

Report Title	Pensions Administration Report to 31 March 2022	
Originating service	Pension Services	
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Recommendations for action:

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 introduction of Stronger Nudge amendment to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

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 January – 31 March 2022.

2.0 Background

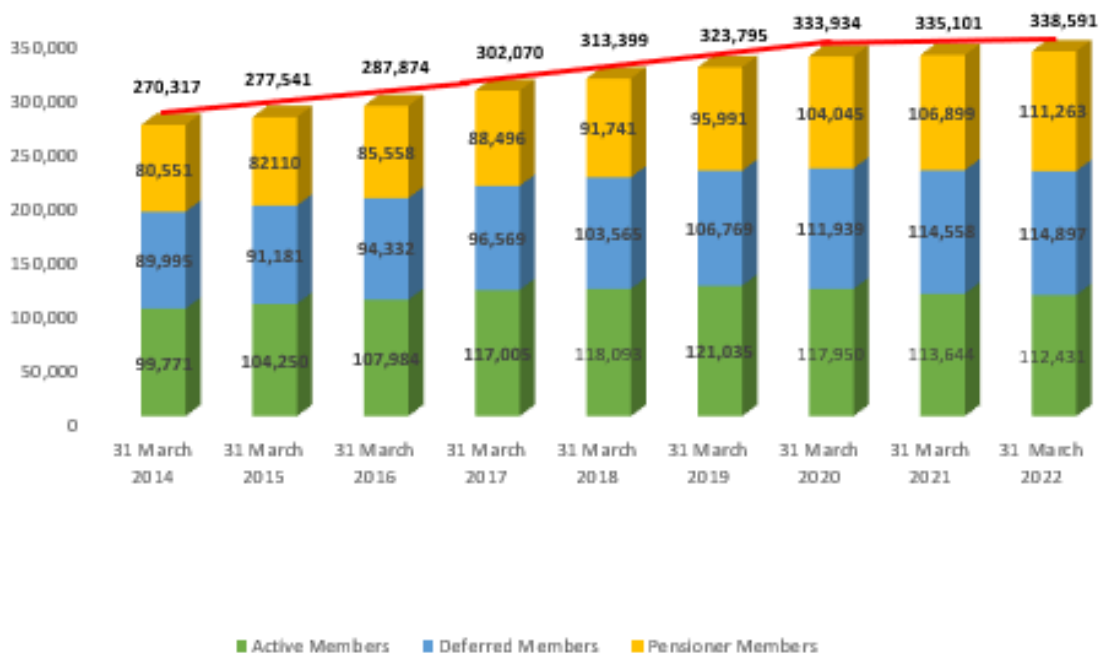
2.1 The Fund provides a pension administration service covering; employer, customer and member services; data processing; benefit operations; payroll; and systems/technical support. A report is provided to Committee and Board on a quarterly basis to assist monitoring of the activity and performance of 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 March 2022 stands at 338,591, with an overall increase since December 2021. 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 December 2021	Net Movements during the period	Membership as at 31 March 2022
Active Members	110,715	1,716	112,431
Deferred Members	113,867	1,030	114,897
Pensioner Members	110,371	892	111,263
Total Members	334,953	3,638	338,591

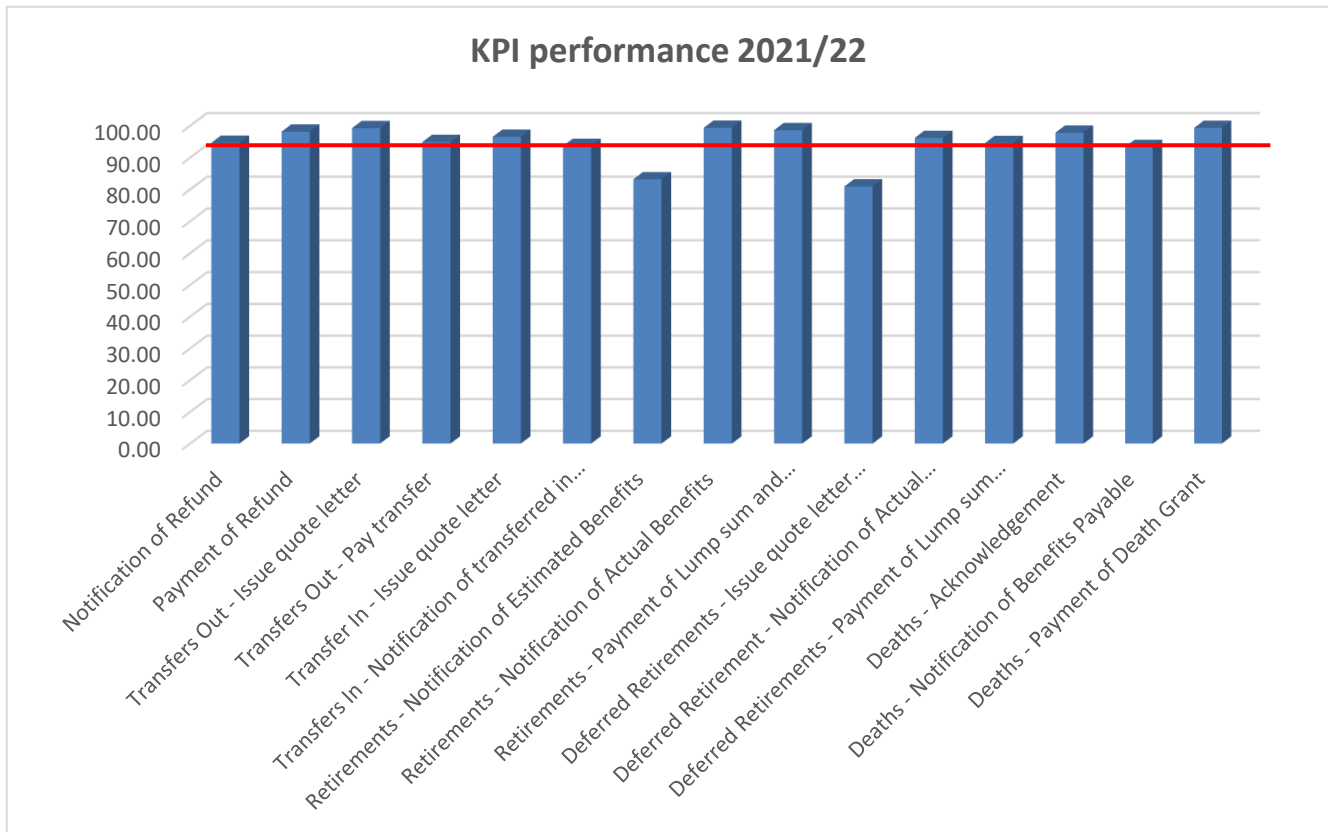


3.2 Workflow Statistics

- 3.2.1 The process analysis statistics, Appendix A, show details of overall workflow within the Pensions Administration Service during the period 1 January to 31 March 2022. During the period covered by this report, 39,761 administrative processes were commenced and 38,981 processes were completed.
- 3.2.2 As we continue to see an increase in member movements, the workload volumes will also naturally remain high. On 31 March 2022 there were 42,729 items of work outstanding. This represents an increase of 1,070 items outstanding compared to 31 December 2021 (41,659). However for the 2021/22 period, the Fund has seen an overall decrease in outstanding casework of 3,901 items, 8%.
- 3.2.3 Of the 42,729 items of work outstanding 5,316 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 37,413 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.2.4 The Fund continues to review the volumes of incoming work and put in place plans to monitor and address high volume areas. Opportunities for bulk processing and streamlining the management of queries back to employers continue to be explored to increase efficiency in processing.
- 3.2.5 Appendix B provides a summary of the key processes completed by volume across benefit operational functions e.g. calculating benefits for retirements, pensioner member data changes as well as the maintenance of updating membership details. This shows the trend of lower joiners and higher leavers and retirements year to date is consistent with the tail off in growth of membership and increase in deferred and pensioner membership.

4.0 Key Performance Indicators (KPIs)

- 4.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 4.2 During the period, all KPI year to date are within target, with one not achieving target in the quarter to 31 March 2022, as follows:
- Deferred Retirement Quote
 - The KPI was impacted by increased volumes of casework for retirements during the period. The team completed 63% more casework than the same period in 2021.
- 4.3 For 2021/22, all KPI's cumulatively achieved the target, except for two:
- Retirements – Notification of Estimated Benefits
 - Active – fell slightly short of the target at 83%. Although the target was not achieved, 21% more cases were processed and the performance for the year is in line with 2020/21,
 - Deferred – fell slightly short of the target at 78%, although the target was not achieved, on average cases were processed within 31 days, against the target of 30.



4.4 Further information on achievement of target KPIs by process by month over the reporting period and Scheme year is included in Appendix C.

5.0 Customer Services

5.1 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.

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

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

5.3 Calls and written responses remained stable during the quarter, enabling the allocation of time for staff training. The Fund has continued to stagger mailings sent to members and pensioner newsletters being sent within this period, to help smooth the impact on the contact centre and reduce call queues/written response times, allowing us to better serve our customers and reduce the number of chaser requests received.

6.0 Complaints

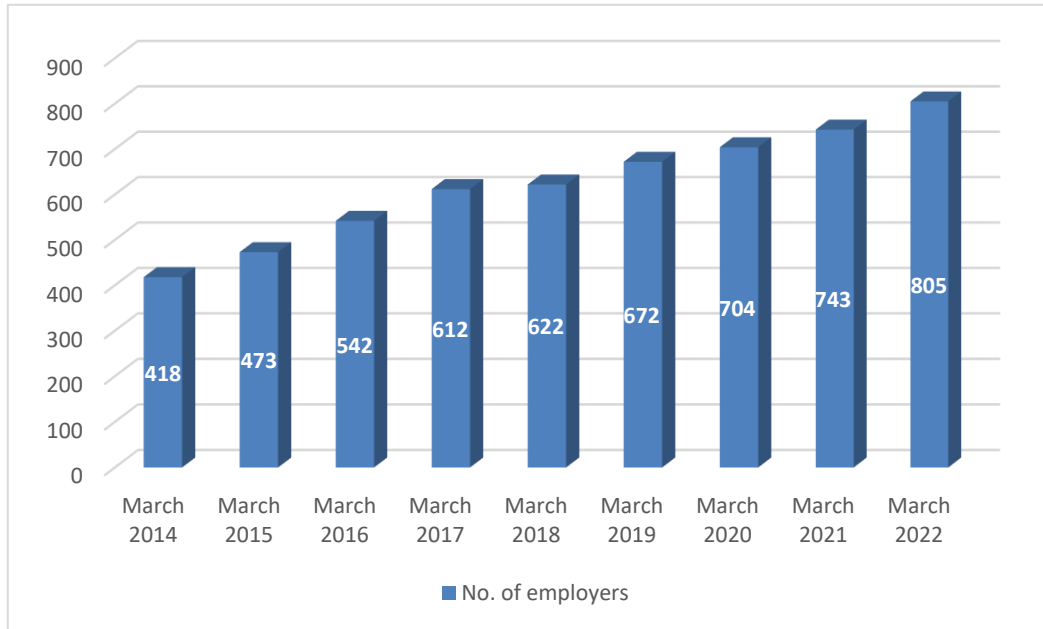
- 6.1 The Fund has a complaint monitoring framework, which enables regular monitoring and review of trends impacting performance. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. This mirrors the process undertaken for general customer feedback as outlined within the Customer Engagement Update.
- 6.2 Overall, the number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 103 complaints received for the last quarter. Of those complaints, 40% were upheld and lessons learned incorporated in training and process development.
- 6.3 Complaint numbers remained higher than average during January – March 2022, with a number of complaints received as a result of Guaranteed Minimum Pension (GMP) reconciliation affecting some pensions in payment. The GMP reconciliation process involves comparison of Her Majesty's Revenue and Customs (HMRC) data with the Fund's data, as well as resolving any associated discrepancies in pensions in payment. The reconciliation of GMPs is a statutory exercise and, in accordance with the Local Government Pension Scheme (LGPS) Regulations, the Fund has a legal obligation to pay the correct level of benefits, which is why we have made this adjustment.
- 6.4 Recognising the unexpected nature of this change, we have endeavoured to provide all members with an extended period of notice ahead of amending pension payments (six months prior to adjustment in March 2022) and the Fund has agreed not to seek to recover any overpayments made up until that date.
- 6.5 The Fund has adhered to guidance produced by the Pension Administration Standards Association (PASA) and has issued letters and accompanying 'frequently asked questions' to assist members to understand these changes and will continue to respond to individual queries.

7.0 Internal Dispute Resolution Procedure (IDRP) Casework

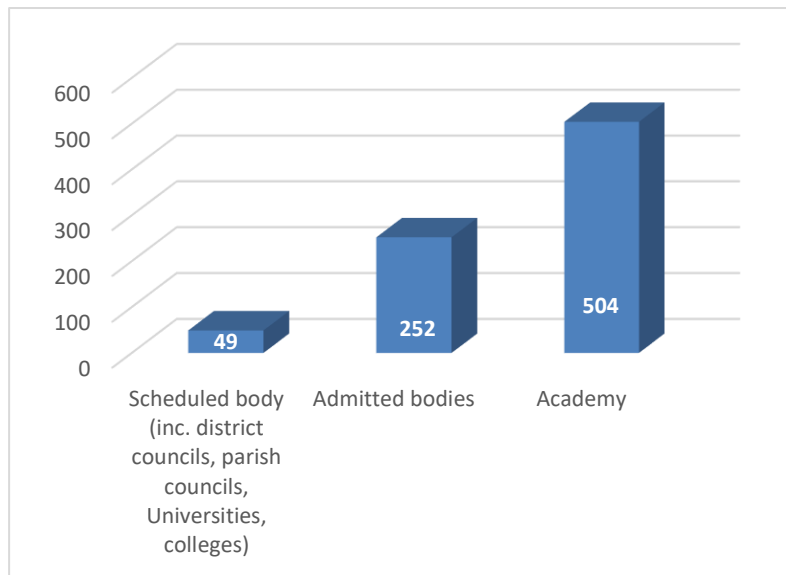
- 7.1 During 2020/21, nine Stage 1 cases were completed (1 partially upheld and 8 not upheld) and five Stage 2 cases were completed (all 5 cases were not upheld).
- 7.2 During 2021/22, eighteen Stage 1 cases were completed (1 was upheld, 4 were partially upheld, and 13 were not upheld). Seven Stage 2 cases were completed (1 was upheld and 6 were not upheld). The increase in casework for 2021/22 is mainly due to the GMP reconciliation exercise which was completed in the year, with 6 IDRP cases relating to this statutory process.
- 7.3 Year to date for 2022/2023, two cases have been referred to Stage 2 of the procedure on appeal against the Fund and are currently under investigation.

8.0 Employer Membership

8.1 The Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund increasing to 805 at 31 March 2022. This is an increase of 0.6% from the previous period and a 93% increase since March 2014 as shown in the graph below.



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



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

- 56 admission agreements
- 8 academies
- 45 employer terminations

9.0 Pensions in Payment

9.1 The gross annual value of pensions in payment to March 2022 was £559.58m, £14.7m of which (£7.5m for pensions increase and £7.2m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

9.2 Monthly payroll details were:

Month	Number	Value (£)
January 2022	90,390	41,105,768
February 2022	90,569	41,188,245
March 2022	106,693	42,702,376

The March figure includes pensioners paid on a quarterly basis.

10.0 Transfer Out – all casework

10.1 In total 251 individual transfer payments were made during the period 1 January 2022 to 31 March 2022, resulting in a total amount transferred of £8,761,776. This is broken down into the following categories:

Type of Transfer	Number of Transfer Payments	Value of Transfer Payments (£)
Non LGPS	53	£2,067,924
Interfund (LGPS fund)	184	£6,480,189
Additional Voluntary Contributions	14	£213,663

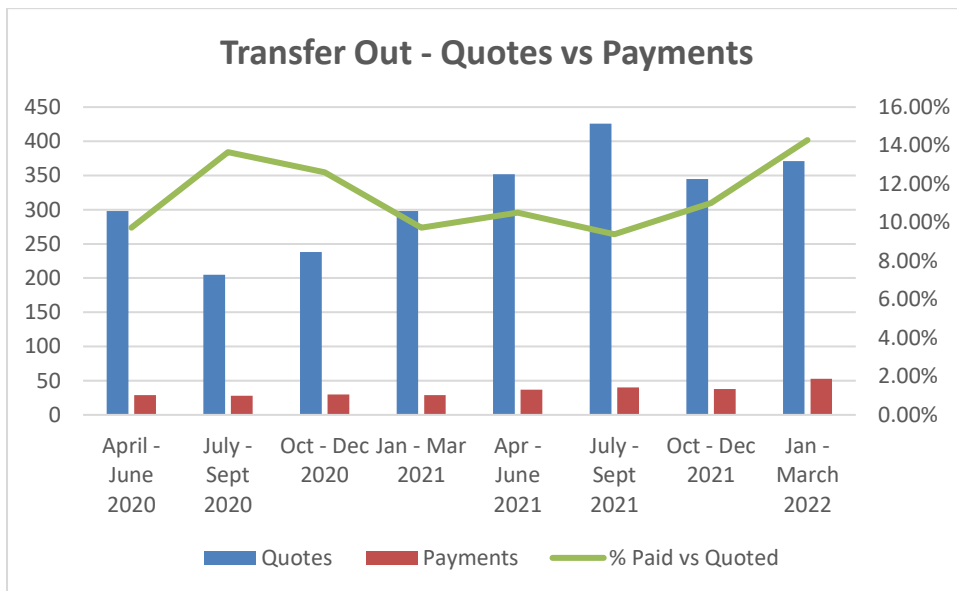
10.2 Non LGPS Transfers

10.2.1 During the period 1 January to 31 March 2022, 371 transfer value quotations were issued to members considering transferring their benefits out of the Scheme (in the prior year 1 January 2021 to 31 March 2021, 256 transfer values were issued to members). The Fund continues to monitor any trends and increases in demands, as part of its programme of work to protect members from potential pension scams.

10.2.2 In total, 53 transfer payments were made during the period 1 January to 31 March 2022, (38 of these were to non-public sector schemes) resulting in a total amount transferred of £2.1 million (in the prior year 1 January 2021 to 31 March 2021 a total of 40 transfer payments were made totalling £1.5 million). The payments by value and volume break down are as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	38
£30,001 to £100,000	5
£100,001 to £200,000	9
£200,001 to £300,000	1
£300,001 to £400,000	0
£400,001 to £500,000	0
Above £500,001	0
Total	53

10.2.3 The Fund has seen a gradual increase in the number of requests from members for transfer out values, however the number of members electing to progress with the transfer of their benefits out of the Fund remains fairly low, however has seen a slight increase during the period (c14% of the quotations requested for the period). This is shown in the graph below:



10.2.4 Analysis has been undertaken of the Transfer Out payments to non-public sector or occupational schemes over the period of January through to March 2022 to review the volume and trends. During the period, of the 53 completed, a total of 19 non-public sector or occupational scheme transfer out payments have been processed, to a total of 12 different receiving schemes. The majority of the transfers were under £30,000 in value, meaning members were able to transfer these payments without a requirement to take financial advice. The average age of members transferring out was 51 years, with the main reason for members transferring out was to consolidate their benefits into one provider.

11.0 'Stronger Nudges' Guidance

11.1 From 1 June 2022, the Government introduced legislation to ensure that individuals are made aware of Pension Wise (the free and impartial government guidance service) as part of the application process for taking or transferring their defined contribution (DC) pension savings, including those held in additional voluntary contribution (AVC) funds accessed through the LGPS.

- 11.2 The stronger nudge requirement is introduced by the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022 (SI 2022/30). The new provisions are designed to help ensure people make informed decisions about accessing their pension savings. Referrals to Pension Wise aim to help protect consumers and encourage use of the free, impartial guidance that is available to help them make informed decisions about the options available to them. This is only applicable to LGPS members who have additional voluntary contributions (AVCs) benefits.
- 11.3 Pension Wise is a government service from MoneyHelper that offers free, impartial pensions guidance about DC pension options. LGPS administering authorities are required to offer to book a Pension Wise appointment for members as part of the application process for accessing their in-house AVCs. The requirement also applies when a member aged 50 or over makes contact about transferring their in-house AVCs to another defined contribution scheme to access them. Members are able to opt out of taking Pension Wise guidance but the Fund must not proceed with a retirement or transfer application unless confirmation has been received that the member has received guidance or opted out of receiving guidance.
- 11.4 On 27 May 2022, the Fund received guidance from the Local Government Association (LGA), which set out the impact on the LGPS and standard wording to be included in the Fund's communications with members. The Fund has reviewed this guidance and has taken the necessary steps to ensure processes are compliant from June 2022.

12.0 Financial Implications

- 12.1 The report contains financial information which should be noted.
- 12.2 Employees of organisations who become members of the LGPS 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.

13.0 Legal Implications

- 13.1 The Fund, on behalf of the Council, will enter into a legally binding contract with organisations applying to join the LGPS under an admission agreement.

14.0 Equalities Implications

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

15.0 All Other Implications

- 15.1 This report has implications for the Council's human resources policies since it deals with the pension rights of employees. The report contains no other direct implications.

16.0 Schedule of Background Papers

16.1 None.

17.0 Schedule of Appendices

17.1 Appendix A: Workflow Summary

17.2 Appendix B: Detailed Process Analysis

17.3 Appendix C: Key Performance Indicators (KPIs)

17.4 Appendix D: Customer Service Statistics