



Pensions Committee

9 December 2020

Report Title	Pensions Administration Report from 1 July to 30 September 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 13 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 across service areas supporting pension administration.
3. The update on progress of the Fund's Digital Transformation Programme.
4. The enhanced processes in place to routinely test and improve accuracy of Fund member records.

1.0 Purpose

- 1.1 To inform Committee of the routine operational work undertaken by the pensions administration service areas during the period 1 July to 30 September 2020.

2.0 Background

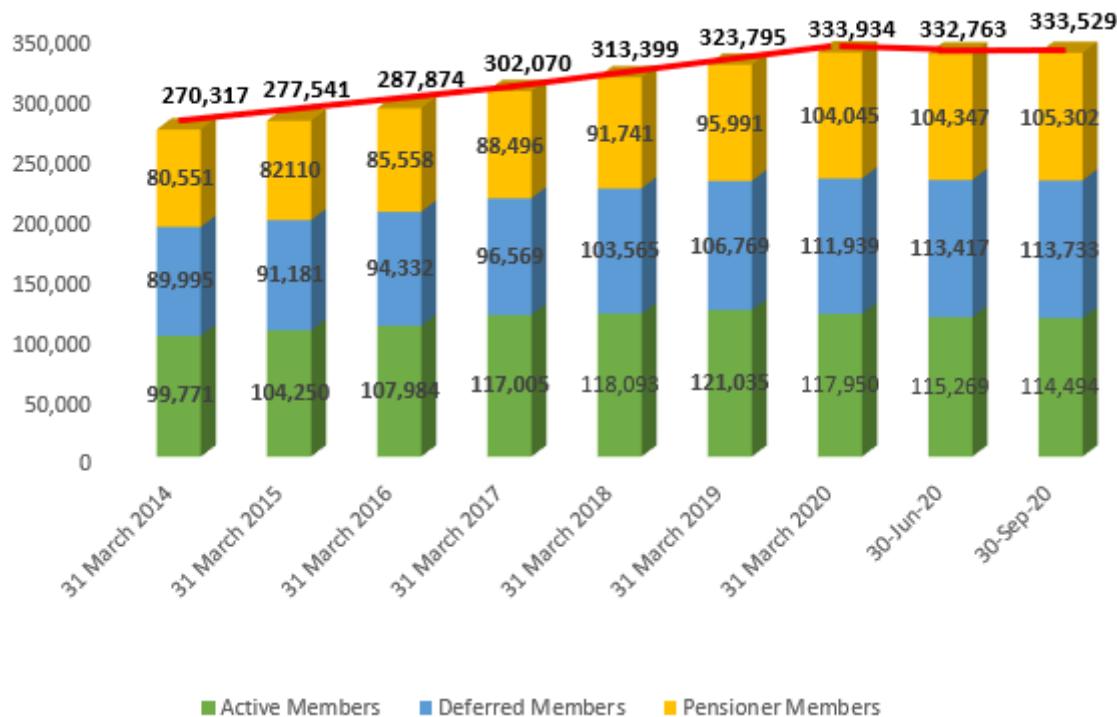
- 2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions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

3.0 Scheme Activity

3.1 Membership Movement – Main Fund

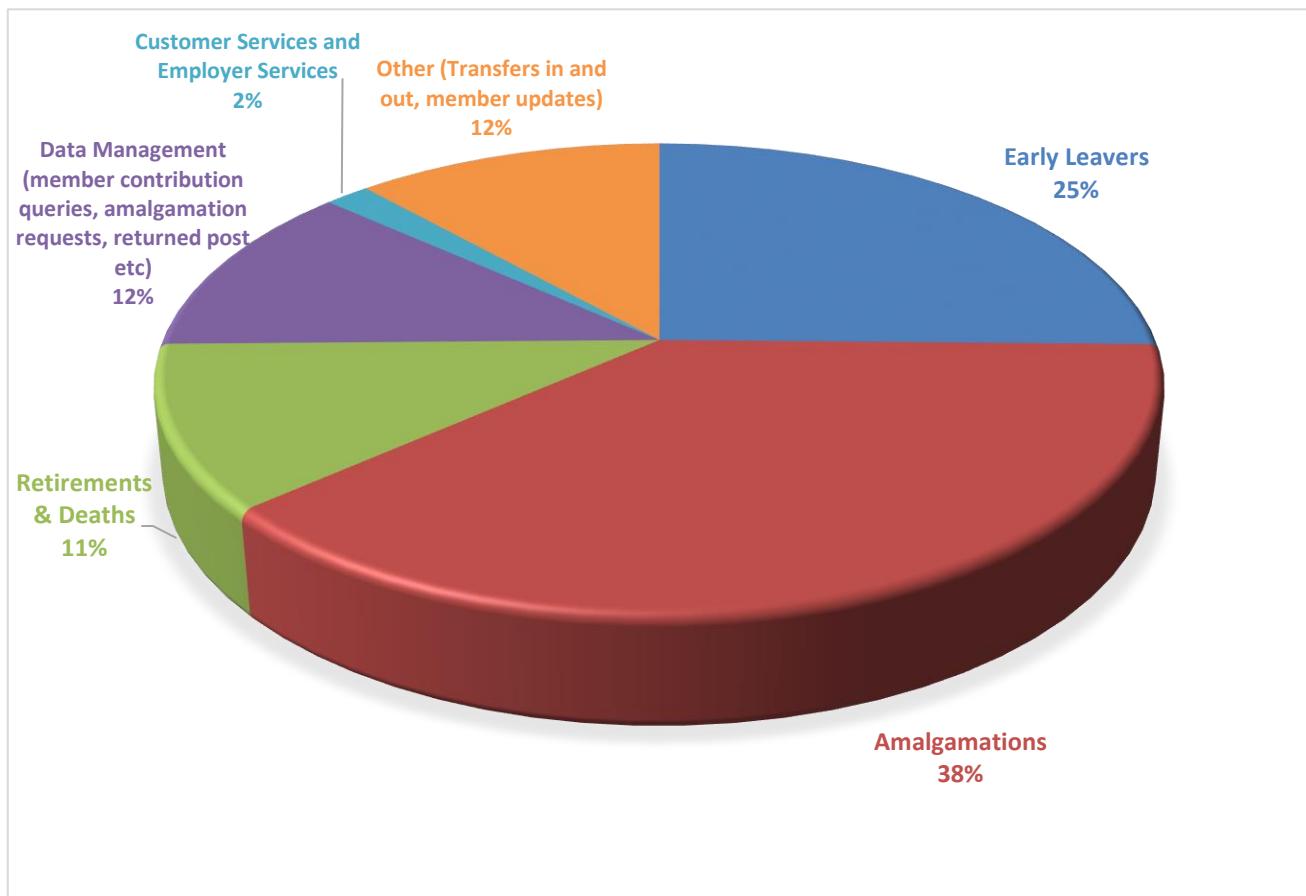
- 3.1.1 The total number of scheme member records in the Fund at 30 September 2020 stands at 333,529, with an overall increase since June 2020 of 1,297. The long-term trend over a 12-year period in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 30 June 2020	Net Movements during the period	Membership as at 30 September 2020
	Total	Total	Total
Active Members	115,269	-775	114,494
Deferred Members	113,147	586	113,733
Pensioner Members	104,347	955	105,302
Total Members	332,763	766	333,529



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 July to 30 September 2020. During the period covered by this report, 40,038 administrative processes were commenced and 37,700 processes were completed.
- 3.2.2 On 30 September 2020 there were 47,542 items of work outstanding. This represents an increase of 2,504 items outstanding compared to 30 June 2019 (45,038). Of the 47,542 items of work outstanding, 4,806 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 42,753 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. Since the last reporting period the Fund has started to see a return to normal volumes of casework, and in particular saw high volume of active members retiring during August and September. 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 C.
- 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 these outstanding processes and this has seen a 2% reduction since June 2020.

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 September 2020 report to Committee, the programme continues to see 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 11,247 estimates have been run by members, on demand, over the four months to the end of July.

The Fund has now progressed onto Phase two of this project which will enable members to run a formal retirement quote and select their retirement options online, and is currently undertaking testing of this new functionality, which is expected to be available by 2021.

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 September, the system has undergone security testing and is now being prepared to go live by the end of the year.

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, supporting faster resolution. The functionality was moved into the live environment in August, and the Fund is in the process of transitioning employers to this new facility.

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 performance fell short of the KPI target in one of the three months in two areas:
- The notification of Death benefits in July due to the significant volume of cases earlier in the year and;
 - The issue of Deferred Retirement quotes in September. This is due to the increase in volume of notifications received from employers for active retirements in August and September, which impacted on the achievement of this KPI.

Other KPIs have been achieved across the period.

- 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 July to September, 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 queries / written response times, allowing us to better serve our customers and reduce waiting times.

- 6.4 The email form on our 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 customer experience. The link to this form has now replaced our email address on our letterhead, and as a result, even more members are using the form, receiving a more streamlined experience.

Our 'Google Mybusiness' profile is being utilised to respond to customer questions and reviews, whilst Google Posts (in addition to those on our website) allow us 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.

- 6.5 During the quarter, a number of surveys were issued to members and employers to assess overall satisfaction levels on a wide range of processes. Over the period, our satisfaction levels were measured as 95.42%. We are also collating customer feedback in relation to the recent overseas pensioner confirmation exercise. This exercise is undertaken on an annual basis, however, this year we partnered with a third party provider to increase security and efficiency for both members and the Fund.

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.

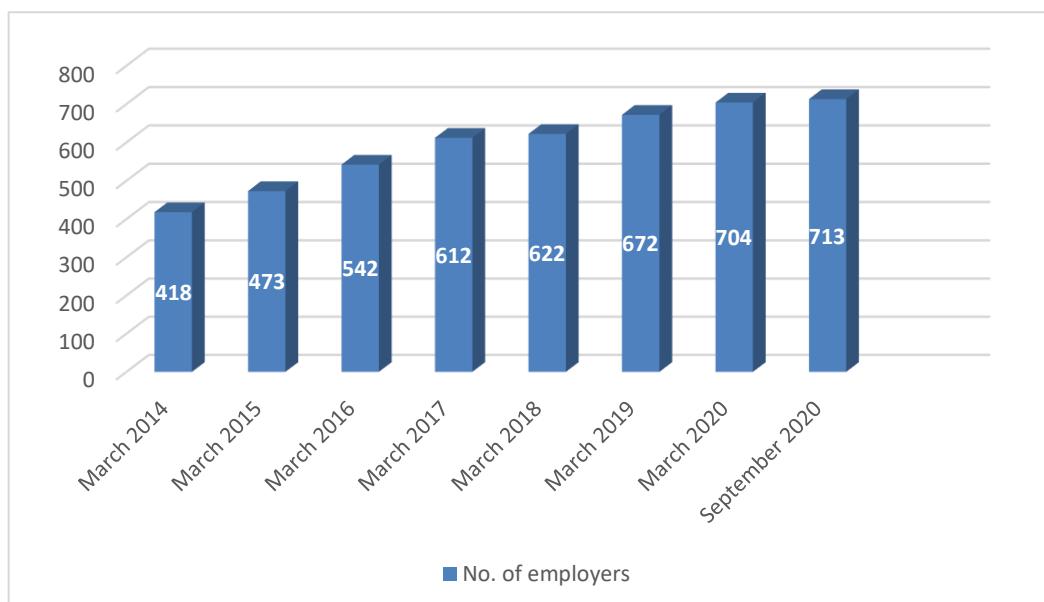
- 7.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 105 complaints received for the last quarter (less than 1%). During the reporting period 62% of complaints were upheld. Two areas most commonly raised issues during the period relate to processing timescales and portal access. We are enhancing the information available to members on our website and reviewing the online facilities following feedback.
- 7.3 Over the last three years the Fund has developed services in several areas (from letter wording to workflow practices) based on the feedback received from members, improving overall service.

8.0 IDRP (Internal Dispute Resolution Procedure) Casework

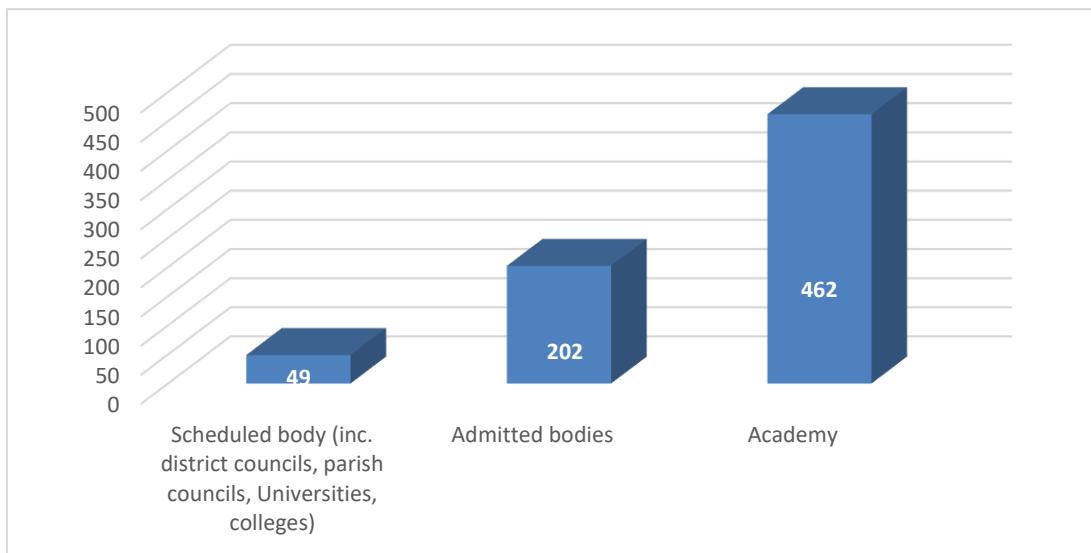
- 8.1 For 2019/2020, one case remains on-going relating to a medical appeal.
- 8.2 Year to date for 2020/2021, 6 cases have been referred to stage one of the procedure, against the Fund, one case has been partially upheld, with five cases not being upheld.
- 8.3 Four cases have progressed to Stage two on appeal to the Fund, and these cases are still under investigation. There are currently no Stage two appeals against employer decisions being investigated.

9.0 Employer Membership

- 9.1 The Fund has seen an increase in employer numbers this reporting period, with the overall number of employers registered with the Fund was 713 as at 30 September 2020 - a 70% increase since March 2014 as shown in the graph below.



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



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

- 90 admission agreements
- 12 academies
- 48 employer terminations

10.0 Application for Admission Body Status

- 10.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the 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.
- 10.2 There have been seven approvals requested from Committee regarding applications for admission to the Fund, which have been reviewed during the period by the Director of Pensions and either the Chair or the Vice Chair of Pensions Committee, which are detailed in Appendix E.

11.0 Pensions in Payment

- 11.1 The gross annual value of pensions in payment to September 2020 was £566.22m, £15.92m of which (£8.17m for pensions increase and £7.75m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

11.2 Monthly payroll details were:

Month	Number	Value (£)
July 2020	86,791	£ 39,947,402
August 2020	86,960	£ 39,923,040
September 2020	96,665	£40,936,583

The September figure includes pensioners paid on a quarterly basis.

12.0 Member Address Tracing and Mortality Screening

- 12.1 To assist in reducing processing times at retirement, potential data breaches and risk of overpayments, the Fund introduced an improved programme of member address tracing and mortality screening in 2019/20.
- 12.2 For deferred members, no longer in active employment with a Fund employer, the Fund is reliant on member notification of changes in address and contact information which enable the Fund to remain in dialogue. Member self-service through the portal enables updates of personal details but returned post and gaps in portal uptake indicate a higher risk of loss of member contact.
- 12.3 To assist in the review and update of data held, in 2019/20 the Fund developed a deferred member tracing programme, targeting checks on member contact information ahead of their anticipated retirement date, with the aim of reducing data queries and confirming contact at retirement. Since inception of the programme, the Fund has successfully confirmed over 77% of the addresses held are accurate, 18% of cases have identified a new address, ensuring the members receive their benefit options timely and personal data is not issued to an incorrect address. Furthermore, the work has also identified where members are deceased and the Fund had not been notified.
- 12.4 As part of this programme the Fund has also enhanced its mortality screening procedures to minimise the delay in review and change to pension payments in the event of member death. Since this new procedure, over the last 12 months the Fund has seen a 44% reduction in the average number of days taken for the Fund to be notified of a death.

13.0 Write-off Policy Decisions

- 13.1 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.
- 13.2 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.

13.3 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	0	0.00	13	615
£100 - £500	16	2989	0	0.00
Over £500	2	1,620	0	0.00
TOTAL	18	4,609	13	615

Of the cases where the overpayment has been written off:

- 13 cases are where the Fund has not received a response or are unable to trace the Next of Kin
- 2 cases are where the Next of Kin has stated there is no money in the estate to make the repayment
- 2 cases the funeral was arranged by the council
- 1 case the Next of Kin is now deceased

Of the cases where the underpayment has been written on:

- 10 cases the Fund has received no response from the Next of Kin
- 3 cases where the Next of Kin did not want to receive payment

14.0 Transfer Out Cases

- 14.1 During the period 1 July to 30 September 2020, 205 transfer values were issued to members considering transferring their benefits out of the scheme (previous 1 July 2019 to 30 September 2019, 293 transfer values were issued to members).
- 14.2 In total 28 transfer payments made during the period 1 July 2020 to 30 September 2020 resulting in a total amount transferred of £2,210,566 (previous 1 July 2019 to 30 September 2019 a total of 58 transfer payments were made (£3,464,084 was transferred out) This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	16
£30,001 to £100,000	6
£100,001 to £200,000	2
£200,001 to £300,000	2
£300,001 to £400,000	1
£400,001 to £500,000	1
Above £500,001	0
Total	28

- 14.3 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.

15.0 Financial implications

- 15.1 The report contains financial information which should be noted.
- 15.2 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.

16.0 Legal implications

- 16.1 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.

17.0 Equalities implications

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

18.0 Environmental implications

- 18.1 The report contains no direct environmental implications.

19.0 Human resources implications

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

20.0 Corporate landlord implications

- 20.1 The report contains no direct corporate landlord implications.

21.0 Schedule of background papers

- 21.1 None.

22.0 Schedule of appendices

- 22.1 Appendix A: Process Summary
- 22.2 Appendix B: Detailed process analysis

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

22.3 Appendix C: Key performance indicators (KPIs)

22.4 Appendix D: Customer service statistics

22.5 Appendix E: Admitted Body Applications