

# Pensions Board

23 January 2024

<b>Report title</b>	Pensions Administration Report to 30 September 2023	
<b>Originating service</b>	Pensions Services	
<b>Accountable employee</b>	Simon Taylor Email	Assistant Director (Pensions) <a href="mailto:Simon.taylor2@wolverhampton.gov.uk">Simon.taylor2@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Rachel Brothwood Email	Executive Director of Pensions <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

---

## Recommendation for action:

The Pensions Board is asked to note:

1. The delegation to the Chair of the Pensions Committee to approve the revised Internal Dispute Resolution Procedure (IDRP) policy statement change as detailed in Section 5 of this report following the required documentation review and consultation.
2. The 5 applications for admission from employers into the Fund as detailed in Section 8 and Appendix A of this report, as approved by Pensions Committee in December 2023.
3. Performance and workloads of the key pension administration functions.
4. Development of the Fund's membership and participating employer base.

## 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 2023 – 30 September 2023.

## 2.0 Background

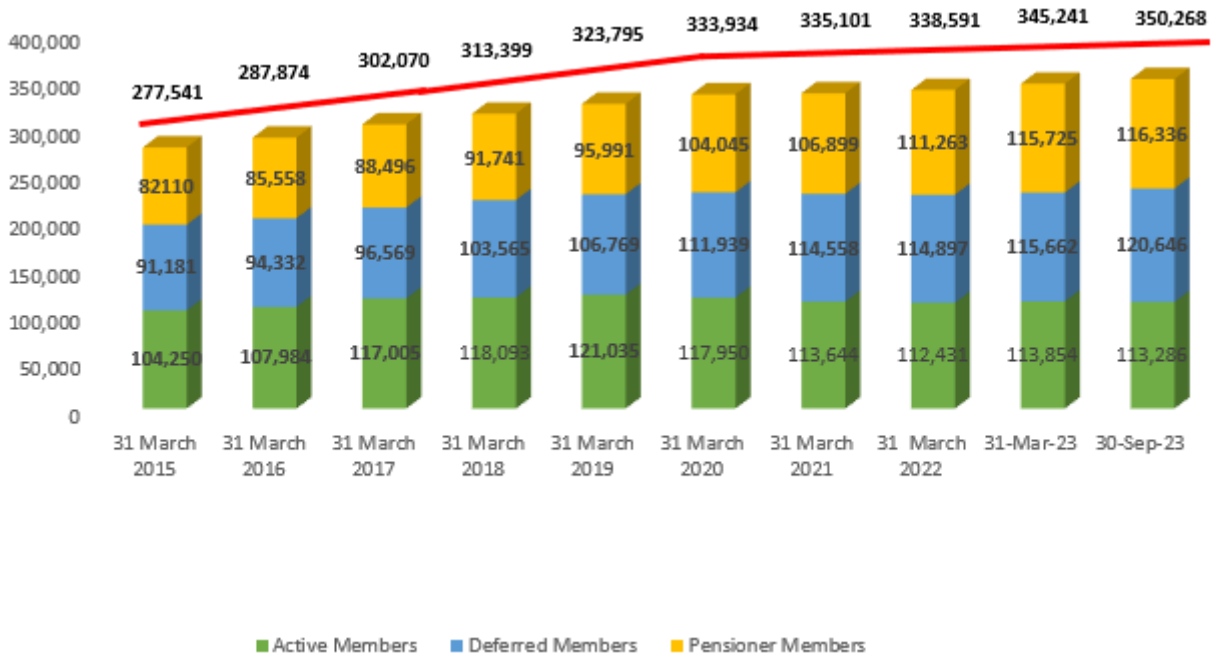
- 2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to the Pensions Board on a quarterly basis to assist in monitoring the activity and performance of these functions during that period.
- 2.2 Noting this reporting period straddles the go-live date for the new pension administration system, the content may be slightly different to those in prior reports, with elements continuing to be developed for future reporting periods. The key information is expected to remain consistent and will develop during the year. We continue to work with our new provider to develop and analyse meaningful reporting metrics for quarterly and annual reporting, ensuring comparability and accuracy of reporting.

## 3.0 Scheme Activity

### 3.1 Membership Movement – Main Fund

- 3.1.1 The total number of scheme member records in the Fund on 30 September 2023 stands at 350,268 with an overall increase since March 2023. The long-term trend in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise by more than active.

	<b>Membership as at 30 June 2023</b>	<b>Net Movements during the period</b>	<b>Membership as at 30 September 2023</b>
Active Members	113,224	62	113,286
Deferred Members	116,643	4,003	120,646
Pensioner Members	116,643	-307	116,336
<b>Total Members</b>	<b>346,510</b>	<b>3,758</b>	<b>350,268</b>



### 3.2 Workflow Statistics and Key Performance Indicators

- 3.2.1 To ensure all member records and live cases were transitioned across to the new system we had a planned period of downtime on processing prior to go-live. This, together with our continued and ongoing internal training and development means we have an increased volume of work to process, which will impact our delivery against normal service standards over the coming months. Casework and statistics are being monitored daily across a suite of new processes to monitor volumes incoming and completed and aid in the review and allocation of work. Processing rates during the quarter to 30 September were below the levels reported prior to go-live, with some improvement observed over October, November and December as experience improves and processes are refined.
- 3.2.2 Member quotations and payments, which includes Retirements, Refunds, Transferring of benefits in and out of the Fund, are being prioritised including review of payments following member bereavement. This prioritisation is in line with an established escalation process, based on individual circumstances and responsive to financial hardship, and with redistribution of internal resources to support.
- 3.2.3 Teams are focused on ensuring processes that include a payment are finalised for inclusion in the next available payroll. In addition, the Fund has also launched a supplementary payroll to ensure we can make payment of arrears throughout the month, allowing members to receive payments faster. All lump sum retirement payments are being paid as soon as possible (with up to daily runs) and an escalation process is available for the teams.
- 3.2.4 This process for escalation and prioritisation will continue to be monitored closely over the coming weeks and months as teams become more familiar with the new system and management reporting tools and processing rates increase.

3.2.5 Further information on initial processing rates and volumes is contained within the Pensions Administration System Transition update report. The Fund continues to develop reporting functionality to enable and track delivery performance aligned to established KPIs for use in case management and future reporting.

#### 4.0 Transfer Out – All Casework

4.1 In total **19** individual transfer payments were made during the period, 1 July 2023 to 30 September 2023, resulting in a total amount transferred of £1,189,542. This is broken down into the following categories:

Type of transfer	Number of transfer payments	Value of Transfer Payments (£)
Non Local Government Pension Scheme (LGPS)	16	£1,077,914
Interfund (LGPS Fund)	0	£0
Additional Voluntary Contributions	3	£111,628

#### 4.2 Non LGPS Transfers

4.2.1 During the period, 1 July 2023 to 30 September 2023, **65** transfer value quotations were issued to members considering transferring their benefits out of the scheme (by way of comparison, in the prior year, 1 July 2022 to 30 September 2022 418 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.

4.2.2 In total **19** transfer payments were made during the period, 1 July 2023 to 30 September 2023, (15 of these were to non-public sector schemes) resulting in a total amount transferred of £1,189,542, (in the prior year 1 July 2022 to 30 September 2022 a total of 33 transfer payments were made totalling £1,285,971). The payments by value and value break down are as follows:

<b>Value of Transfer Payments</b>	<b>Number of Transfer Payments to Public Sector Schemes</b>	<b>Number of Transfer Payments to Other Schemes</b>
0 to £30,000	9	2
£30,001 to £100,000	3	
£100,001 to £200,000	2	2
£200,001 to £300,000		
£300,001 to £400,000		
£400,001 to £500,000	1	
Above £500,001		
<b>Total</b>	<b>15</b>	<b>4</b>

4.2.3 Analysis has been undertaken of the Transfer out requests to non-public sector or occupational schemes over the period of July to September 2023 to review the volume and trends. During the period, a total of 15 non-public sector or occupational scheme transfer out reviews were undertaken by the transfer panel, to a total of 11 different receiving schemes. There were 9 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 48 years with the main reasons for members transferring out was release cash/flexible draw down (members over 55).

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

5.1 For the reporting period, two cases have been referred to Stage One which were partially upheld (two cases have progressed to Stage Two and are under investigation).

5.2 A small amendment is proposed to the IDRP Policy Statement to remove the statement that unreasonable delays to payment of benefits can be raised as a dispute. This is because IDRPs are generally considered an escalation based upon decisions made and in accordance with the LGPS Regulations. As such, delays to payment fit better within the context of the complaints process as a means for member resolution.

## **6.0 Pensions in Payment**

6.1 The gross annual value of pensions in payment to September 2023 was £641m, £15.6m of which (£8.8m for pensions increase and £6.8m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.

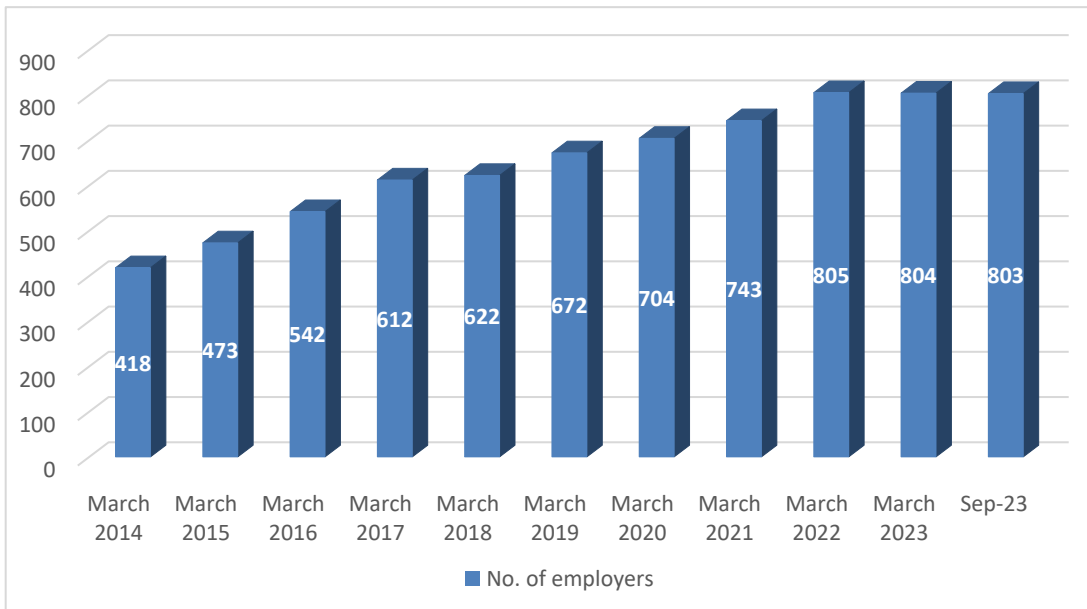
6.2 Monthly payroll details were:

Month	Number	Value £
July 2023	£94,594	£46,382,763
August 2023	£94,459	£45,819,993
September 2023	£105,947	£46,915,708

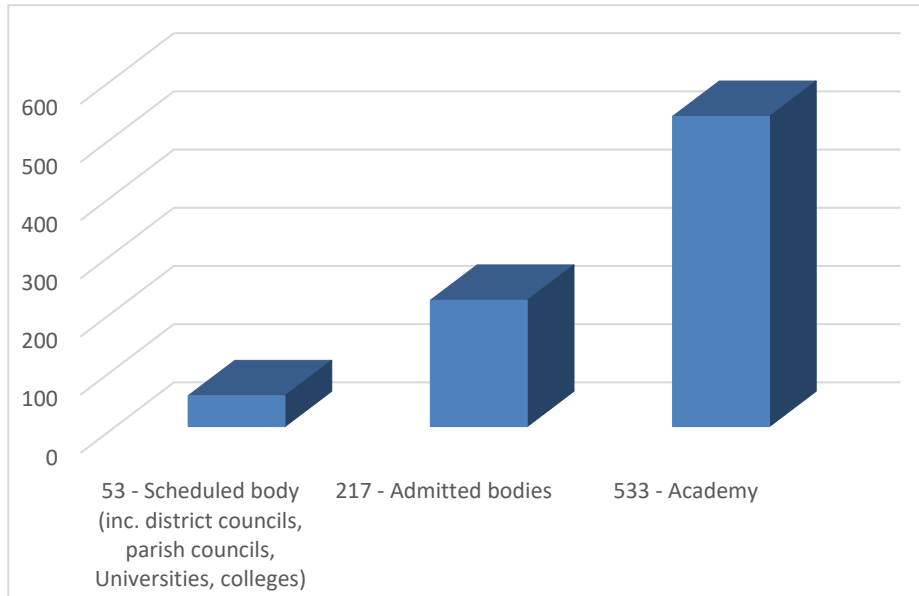
The September figure includes pensioners paid on a quarterly basis.

7.0 Employer Membership

7.1 During the period, the Fund has seen a decrease in employer numbers, with the overall number of employers registered with the Fund standing at 803 at 30 September 2023. Overall, there has been an 92% increase since March 2014 as shown in the graph below, however, for 2022/23 the rate of increase has slowed relative to previous years. It is anticipated that a more moderate increase will continue to be observed going forward, although the lower numbers since 2021 may in part be due to a reduced rate of outsourcing and increased employer exits exacerbated by the Covid pandemic.



7.2 The employer base as at 30 September 2023 is categorised into the following employer types:



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

- 79 admission agreements
- 19 academies
- 105 employer terminations

## 8.0 Application for Admission Body Status

8.1 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 Pensions 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.

8.2 There are 5 approvals requested from Committee in regard to applications for admission to the West Midlands Pension Fund, these are detailed in Appendix A.

## 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 LGPS will contribute the percentage of their pensionable pay as specified in the Regulations.

## **10.0 Legal Implications**

10.1 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.

## **11.0 Equalities Implications**

11.1 There are no direct equalities implications.

## **12.0 All Other Implications**

12.1 There are no other potential implications.

## **13.0 Schedule of Background Papers**

13.1 [IDRP Policy Statement: March 2021](#)

## **14.0 Schedule of Appendices**

14.1 Appendix A – Admitted Bodies Applications December 2023