

# Pensions Board

24 January 2023

<b>Report Title</b>	Pensions Administration Report from 1 July to 30 September 2022	
<b>Originating service</b>	Pension Services	
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## Recommendations for action:

The Pensions Board is asked to note:

1. The 17 applications for admission from employers into the Fund as detailed in section 9 and Appendix E of this report.
2. Performance and workloads of the key pension administration functions.
3. Development of the Fund's membership and participating employers.
4. The outcomes of the Fund's deferred overseas existence exercise.

## 1.0 Purpose

1.1 To inform the Pensions Board of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 July – 30 September 2022.

## 2.0 Background

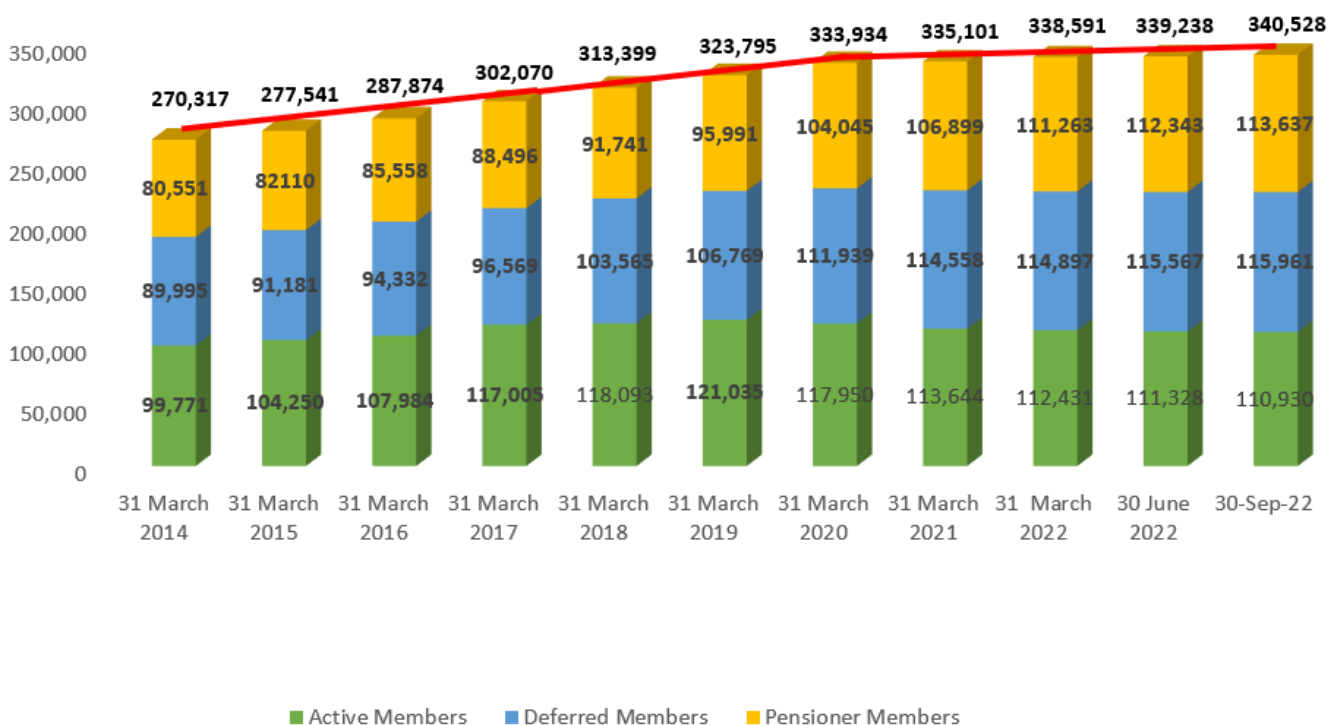
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Pensions Board on a quarterly basis to assist monitoring of the activity and performance of these 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 30 September 2022 stands at 340,528 with an overall increase since April 2022. 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 2022	Net Movements during the period	Membership as at 30 September 2022
Active Members	111,328	-398	110,930
Deferred Members	115,567	394	115,961
Pensioner Members	112,343	1,294	113,637
<b>Total Members</b>	<b>339,238</b>	<b>1,290</b>	<b>340,528</b>



## 3.2 Workflow Statistics

- 3.2.1 The process analysis statistics in Appendix A show details of overall workflow within the Pensions Administration Service during the period 1 July to 30 September 2022. During the period covered by this report, 42,430 administrative processes were commenced, a slight increase compared to the previous reporting period and 44,298 processes were completed, which is c16% more than the previous reporting.
- 3.2.2 As we continue to see an increase in member movements, the workload volumes will also naturally remain high. On 30 September 2022 there were 41,937 items of work outstanding. This represents a decrease of 1,661 items outstanding compared to 30 June 2022 (43,958). This decrease is mainly due to the focused work being undertaken to start targeting the clearance of work in preparation for the change in pension administration software system.
- 3.2.3 Of the 41,937 items of work outstanding, 5,748 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 36,189 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 plans in place 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. In addition, the Fund continues to monitor the level of members opting out of the scheme which remain at a low level. Overall the last six months have seen an increase in processing across a number of key areas, indicating another year on year increase.

## 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, four KPI's did not achieve target on one occasion each, as follows:
- Active Retirement Quote – September 2022
    - The KPI fell slightly short of the 90% target, achieving 89%, which was due to waiting upon information from employers. The KPI is cumulatively achieving 90% year to date.
  - Deferred Retirement Quote – July 2022
    - The KPI achieved 78% against the target of 90%. The team completed 25% more payment casework during the period impacting this KPI.

- Deferred Retirements – payment of lump sum and creation of payroll record – August 2022
  - The KPI fell short of the target, achieving 88% for the period, on average casework was completed within 4 days against the target of 5. The KPI is cumulatively achieving 90% year to date.
- Transfer in – Notification of transferred membership – July 2022
  - 2 cases failed KPI meaning 75% achievement of KPI, due to a third party delay in both cases.

4.3 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
- Enquires about accessing pension benefits
- Request for support with a Fund letter/form
- Members updating their personal details

5.3 There are a number of employees who are new to their role on the Customer Services team and training and knowledge on the team has been a priority over the quarter, to increase capacity. To further support ongoing employee development and customer services, a "Knowledge Hub" has been developed for easy access to scheme information and member support material.

5.4 Calls have remained stable throughout the quarter and written query volumes have been lower than anticipated, allowing the team to focus on training. As a result, more employees are handling a more varied range of queries and the team is already seeing an improved call handling rate and reduced wait times in both written queries and calls. Teams have continued to work closely to stagger mailings sent to members, with annual benefit statements being sent within this period. Staggering mailings smooths the impact on the contact centre and reduces 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 Complaint numbers were lower than average during the last quarter. Overall, the number of complaints received by the Fund is proportionally low compared to the number of scheme

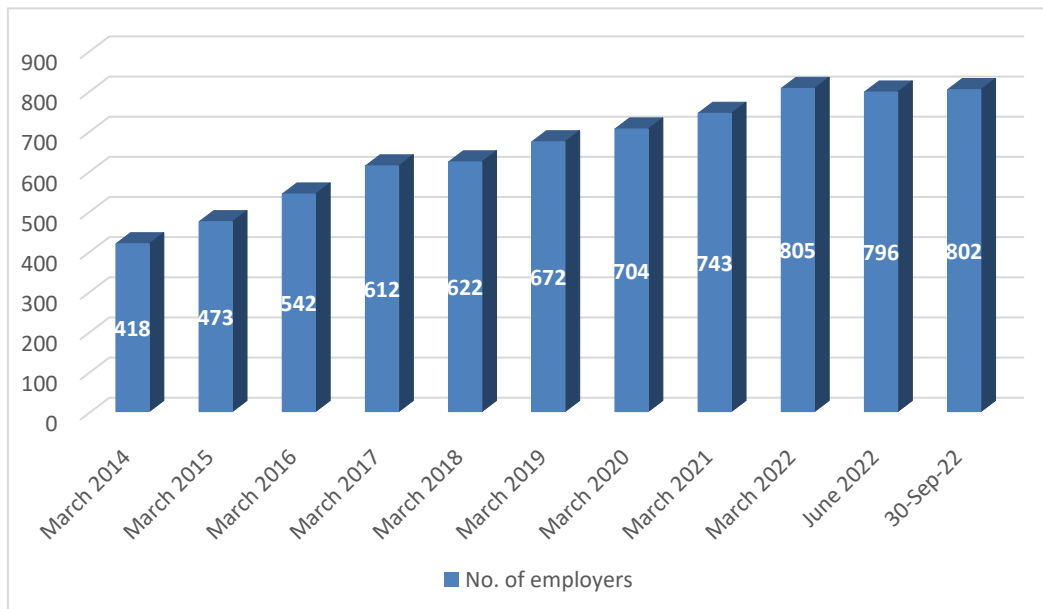
members, with 33 complaints received for the last quarter. Of those complaints, 49% were upheld and lessons learned incorporated in training and process development.

## 7.0 Internal Dispute Resolution Procedure (IDRP) Casework

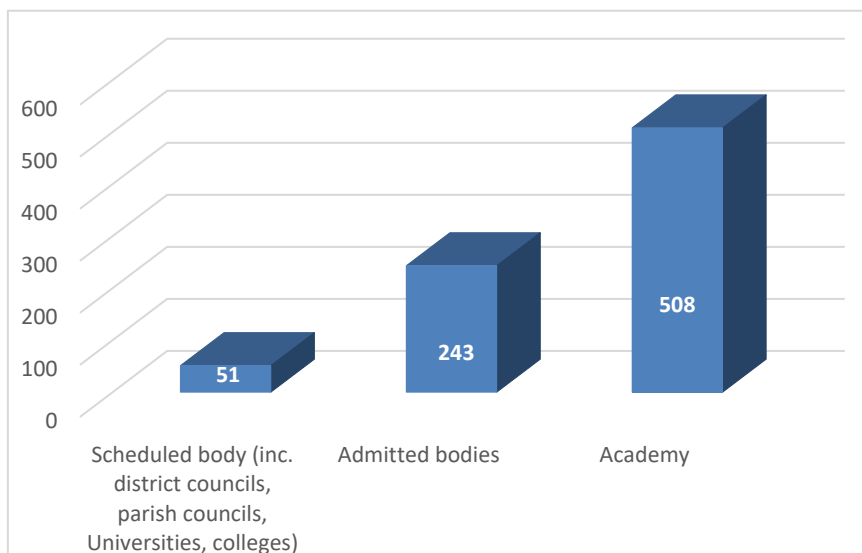
7.1 Year to date for 2022/2023, two cases have been referred to Stage 1 which were not upheld. Seven cases have been referred to Stage 2 of the procedure on appeal against the Fund, five of which have not been upheld and two currently under investigation.

## 8.0 Employer Membership

8.1 During the period, the Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund increasing to 802 at 30 September 2022. Overall there has been a 92% increase since March 2014 as shown in the graph below, however, the 2022/23 year to date increase has been lower than previous years, and it is anticipated that a more moderate increase will be observed over this year.



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: -

- 59 admission agreements
- 11 academies
- 65 employer terminations

## 9.0 Application for Admission Body Status

9.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Fund following approval of applications. Where applications need to be progressed outside of the Committee meeting cycle, Pensions Committee has delegated responsibility for approving such applications to the Executive Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

9.2 There were 17 approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund, these are detailed in Appendix E.

## 10.0 Pensions in Payment

10.1 The gross annual value of pensions in payment to September 2022 was £579.6m, £15.8m of which (£8.7m for pensions increase and £7.1m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

10.2 Monthly payroll details were:

Month	Number	Value (£)
July 2022	91,764	42,460,414
August 2022	92,045	42,608,024
September 2022	103,249	43,598,308

The September figure includes pensioners paid on a quarterly basis.

10.3 Pensions are increased each April, in line with the Consumer Price Index (CPI), with uplift calculation based on September CPI in the previous year. An increase rate in excess of 10% is expected to be applied from April 2023 (and will be confirmed when the treasury order is released, which is usually in late January/early February), following rising inflation over the last year.

## 11.0 Transfer Out – all casework

11.1 A total of 213 individual transfer payments were made during the period 1 July 2022 to 30 September 2022, resulting in a total amount transferred of **£9,449,210**. This is broken down into the following categories:

Type of transfer	Number of transfer payments	Value of Transfer Payments (£000s)
Non Local Government Pension Scheme (LGPS)	33	£1,285,971
Interfund (LGPS fund)	171	£7,950,746
Additional Voluntary Contributions	9	£212,494

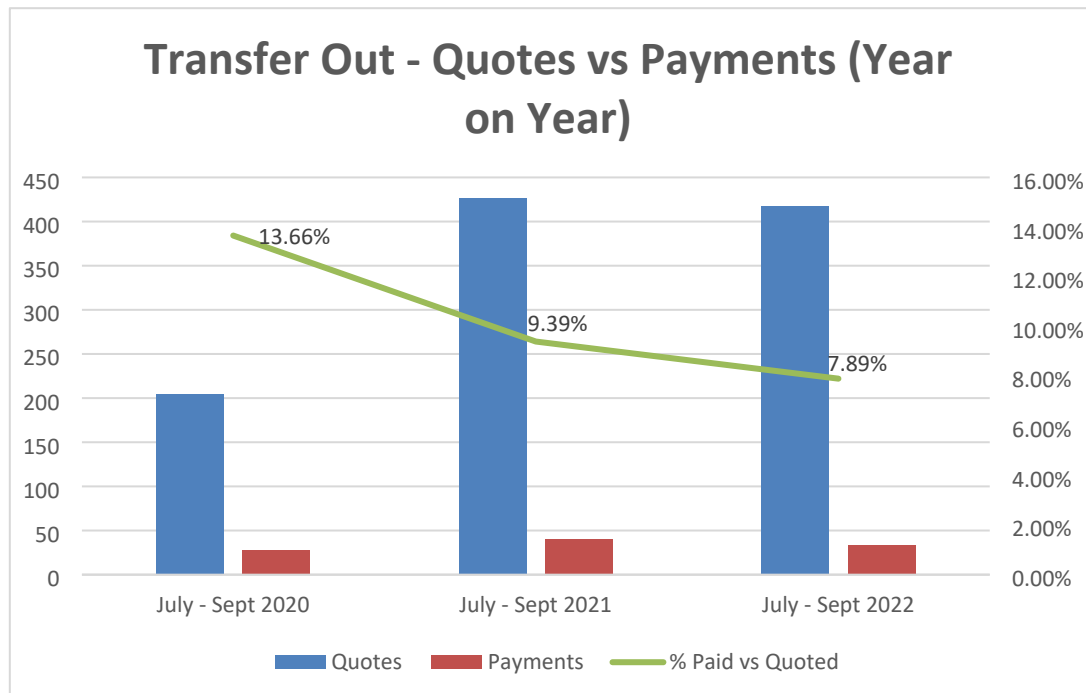
## 11.2 Non LGPS Transfers

11.2.1 During the period 1 July 2022 to 30 September 2022, 418 transfer value quotations were issued to members considering transferring their benefits out of the scheme (in the prior year 1 July 2021 to 30 September 2021, 426 transfer value quotations 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.

11.2.2 In total, 33 transfer payments were made during the period 1 July 2022 to 30 September 2022 (15 of these were to non public sector schemes) resulting in a total amount transferred of £1,285,971 (in the prior year 1 July 2021 to 30 September 2021 a total of 42 transfer payments were made totalling £3,978,188). The payments by volume and value break down are as follows:

Value of Transfer Payments	Number of Transfer Payments	
	Other Public Sector Scheme	Non Public sector scheme
0 to £30,000	17	13
£30,001 to £100,000	1	0
£100,001 to £200,000	0	0
£200,001 to £300,000	0	1
£300,001 to £400,000	0	0
£400,001 to £500,000	0	0
Above £500,001	0	1
Total	18	15

11.2.3 The Fund has seen a gradual increase in the number of requests from members for transfer out quotes, however the number of members electing to progress with the transfer of their benefits out of the Fund remains fairly low and stable (c11% of the quotations requested year to date). This is shown in the graph below:



11.2.4 Analysis has been undertaken of the Transfer out payments to non-public sector or occupational schemes over the period of July to September 2022 to review the volume and trends. During the period, of the 33 completed, a total of 15 non-public sector or occupational scheme transfer out payments have been processed, to a total of 8 different receiving schemes. There were 12 transfers 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 reasons for members transferring out was either to consolidate their benefits into one provider or release cash/flexible draw down (members over 55).

## 12.0 Deferred Member Overseas Existence Exercise

12.1 The Fund has in the region of 700 overseas deferred members. Overseas members 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. To ensure we maintain contact and up to date records, the Fund undertakes an annual Life Certification Process for overseas deferred members, writing out to confirm existence and their contact information.

12.2 The Fund engage with their tracing and member verification service provider, Target Professional Services, to utilise their digital services for our overseas members. This enables members to undertake the process via traditional postal methods or via the mypensionID app.

12.3 This is the first year the Fund has undertaken this exercise and has seen a positive response rate. The Fund received a 60% verification success rate, given the members are deferred and have less of an incentive than pensioners to respond, this success rate is higher than expected. For those who haven't responded, the Fund will review each case looking at the most recent engagement with the member and will undertake follow up work with the provider if applicable. Of these successful results, there is a general trend towards electronic means of confirmation being more popular for this exercise, with 57% of



members utilising the digital app across 10 different countries. The average age of respondents being 53, with the oldest responder via the app being 68. In addition, a further 31% indicating broad member interest in engaging with the Fund electronically. As part of this exercise the Fund has been able to gather 414 new/updated email addresses and has identified 1 deceased member enabling the processing of any death benefits.

### **13.0 Financial Implications**

- 13.1 The report contains financial information which should be noted.
- 13.2 Employees of organisations who become members of the LGPS will contribute the percentage of their pensionable pay as specified in the Regulations.

### **14.0 Legal Implications**

- 14.1 The Fund, on behalf of the City of Wolverhampton Council in its role of LGPS Administering Authority will enter into a legally binding contract with organisations applying to join the LGPS under an admission agreement.

### **15.0 Equalities Implications**

- 15.1 There are no direct equalities implications.

### **16.0 All Other Implications**

- 16.1 There are no other potential implications.

### **17.0 Schedule of Background Papers**

- 17.1 None.

### **18.0 Schedule of Appendices**

- 18.1 Appendix A: Workflow Summary
- 18.2 Appendix B: Detailed Process Analysis
- 18.3 Appendix C: Key Performance Indicators (KPIs)
- 18.4 Appendix D: Customer Service Statistics
- 18.5 Appendix E: Approved Admitted Body Applications