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|--------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report Title</b>                        | Pensions Administration to 31 December 2022 |                                                                                                                                    |
| <b>Originating service</b>                 | Pension Services                            |                                                                                                                                    |
| <b>Accountable employee</b>                | Amy Regler<br>Email                         | Head of Operations<br><a href="mailto:Amy.Regler@wolverhampton.gov.uk">Amy.Regler@wolverhampton.gov.uk</a>                         |
| <b>Report to be/has been considered by</b> | Rachel Brothwood<br>Email                   | Executive Director of Pensions<br><a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a> |

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**Recommendation for decision:**

The Pensions Committee is recommended to approve:

1. The 8 applications for admission from employers into the Fund as detailed in Section 9 and Appendix E of this report.

**Recommendations for action:**

The Pensions Committee is asked to note:

1. Performance and workloads of the key pension administration functions.
2. Development of the Fund's membership and participating employers.

## 1.0 Purpose

1.1 To inform the Pensions Committee of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 October – 31 December 2022.

## 2.0 Background

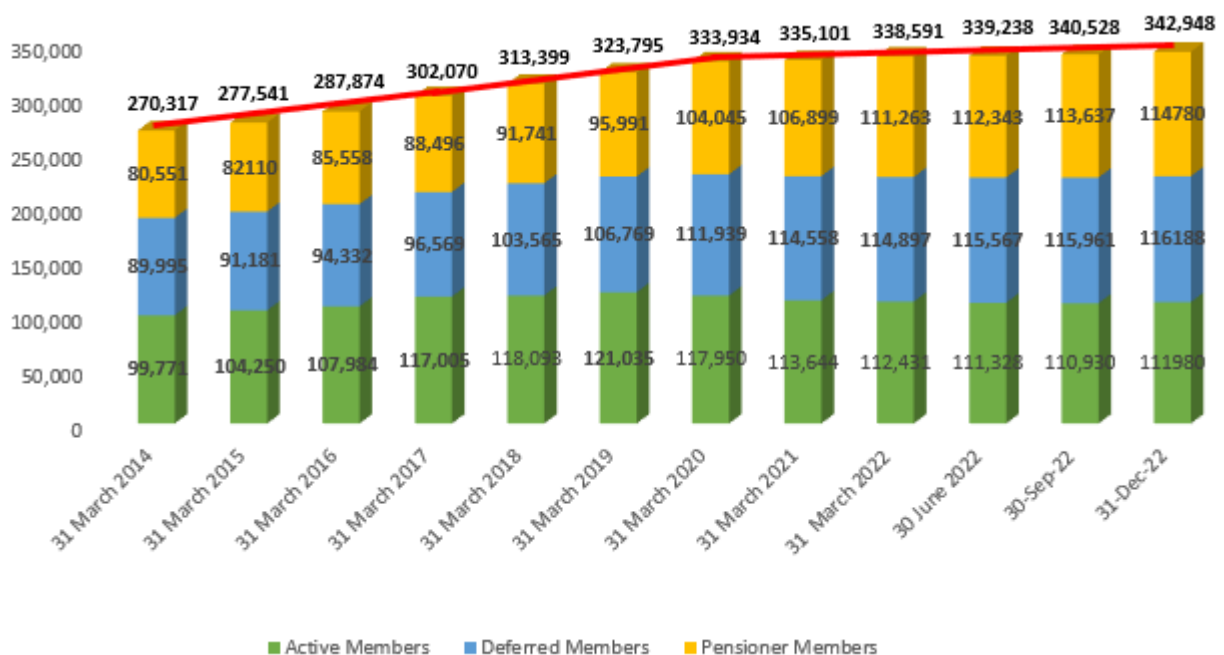
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Pensions Committee on a quarterly basis to assist monitoring of the activity and performance of these 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 2022 stands at 342,948 with an overall increase since September 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 September 2022 | Net Movements during the period | Membership as at 31 December 2022 |
|----------------------|------------------------------------|---------------------------------|-----------------------------------|
| Active Members       | 110,930                            | 1,050                           | 111,980                           |
| Deferred Members     | 115,961                            | 227                             | 116,188                           |
| Pensioner Members    | 113,637                            | 1,143                           | 114,780                           |
| <b>Total Members</b> | <b>340,528</b>                     | <b>2,420</b>                    | <b>342,948</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 October to 31 December 2022. During the period covered by this report, 40,304 administrative processes were commenced, a slight decrease compared to the previous reporting period and 40,977 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 December 2022 there were 41,558 items of work outstanding. This represents a decrease of 379 items outstanding compared to 30 September 2022 (41,937). This decrease is mainly due to the focused work being undertaken to continue to target the clearance of work in preparation for the change in pension administration software system.
- 3.2.3 Of the 41,558 items of work outstanding, 4,369 items were pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 37,189 processes are now either proceeding to the next stage of the process or through to final completion.
- 3.2.4 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, and is currently c57% lower than for the previous year to date. 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, one KPI did not achieve target on two occurrences, as follows:
- Deferred Retirements – payment of lump sum and creation of payroll record (October and December)
    - The KPI fell short of the target, achieving 87% in October 2022 and 81% in December 2022, due to shorter timescales for payroll closedown. However, on average casework was completed within 4 days against the target of 5 over the period and the KPI is achieving the target of 90%, cumulatively, year to date.
- 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 is 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 Contact volumes have been higher than usual over the October-November period when increased member communications were issued, however a slight decrease in calls was noted in December. We have continued to work closely with Member Services 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**

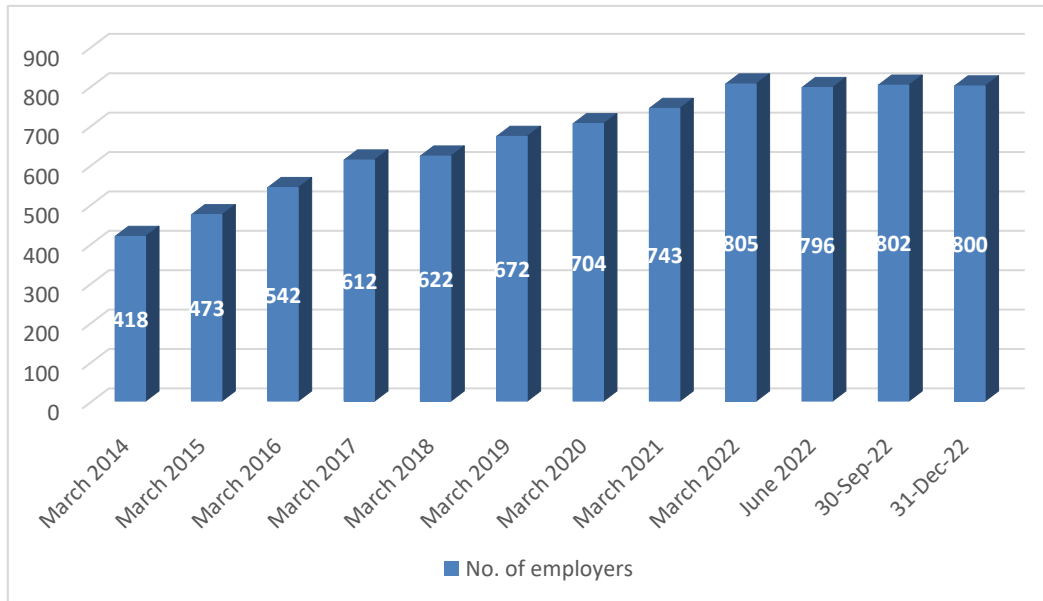
- 6.1 The Fund has a complaint monitoring framework, which enables regular monitoring and review of trends impacting performance. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. 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 34 complaints received for the last quarter. Of those complaints, 35% were upheld and lessons learned incorporated in training and process development. The percentage of upheld complaints have largely remained stable over the last two years, allowing for variation relating to specific events outside of the control of the Fund.

## **7.0 Internal Dispute Resolution Procedure (IDRP) Casework**

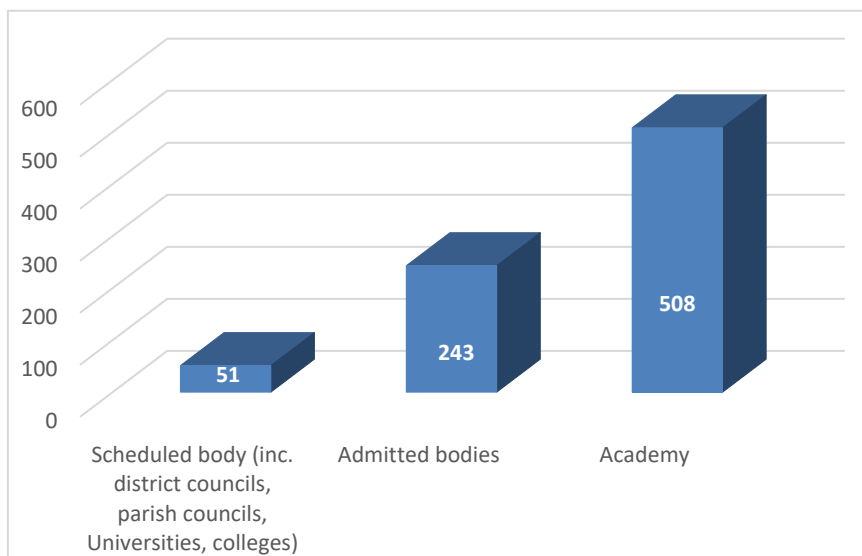
- 7.1 Year to date for 2022/2023, four cases have been referred to Stage One (two partially upheld, one not upheld and one under investigation). Nine cases have been referred to Stage Two of the procedure on appeal against the Fund, seven of which have not been upheld and two currently under investigation.

## **8.0 Employer Membership**

- 8.1 During the period, the Fund has seen a slight decrease in employer numbers, with the overall number of employers registered with the Fund standing at 800 at 31 December 2022. However overall, there has been a 91% 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 the remainder of 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:

- 52 admission agreements
- 20 academies
- 88 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 are 8 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 December 2022 was £582.4m vs £559.58m in 31 March 2022, £16.7m of which (£9.7m for pensions increase and £7.0m 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 (£)  |
|---------------|---------|------------|
| October 2022  | 92,551  | 42,895,661 |
| November 2022 | 93,034  | 43,171,452 |
| December 2022 | 104,343 | 43,826,958 |

The December 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 of 10.1% will be applied from April 2023, which was confirmed with the treasury order released in February 2023.

## 11.0 Transfer Out – All Casework

11.1 A total of 166 individual transfer payments were made during the period 1 October 2022 to 31 December 2022, resulting in a total amount transferred of **£7,369,975**. 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                          | £750,907                           |
| Interfund (LGPS Fund)                      | 132                         | £6,618,269                         |
| Additional Voluntary Contributions         | 1                           | £799                               |

## 11.2 Non LGPS Transfers

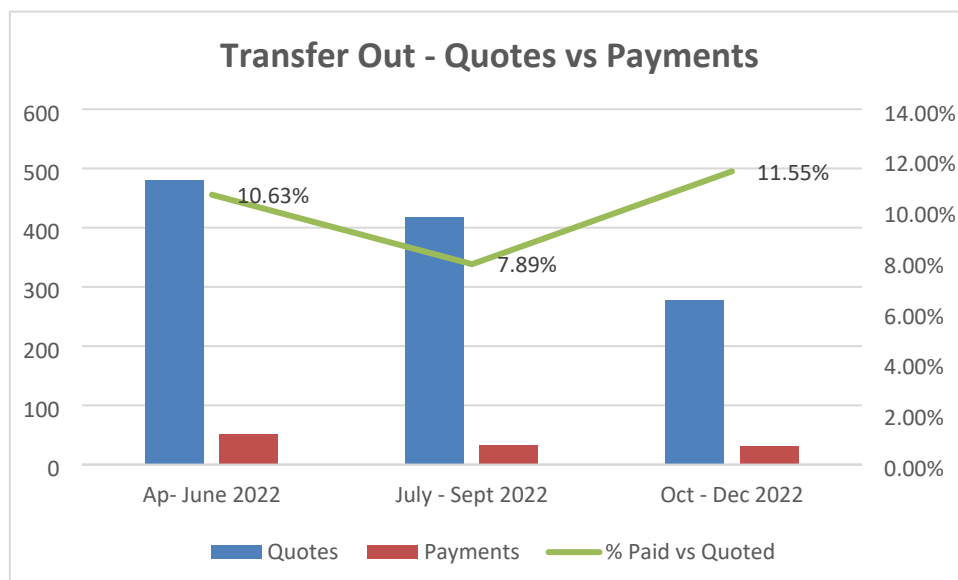
11.2.1 During the period 1 October 2022 to 31 December 2022, **277** transfer value quotations were issued to members considering transferring their benefits out of the Scheme (in the prior year 1 October 2021 to 31 December 2021, 357 transfer value quotations were issued to members). The Fund continues 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 October 2022 to 31 December 2022 (18 of these were to non public sector schemes) resulting in a total amount transferred of £750,907 (in the prior year 1 October 2021 to 31 December 2021 a total of 38 transfer

payments were made totalling £1.6 million). The payments by value 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               | 12                          | 14                       |
| £30,001 to £100,000        | 3                           | 2                        |
| £100,001 to £200,000       | 0                           | 2                        |
| £200,001 to £300,000       | 0                           | 0                        |
| £300,001 to £400,000       | 0                           | 0                        |
| £400,001 to £500,000       | 0                           | 0                        |
| Above £500,001             | 0                           | 0                        |
| Total                      | 15                          | 18                       |

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 (c12% 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 October to December 2022 to review the volume and trends. During the period, of the **33** completed, a total of 18 non public sector or occupational scheme transfer out payments have been processed, to a total of nine different receiving schemes. There were 14 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 49 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 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.

## **13.0 Legal Implications**

- 13.1 The Fund, on behalf of the City of Wolverhampton 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 There are no direct equalities implications.

## **15.0 All Other Implications**

- 15.1 There are no other potential 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
- 17.5 Appendix E: Admitted Body Applications