

Report Title	Pensions Administration Report from 1 October – 31 December 2020	
Originating service	Pension Services	
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Recommendations for noting:

The Pensions Board is asked to note:

1. Performance and workloads of the key pension administration functions.
2. Development of the Fund's membership and participating employers.
3. The ongoing work to improve efficiency and ensure of processing and record keeping.
4. The Fund's pledge to the Pension Regulator to combat pension scams and protect scheme members.
5. The updated Internal Dispute Resolution Procedure.

1.0 Purpose

1.1 To inform Board of the routine operational work undertaken by the pensions administration service areas during the period 1 October to 31 December 2020.

2.0 Background

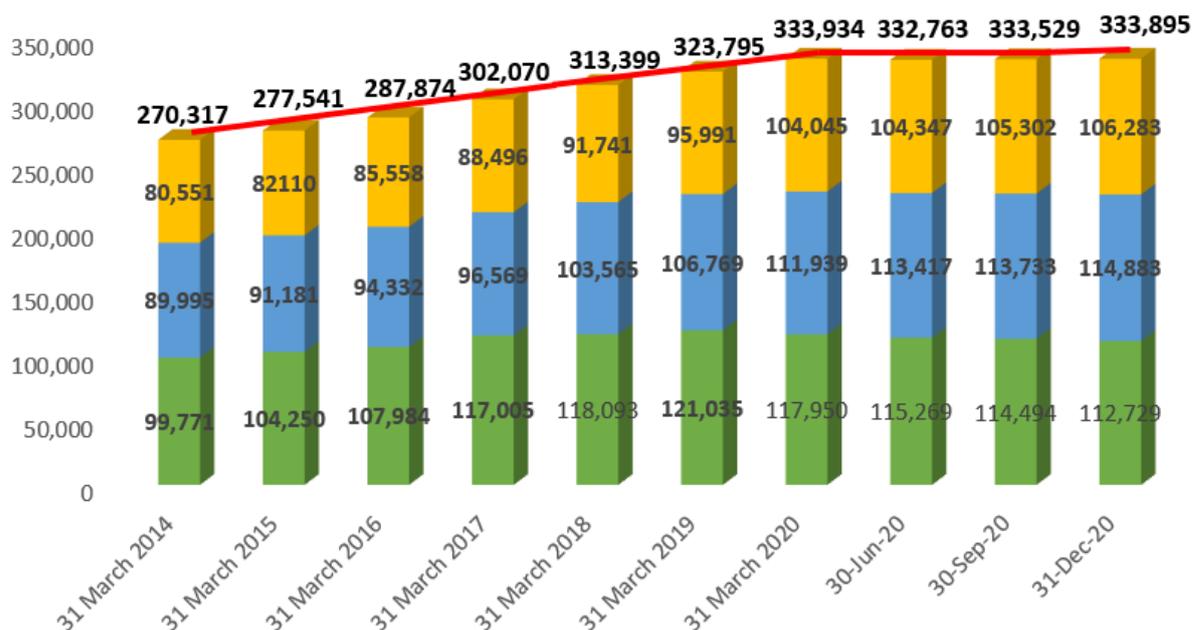
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Board on a quarterly basis to assist monitoring of the activity and performance of these functions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

3.0 Scheme Activity

3.1 Membership Movement – Main Fund

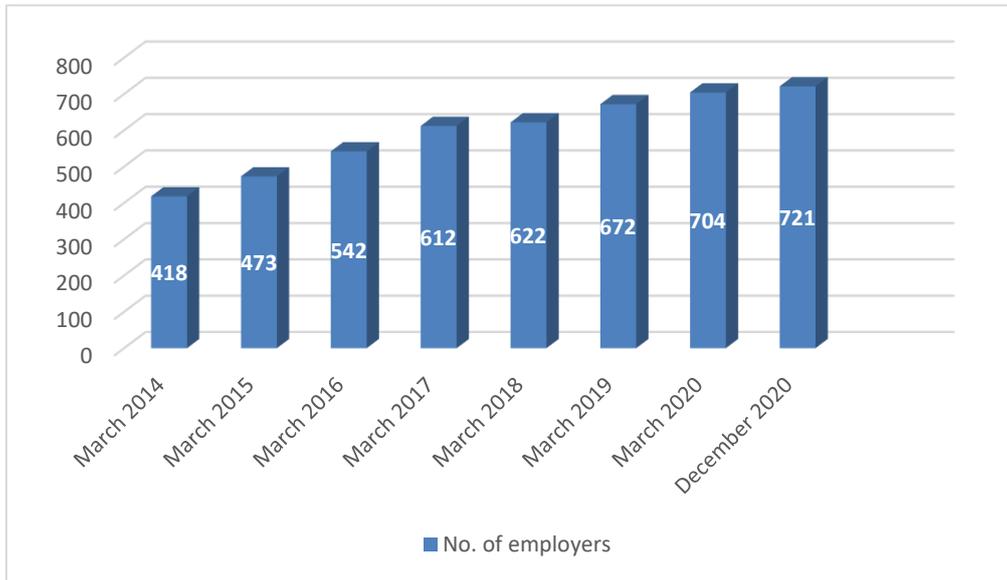
3.1.1 The total number of scheme member records in the Fund at 31 December 2020 stands at 333,895, with an overall increase since September 2020 of 366. The long-term trend over a 12-year period in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 30 September 2020	Net Movements during the period	Membership as at 31 December 2020
Active Members	114,494	-1,765	112,729
Deferred Members	113,733	1,150	114,883
Pensioner Members	105,302	981	106,283
Total Members	333,529	366	333,895

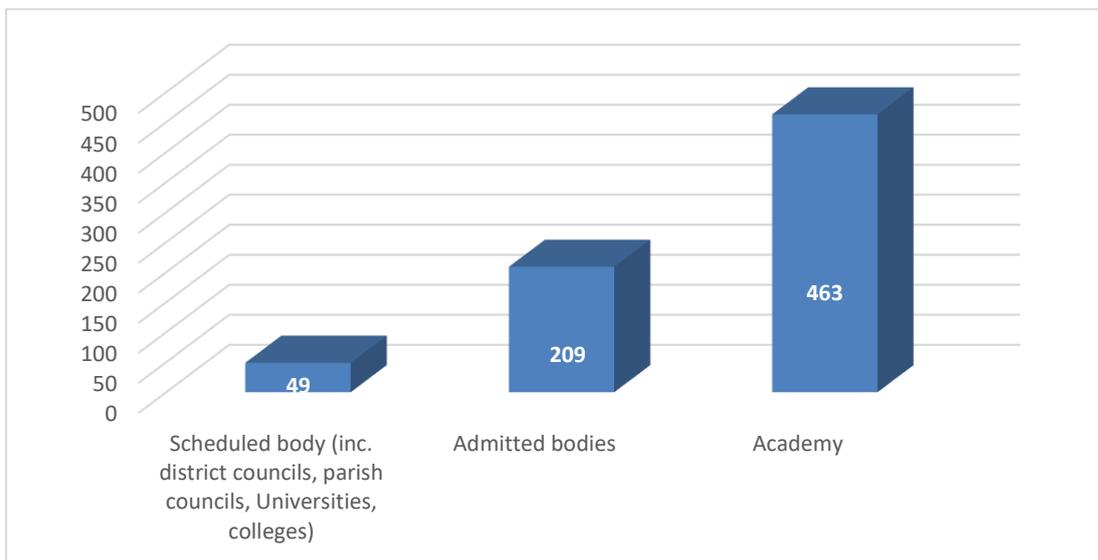


3.2 Employer Membership

3.2.1 The Fund has seen an increase in employer numbers this reporting period, with the overall number of employers registered with the Fund was 721 as at 31 December 2020, a 72% 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: -

- 92 admission agreements
- 11 academies
- 51 employer terminations

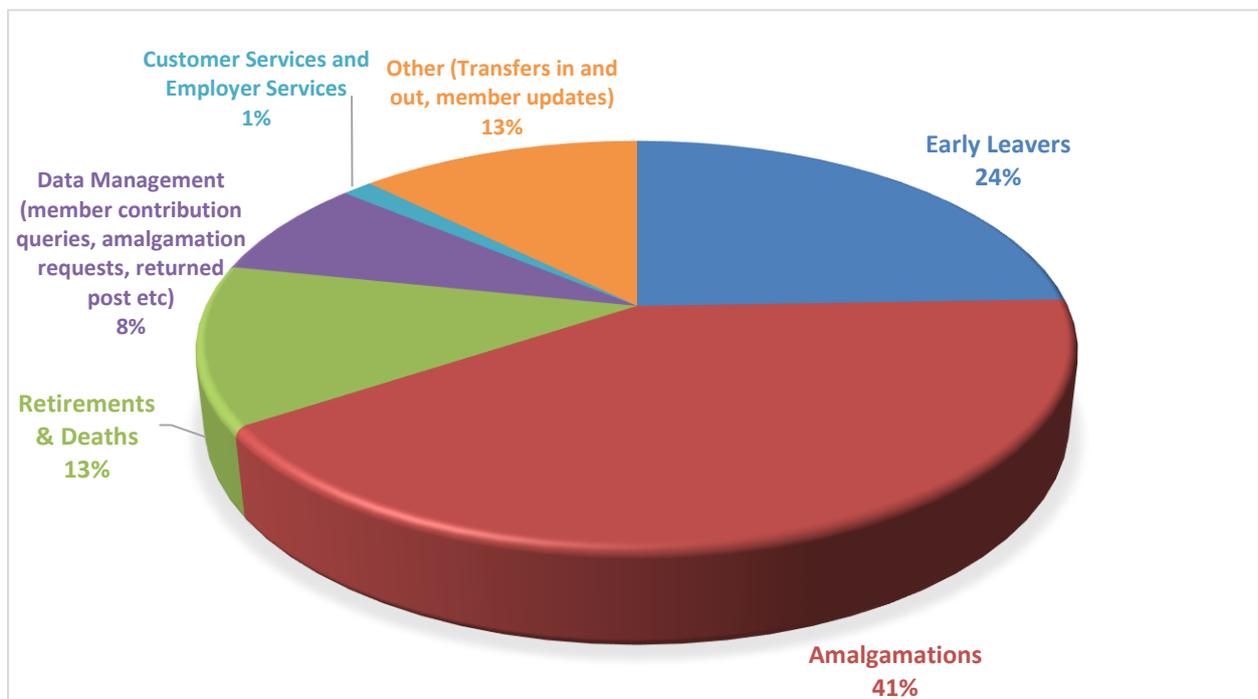
3.3 Workflow Statistics

3.3.1 The process analysis statistics (Appendix A) show details of overall workflow within the Pensions Administration Service during the period 1 October to 31 December 2020. During the period covered by this report, 37,499 administrative processes were commenced and 37,975 processes were completed.

3.3.2 On 31 December 2020 there were 46,480 items of work outstanding. This represents a decrease of 1,062 items outstanding compared to 30 September 2020 (47,542). Of the 46,480 items of work outstanding, 4,753 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 41,727 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. Since the last reporting period the Fund has started to see a return to normal volumes of casework. However, significant increases in the volume of deaths case work has been seen in December and January 2021. 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.

3.3.4 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 c72% increase in this type of casework.

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 January 2021 report to Board, 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

Following the introduction of functionality to enable deferred members to run retirement estimates online, the Fund has been developing Phase two of this project which will enable members to run a formal retirement quote and select their retirement options online. Following a period of testing, this development was moved into live towards the end of January. Within 24 hours of the facility being available a member completed the process which was authorised by the Fund on the same day, with the member being placed onto the next available payroll. This demonstrates a real desire from members to self-serve through their online account. With enabling members to self-serve, potential efficiency savings of c30 minutes per case of officer time could be achieved. The Fund is monitoring the use of this facility with the aim of undertaking a communication programme to promote this facility in the coming months.

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 successfully undergone security testing and the initial group of employers went live in December 2020. A phased programme to transition employers onto the new system is underway with c450 employers already live, from April 2021.

4.2.3 Employer Web Trays

Alongside the development of the new Employer Hub the fund has developed functionality to enable queries with data to be raised with employers via their online accounts 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. This functionality is being rolled out to employers as they move to the new Employer Hub.

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 the following areas:

- The notification of Death benefits in October, due to internal management of high volume casework
- The issue of Deferred Retirement quotes in October and November. 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.
- Transfer in and Outs in November due to the introduction of new factors which required the system to be updated by our software supplier, meaning cases were calculated manually and therefore time consuming.

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 Internal Dispute Resolution Procedure (IDRP)

6.1 The Fund is required under the pension scheme regulations to have a process for dealing with internal disputes regarding members' pension benefits. The IDRP is a two-stage procedure and covers decisions made by both employers and the Fund.

6.2 The IDRP document sets out the procedure on how the Fund will work with employers in managing the internal dispute resolution process to the benefit of both employers and members. In 2020, the Fund undertook a review of the existing procedure as part of its regular review process.

6.3 The review has not required any changes to the procedure or the key steps to be taken, but focussed on the format of the information being presented to clarifying the roles and responsibilities of both the Fund, independent adjudicators and the employer. For example, information has been transposed into flow charts to clearly set out the process for employers and members to follow.

6.4 A draft version of the proposed revised document was shared with the Employer Peer group in December 2020 for review and comment, where it was well received and the revised layout welcomed.

6.5 A final version of the updated procedure document is in Appendix D for noting.

7.0 Overseas Existence checking – 2020/21

7.1 The Fund has in the region of 1,600 overseas pensioner members, who 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.

7.2 In 2020/21 the Fund engaged further with Target Professional Services, the current provider for member verification and tracing services, to utilise their digital services for our overseas members. This enabled members to undertake the process via traditional postal methods or via the mypensionID app.

7.3 Following the process, the Fund received a 87% verification success rate, with 22% of members utilising the digital app across 12 different countries. The age of members who utilised the app ranged from 50 to 96 years old. The average age of respondents being 69, indicating broad member interest in engaging with the Fund electronically.

8.0 tPR Pledge against Pension Scams

8.1 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 an enhanced level of manager review before payment of funds is actioned. In addition, all key staff are undertaking the Pension Regulators' online training module on pension scams, providing guidance on key steps to take and how to identify potential scams.

8.2 As part of this, the Fund has pledged to the Pension Regulator to do what we can to protect scheme members and follow the principles of the Pension Scams Industry Group (PSIG) Code of Good Practice in so far as it applies to LGPS Funds. Pledging to combat pension scams confirms our intent to protect our members and demonstrates that the Fund are committed to stopping scammers.

The pledge states that the Fund is committed to:

- regularly warn members about pension scams
- encourage members asking for cash drawdown to get impartial guidance from The Pensions Advisory Service
- get to know the warning signs of a scam and best practice for transfers by key staff completing the scams module in the Trustee Toolkit; studying and using the resources on the Financial Conduct Authority (FCA) ScamSmart website, TPR scams information and the PSIG code
- take appropriate due diligence measures by carrying out checks on pension transfers and documenting pension transfer procedures
- clearly warning members if they insist on high-risk transfers being paid

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- report concerns about a scam to the authorities and communicate this to the scheme member

9.0 Financial implications

9.1 The report contains financial information which should be noted.

9.2 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.

10.0 Legal implications

10.1 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.

11.0 Equalities implications

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

12.0 Environmental implications

12.1 The report contains no direct environmental implications.

13.0 Human resources implications

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

14.0 Corporate landlord implications

14.1 The report contains no direct corporate landlord implications.

15.0 Schedule of background papers

15.1 None.

16.0 Schedule of appendices

16.1 Appendix A: Process Summary

16.2 Appendix B: Detailed process analysis

16.3 Appendix C: Key performance indicators (KPIs)

16.4 Appendix D: Internal Dispute Resolution Procedure 2021