

Pensions Board

20 October 2020

Report Title	Pensions Administration Report from 1 April to 30 June 2020	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Board is recommended to note:

1. The pensions administration activity and the impact of COVID19 on the workload volumes for pension administration.
2. The update on the progress of the Fund's Digital Transformation Programme.

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1.0 Purpose

1.1 To inform the Board 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 merger 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 the Board 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.

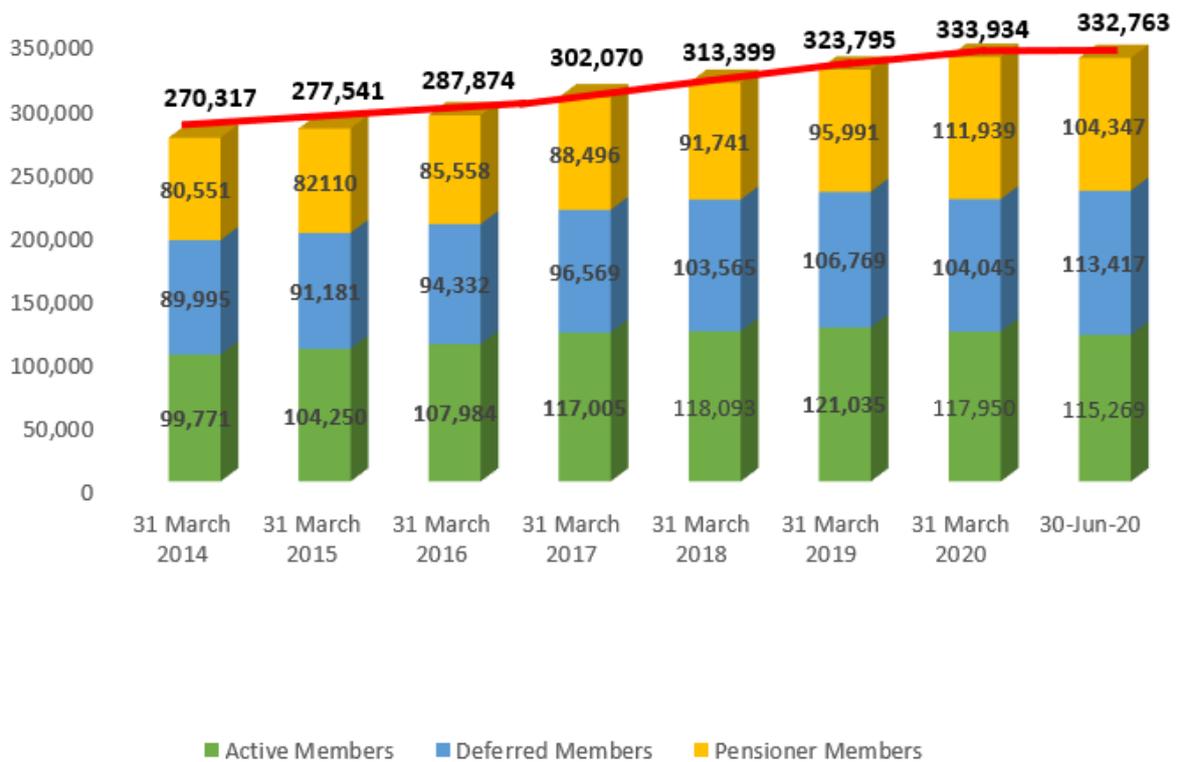
3.0 Scheme Activity

3.1 Membership movement

3.1.1 The total number of scheme member records held by 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.

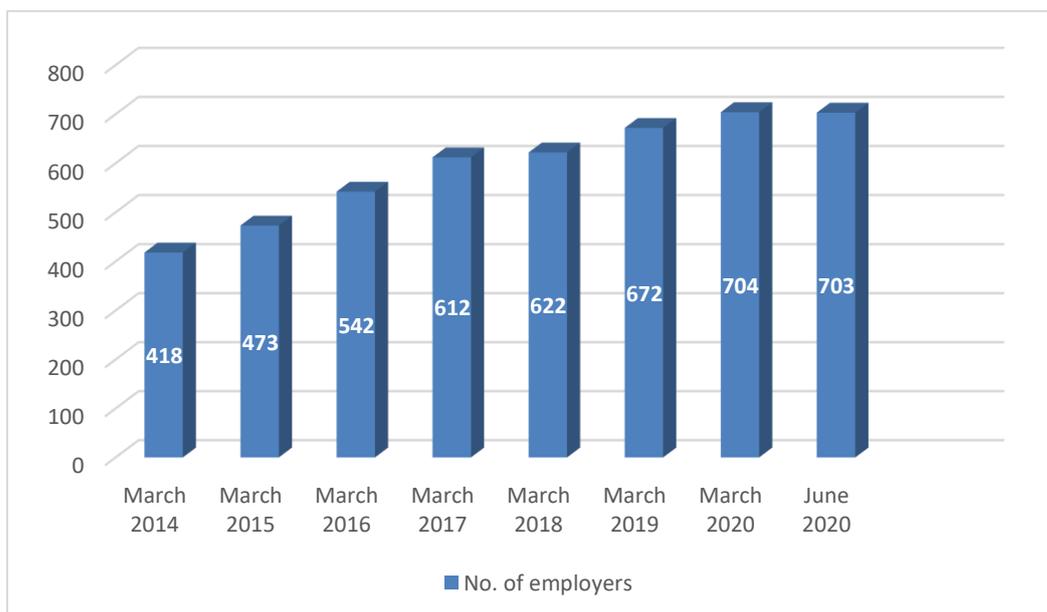
	Membership as at 31 March 2020	Net Movements during the period	Membership as at 30 June 2020
Active Members	117,950	-2,681	115,269
Deferred Members	111,939	1208	113,417
Pensioner Members	104,045	302	104,347
Total Members	333,934	-1,171	332,763

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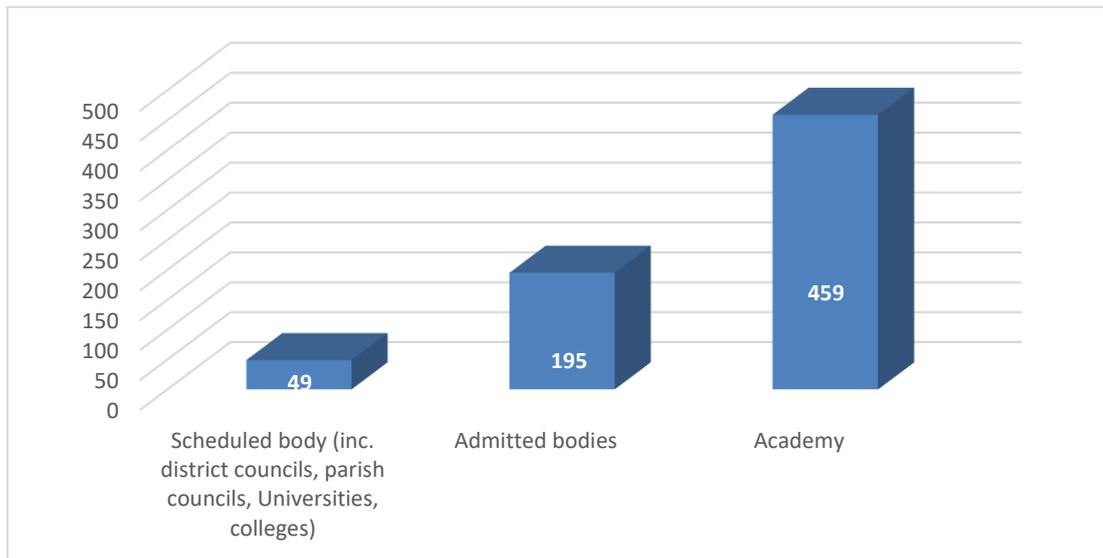


3.2 Employers

3.2.1 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.



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



3.2.3 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

3.3 Workflow statistics

3.3.1 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.

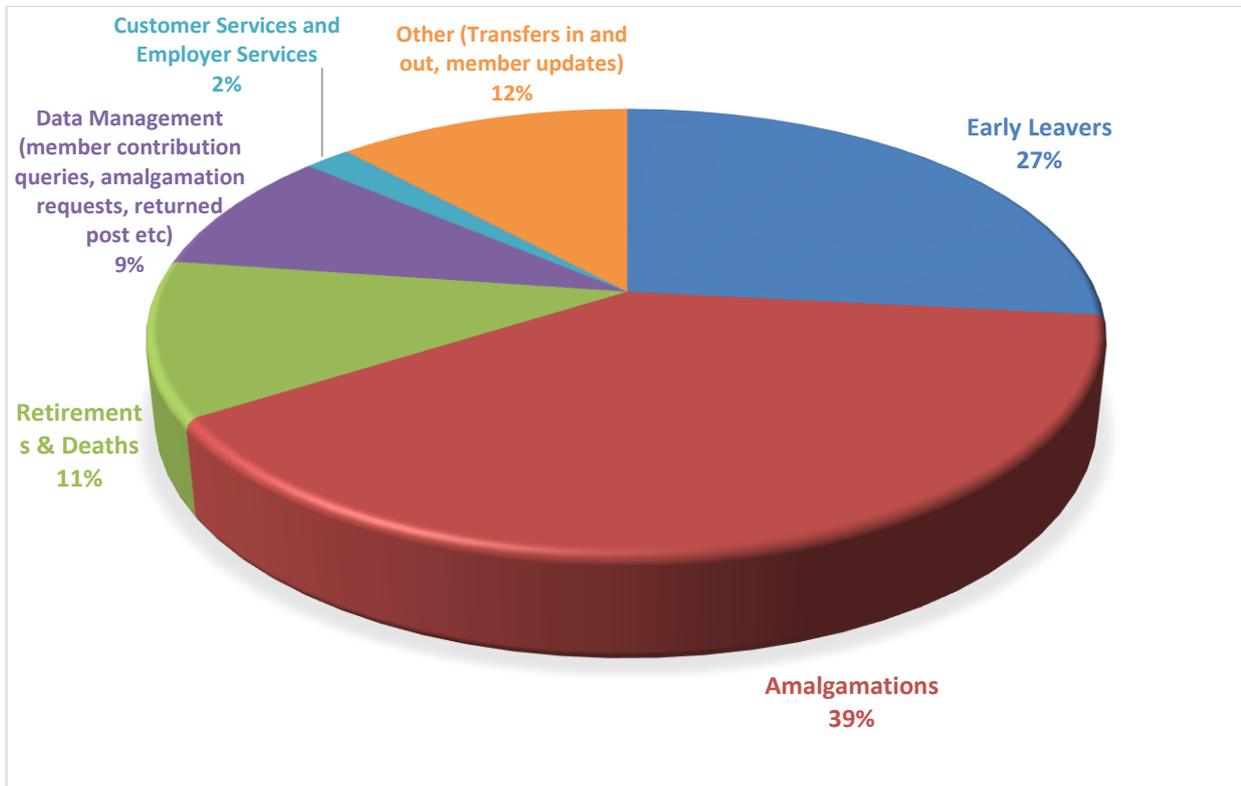
3.3.2 On 30 June 2020 there were 45,038 items of work outstanding. This represents a net reduction of 396 items outstanding compared to 31 March 2020 (45,434). Of the 45,038 items of work outstanding, 4,803 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 40,235 processes are now either proceeding to the next stage of the process or through to final completion.

3.3.3 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

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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.

3.3.4 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.

3.3.5 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, 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 over 6,800 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 shared with pilot employers which were 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 Pensions in payment

- 6.1 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.
- 6.2 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.

7.0 Financial implications

- 7.1 The report contains financial information which should be noted.
- 7.2 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 inter-valuation, set an appropriate employer's contribution rate based on the pension assets and liabilities of the individual employer.

8.0 Legal implications

8.1 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.

9.0 Equalities implications

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

10.0 Environmental implications

10.1 The report contains no direct environmental implications.

11.0 Human resources implications

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

12.0 Corporate landlord implications

12.1 The report contains no direct corporate landlord implications.

13.0 Schedule of background papers

13.1 None.

14.0 Schedule of appendices

14.1 Appendix A: Process Summary

14.2 Appendix B: Detailed process analysis

14.3 Appendix C: Key performance indicators (KPIs)