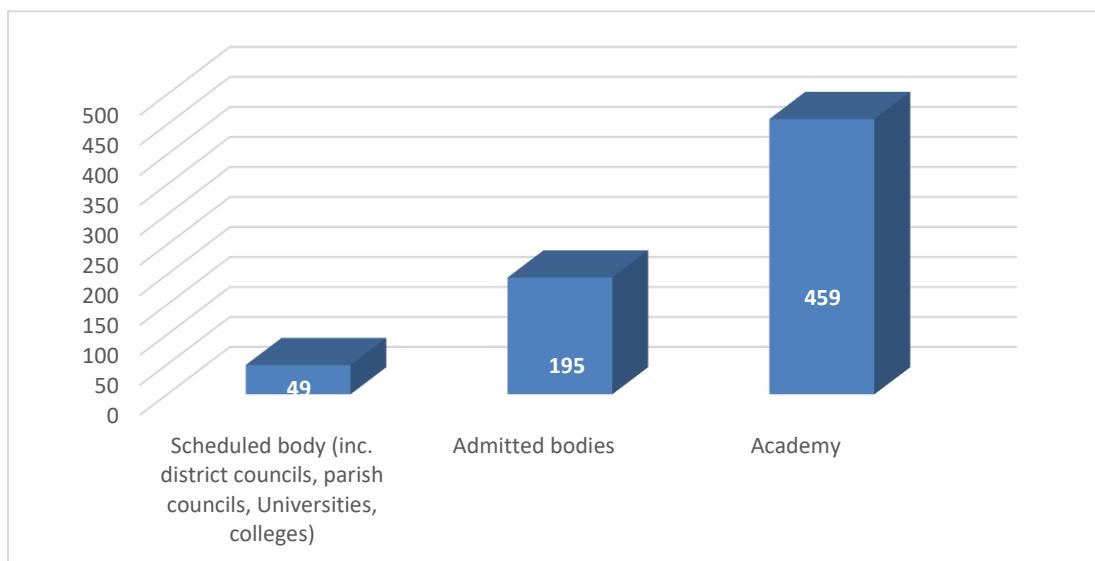
- 9.1 In this financial year no new cases have been referred to the Legal Department for consideration. Cases are being reviewed on a case by case basis in line with the agreed policy and case matrix. The Fund has introduced a death grant escalation panel where complex cases are discussed with senior managers.

10.0 Employer membership

- 10.1 The Fund has seen a slight drop in employer numbers this reporting period, with overall lower number of applications and terminations, and a number of applications in process but requiring the confirmation of pass through arrangements, currently taking additional time to action. This is expected to revert to an upward trend in employer numbers in the next reporting period. The number of employers registered with the Fund as at 30 June 2020 is 703 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
- 14 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 21 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.

13.0 Pensions in payment

- 13.1 The gross annual value of pensions in payment to June 2020 was £564.35m, £16.0m of which (£8.2m for pensions increase and £7.8m 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 (£)
April 2020	86,596	39,540,787
May 2020	86,460	39,587,498
June 2020	95,847	40,623,198

The June figure includes 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-offs and write on's 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	£64	7	£267
£100 - £500	36	£7,535	3	£493
Over £500	5	£10,289	0	£0
TOTAL	42	£17,888	10	£760

Of the cases where the payment has been written off:

- 33 cases are where the Fund has not received a response or are unable to trace the next of kin
- 6 cases are where there is no money in the estate to make the repayment
- 2 cases where the next of kin is now deceased
- 1 case of overpayment of pension

Of the cases where the payment has been written on:

- 9 cases where the Fund has received no response from the next of kin
- 1 case where the next of kin did not want to receive the payment

15.0 Transfer Out Cases

- 15.1 During the period 1 April to 30 June 2020, 298 transfer values were issued to members considering transferring their benefits out of the scheme (in the previous year, 1 April 2019 to 30 June 2019, 363 transfer values were issued to members).
- 15.2 In total 29 transfer payments made during the period 1 April 2020 to 30 June 2020 resulting in a total amount transferred of £1,588,166 (in the previous year 1 April 2019 to 30 June 2019, a total of £3,613,957 was transferred out). This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	21
£30,001 to £100,000	3
£100,001 to £200,000	4
£200,001 to £300,000	0
£300,001 to £400,000	0
£400,001 to £500,000	0
Above £500,001	1
Total	29

- 15.3 In light of recent industry concerns regarding the potential for increased pensions scams during this time, the Fund has implemented additional steps and measures within the processes for transfer out requests which includes a enhanced level of manager review before payment of funds is actioned. Overall there has been a decrease in the number of transfer out requests, however, this is being monitored in consideration of the extension of lockdown and furlough scheme where individuals might be experiencing financial constraints and are being provided with information about transfer and the options for release of pension.

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