

Report Title	Pensions Administration to 31 March 2023	
Originating service	Pension Services	
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Report to be/has been considered by	Rachel Brothwood Email	Executive Director of Pensions Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for action:

The Pensions Board is asked to note:

1. Development of the Fund's membership and participating employers.
2. Performance and workloads of the key pension administration functions.
3. The 5 applications for admission from employers into the Fund as detailed in Section 9 and Appendix E of this report, approved by Pension Committee.
4. The review of the Fund's Administering Authority Policy Statement 2023.
5. Progress of the transition to the new pension administration system.

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 January 2023 – 31 March 2023.

2.0 Background

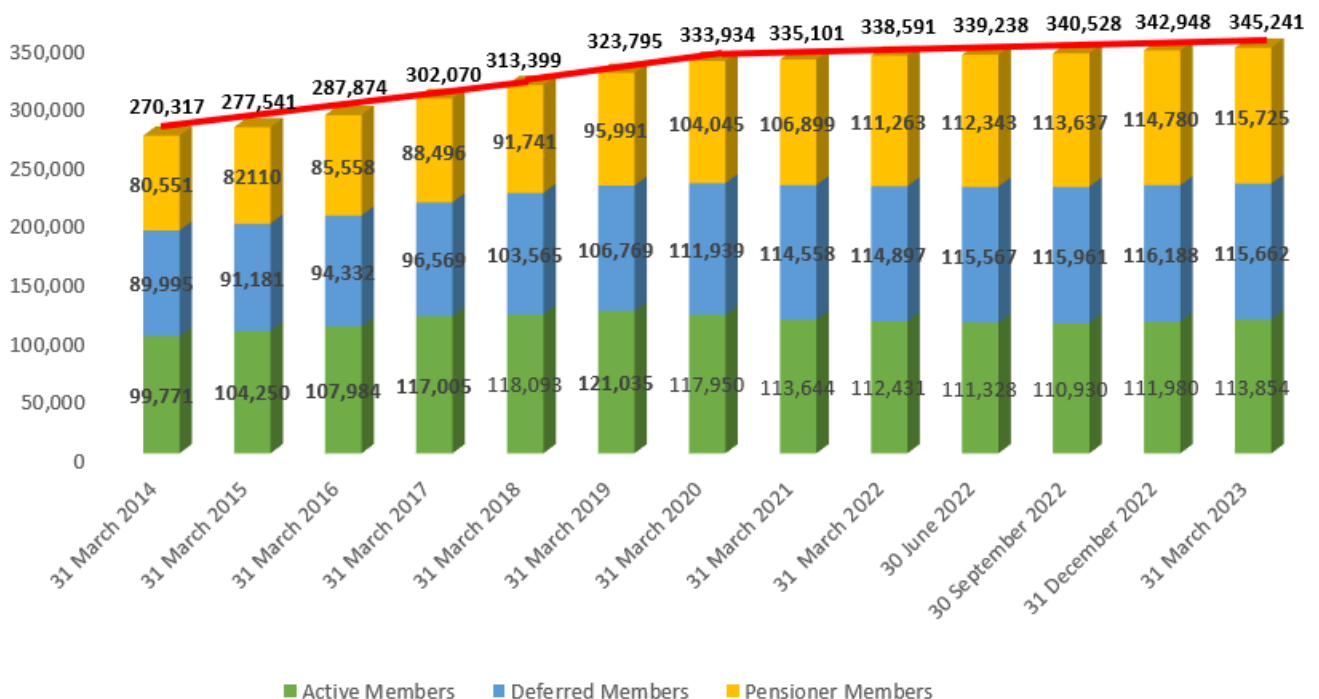
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Pensions Board on a quarterly basis to assist monitoring of the activity and performance of these 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 31 March 2023 stands at 345,241 with an overall increase since December 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 31 December 2022	Net Movements during the period	Membership as at 31 March 2023
Active Members	111,980	1,874	113,854
Deferred Members	116,188	-526	115,662
Pensioner Members	114,780	945	115,725
Total Members	342,948	2,293	345,241



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 January 2023 to 31 March 2023. During the period covered by this report, 41,677 administrative processes were commenced, and 42,925 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 2023 there were 40,631 items of work outstanding. This represents a decrease of 927 items outstanding compared to 31 December 2022 (41,558). 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 40,631 items of work outstanding, 4,164 items are pending as a result of information awaited from a third party e.g. scheme members, employers or transferring authorities and 36,467 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. The Fund continues to monitor the level of members opting out of the scheme which remain at a low level, and is currently c40% lower than for the previous year to date. Overall, we have seen another year on year increase in processing across a number of key areas.

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 For 2022/23, one KPI did not cumulatively achieve the target:
- Deferred Retirements – payment of lump sum and creation of payroll record (October and December)
 - The KPI fell short of the 90% target, achieving 88%, due to restricted timescales for payroll closedown and delayed re-opening. However, on average, casework was completed within 4 days against the target of 5 over the period.
- 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
- Enquiries 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 January - March period when increased member communications were issued, which included data cleanse email address letters, pensioner annual and quarterly payslips/P60s and pensioner newsletter. Overall for the 2022/23 year, the Fund saw a slight increase in call volumes of c1% compared to 2021/22. The team have continued to work closely with Member Services to stagger mailings sent to members, which 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 higher than the last quarter, however the average remains low compared to previous years and overall the number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 52 complaints received for the last quarter. Of those complaints, 1 in 4 were upheld and lessons learned were 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.

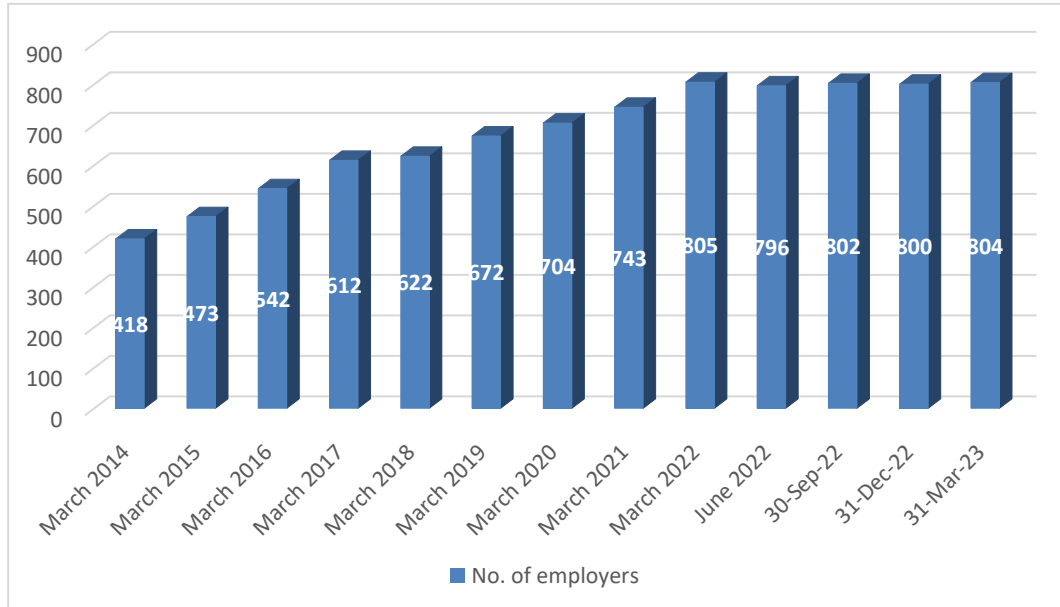
6.3 For the 2022/23 year, the Fund has seen a 50% decrease in received complaints compared to the previous year. Of the total complaints received 1 in 3 were upheld.

7.0 Internal Dispute Resolution Procedure (IDRP) Casework

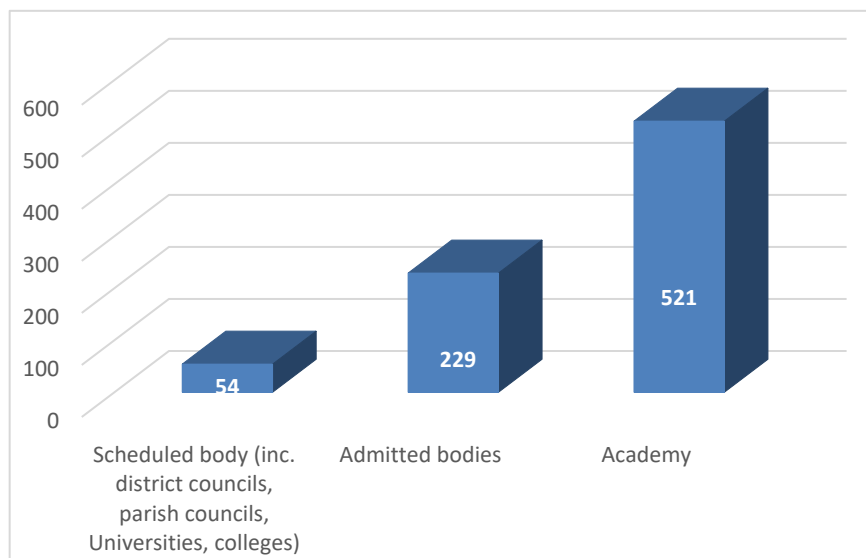
7.1 For 2022/2023, four cases have been referred to Stage One (two partially upheld, one not upheld and one under investigation). Nine cases have been referred to Stage Two of the procedure on appeal against the Fund, seven of which have not been upheld and two are currently under investigation.

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 standing at 804 at 31 March 2023. Overall, there has been an 82% increase since March 2014 as shown in the graph below, however, for 2022/23 the rate of increase has slowed relative to previous years, and it is anticipated that a more moderate increase will continue to be observed going forward.



8.2 The employer base at 31 March 2023 is categorised into the following employer types:



**The increase in Scheduled employers is due to to an new subsidiary created for an existing Scheduled employer*

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

- 52 admission agreements
- 28 academies
- 89 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 5 admissions to the West Midlands Pension Fund approved by Committee , these are detailed in Appendix E.

10.0 Pensions in Payment

- 10.1 The gross annual value of pensions in payment to March 2023 was £585.3m, £16.4m of which (£9.4m 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 (£)
January 2023	93,295	42,994,384
February 2023	93,540	43,074,067
March 2023	110,892	44,704,481

The March figure includes pensioners paid on a quarterly basis.

11.0 Transfer Out – All Casework

- 11.1 In total 255 individual transfer payments were made during the period 1 January 2023 to 31 March 2023, resulting in a total amount transferred of £14.6 million. 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)	34	£2,712
Interfund (LGPS Fund)	219	£11,851
Additional Voluntary Contributions	2	£6

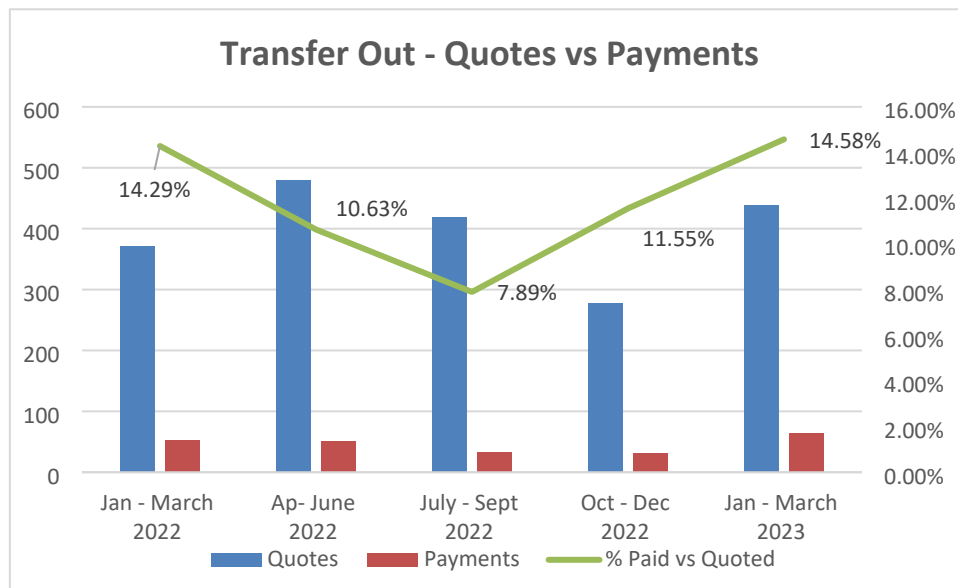
11.2 Non LGPS Transfers

- 11.2.1 During the period 1 January 2023 to 31 March 2023, 315 transfer value quotations were issued to members considering transferring their benefits out of the scheme (in the prior year 1 January 2022 to 31 March 2022, 371 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 36 transfer payments were made during the period 1 January 2023 to 31 March 2023 (21 of these were to non public sector schemes) resulting in a total amount transferred of £2.7 million (in the prior year 1 January 2022 to 31 March 2022 a total of 53 transfer payments were made totalling £2.1 million). The payments by value and value break down are as follows:

Value of Transfer Payments	Number of Transfer Payments to Public Sector Schemes	Number of Transfer Payments to Other Schemes
0 to £30,000	13	15
£30,001 to £100,000	0	3
£100,001 to £200,000	1	1
£200,001 to £300,000	1	0
£300,001 to £400,000	0	0
£400,001 to £500,000	0	1
Above £500,001	0	1
Total	15	21

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). The peak in volumes for this reporting period is in line with the same period the previous year (14.29%). 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 January to March 2023 to review the volume and trends. During the period, of the 36 completed, a total of 21 non-public sector or occupational scheme transfer out payments have been processed, to a total of 11 different receiving schemes. There were 15 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 Administering Authority Policy Statement 2023

- 12.1 Under the LGPS Regulations, the Fund is required to formally publish its policy on its 'discretions'. Administering authorities have certain powers which enable them to choose how they will apply the scheme in respect of certain provisions. These are called discretions. Discretions is taken to include where the administering authority is required to carry out a task, but an element of choice is seen to exist as to how the task is completed.
- 12.2 The Fund are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion, these are also to be published and kept under review. Within the policy there are circa 50 areas covered, and these include; admission of admission bodies, commutation of small pensions, management of funding strains, for example on members taking unreduced benefits on early retirement.
- 12.3 The Fund has undertaken a review of the policy and as there have not been any major scheme changes since the statement was approved in 2021, no changes to the discretion statements have been made. The Fund will continue to review the document on a triennial basis or as and when significant circumstances change.
- 12.4 The policy statement was approved by Committee and is, applicable from June 2023, a copy is attached at Appendix F.

13.0 Transition to the New Pension Administration System

- 13.1 The Fund's pension administration system manages all of the Fund's membership data and is used to process and calculate all member benefits in line with the scheme regulations. It provides a fully integrated document management solution, managing all incoming and outgoing documentation to members. In addition, it supports the administration and engagement with employers. Under this contract the Fund also procures the online services for the Fund's members and employers, which enable self-service and enhanced electronic working for exchanging data and customer support.
- 13.2 The Fund is in the final stages of its transition to a new supplier Equiniti, and system Compendia, with the planned go live date summer 2023. The Fund is working closely with the supplier to undertake thorough testing of the new system and associated functionality in advance of the change over. As part of the transition the Fund is mapping the data held in the current system to the new system, which will require a short period of downtime for core processing prior to the go live with the new system, as the data is extracted and mapped across. The Fund are working to minimise the impact on the members and employers and will continue to offer support to members during this period.
- 13.3 During the summer the Fund will write to all members about the change in system and provide them with details of how to register on their new online portal and to enable them to self serve and manage their pension account. A suite of supporting materials will also be available to members, including videos and frequently asked questions, with face to face support available in the Autumn at the Fund's roadshow events.

14.0 Financial Implications

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

15.0 Legal Implications

- 15.1 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.

16.0 Equalities Implications

- 16.1 There are no direct equalities implications.

17.0 All Other Implications

- 17.1 There are no other potential implications.

18.0 Schedule of Background Papers

- 18.1 None.

19.0 Schedule of Appendices

- 19.1 Appendix A: Workflow Summary
- 19.2 Appendix B: Detailed Process Analysis
- 19.3 Appendix C: Key Performance Indicators (KPIs)
- 19.4 Appendix D: Customer Service Statistics
- 19.5 Appendix E: Admitted Body Applications
- 19.6 Appendix F: Administering Authority Policy Statement 2023