

Pensions Committee

23 June 2021

Report Title	Pensions Administration Report from 1 January to 31 March 2021	
Originating service	Pension Services	
Accountable employee	Amy Regler Tel Email	Head of Operations 01902 55 5976 Amy.Regler@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for action or decision:

The Pensions Committee is recommended to:

1. Approve the 10 applications for admission from employers into the Fund and note the 3 cases approved by the Chair.
2. Approve the write-offs detailed in section 13 of this report.
3. Approve the 2021 Administering Authority Policy Statement, confirming the discretions policy for the Fund.

Recommendations for noting:

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.
3. The ongoing work to improve efficiency and ensure consistency of processing and record keeping.

1.0 Purpose

- 1.1 To inform Pensions Committee of the routine operational work undertaken by the pensions administration service areas during the period 1 January to 31 March 2021.

2.0 Background

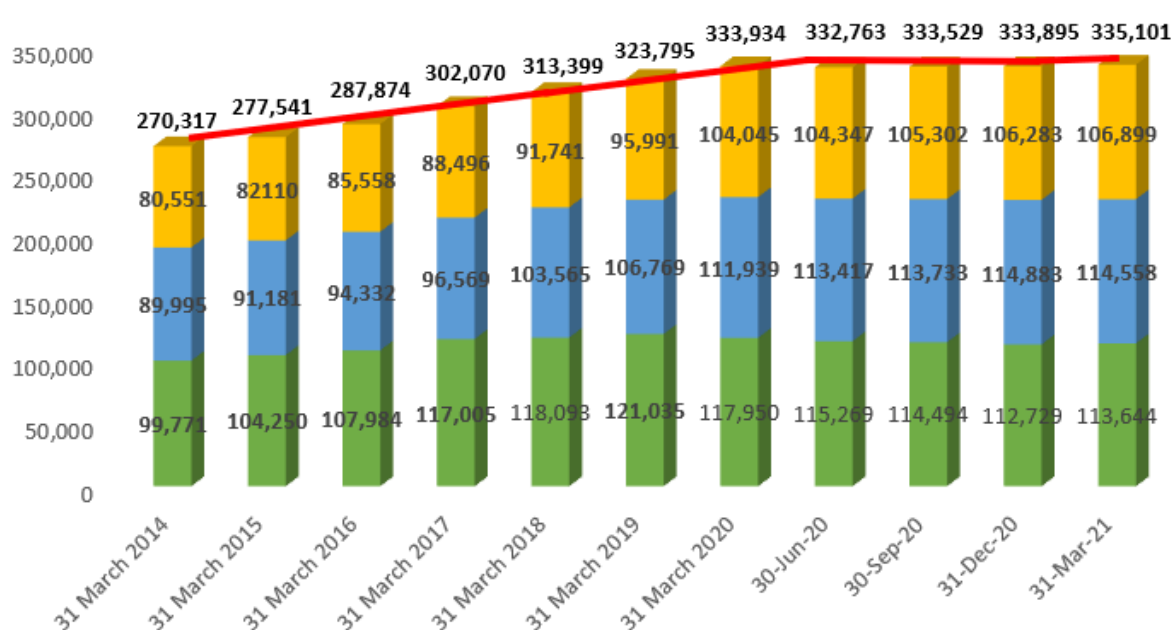
- 2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions during that period.

3.0 Scheme Activity

3.1 Membership Movement – Main Fund

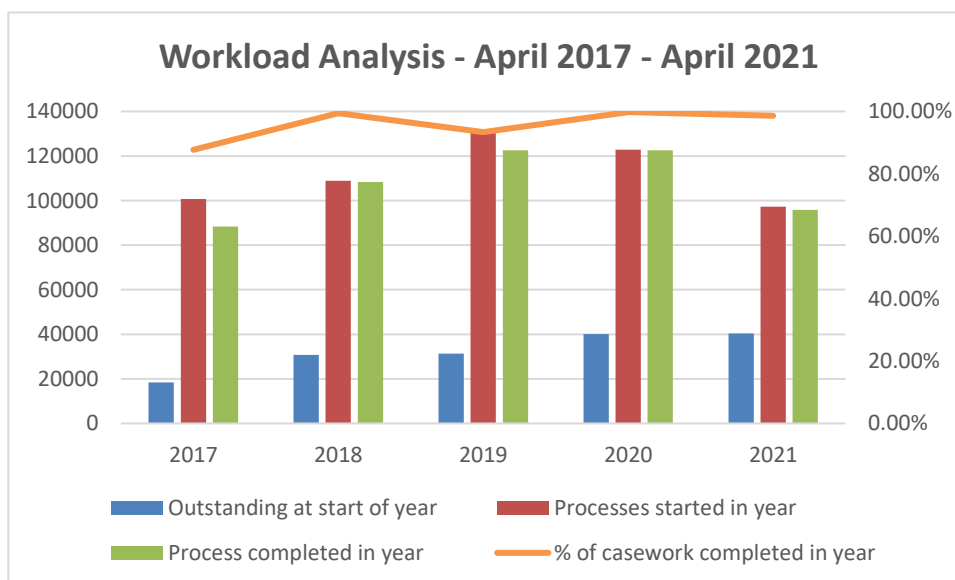
- 3.1.1 The total number of scheme member records in the Fund at 31 March 2021 stands at 335,101, with an overall increase since December 2020. The long-term trend over a 12 year period in membership continues to illustrate a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 31 December 2020	Net Movements during the period	Membership as at 31 March 2021
Active Members	112,729	915	113,644
Deferred Members	114,883	-325	114,558
Pensioner Members	106,283	616	106,899
Total Members	333,895	1,206	335,101



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 2021. During the period covered by this report, 38,776 administrative processes were commenced, and 33,364 processes were completed.
- 3.2.2 As the Fund's overall membership continues to have an upward trend, the workload volumes will also naturally increase. On 31 March 2021 there were 46,630 items of work outstanding. This represents an increase of 150 items outstanding compared to 31 December 2020 (46,480). Of the 46,630 items of work outstanding, 5,546 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 41,084 processes are now either proceeding to the next stage of the process or through to final completion. A summary of the processes started and completed is detailed in Appendix A.
- 3.2.3 In response to Scheme changes and increased member activity, the Fund's administration practices have developed and evolved to ensure effective management in changing and increasing work volumes. Over the last 5 years the Fund has seen an increase in casework under management. During this period the working practices have been adapted to incorporate 24 additional processes, this includes, for example, processing member requests for deferred retirement quotes and increased member tracing which aid retirement planning and record keeping. Overall, additional process types have added 20-25% to the total casework.
- 3.2.4 As illustrated in the chart below, recent years have seen workload peak following transition to monthly employer data submissions and targeted data cleansing activity. These Fund-led activities have improved member records through earlier receipt of leaver notifications and resolution of historic outstanding leaver information. Increased member movements, concurrent employment and Scheme change on member options to amalgamate records have been key drivers to member-led process increases, with an expectation that the higher rate of ongoing activity will persist in the absence of further Scheme change. 2020/2021 saw a lower level of activity linked to reduced membership changes during COVID-19.



- 3.2.5 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.
- 3.2.6 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 is shown in Appendix B.

4.0 Digital Transformation Programme

- 4.1 The aim of the programme is to support the Fund to transform its administration services, using information and technology to drive processing efficiencies and cost savings whilst improving the service we provide to our members and responding to increasing volumes of benefit processing work.
- 4.2 Since the March 2021 report to Committee, the programme continues to see some progress with the implementation of its key projects. An update on key development projects are detailed below:
- 4.3 **Employer Hub and Webtrays**
The platform for exchanging data with our employers is the employer portal, which is key to ensuring efficient and secure exchange. The new facility aims to improve the reporting functionality, user experience through design, availability of performance monitoring information and enable earlier issue resolution. Since December 2020 the phased programme to transition employers onto the new system continues with c680 (c90% of) employers live by the 5 July 2021.
- 4.4 Alongside the development of the new Employer Hub, the Fund has developed functionality to enable queries with data to be raised with employers via their online accounts with the process being sent to the employers' web-tray for action. This development supports the flow of information and assists in monitoring queries and resolution, providing insight to the development of employer communications and coaching material, supporting faster resolution. Initial reporting for the month of April highlights that over 200 new queries were raised with 56 different employers. Of these, 43% had been resolved by the end of May with an average response time of 10.58 days. The Fund are engaging with employers and will continue to monitor responses with a view to reducing queries and response times.

5.0 Key Performance Indicators (KPIs)

- 5.1 The Fund uses a number of KPIs to measure performance when processing items such as Transfers In and Out, Retirements and Deferred Retirements.
- 5.2 During the period the Fund performance fell slightly short of the KPI target for the management of death acknowledgements and notification of the benefits payable. This is due to high volume of death cases during the previous month, c33% increase compared to the same period in 2020. Other KPIs have been achieved across the period.

- 5.3 Despite the challenging year the Fund had a strong KPI performance for the 2020/2021 year, with two indicators falling slightly short of the 90% target over the year, relating to the production of retirement quotes for active and deferred members.
- Notification of Estimated Benefits – The KPI was not achieved in the first quarter of the year, due to an increase in the number of notifications received from employers the last two weeks in March and the transition of staff to homeworking, which saw a reduction in output. An improvement was seen in June and the subsequent months.
 - Issue of Deferred Retirement Quote Letter - This was impacted by an increase in volume of notifications received from employers for active retirements in August and September, which resulted in performance below target for three months.
- 5.4 Further information on achievement of target KPIs by process by month over the reporting period is included in Appendix C.

6.0 Customer Services

- 6.1 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.
- 6.2 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
- 6.3 There have been vacancies within the Customer Services Team which have affected our call handling performance during the year. Recruitment is underway and expected to complete in the coming months. All new staff complete a detailed induction plan to ensure that training is as efficient as possible, minimising disruption to services.
- 6.4 Calls have continued at a higher than usual for the period, in addition, our written enquiries have increased. Written responses take longer to process and are more resource intensive. However, capacity savings have been achieved through improving the efficiency of uploading emails to member records. We continue to explore ways in which efficiencies can be identified to manage the customer contact received, including adding quick links to the website to aid self-service for our members.
- 6.5 We have continued to work closely with Member Services to stagger mailings sent to members, with the recent pensioner newsletter and P60 mailings 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 chaser requests received.

7.0 Complaints

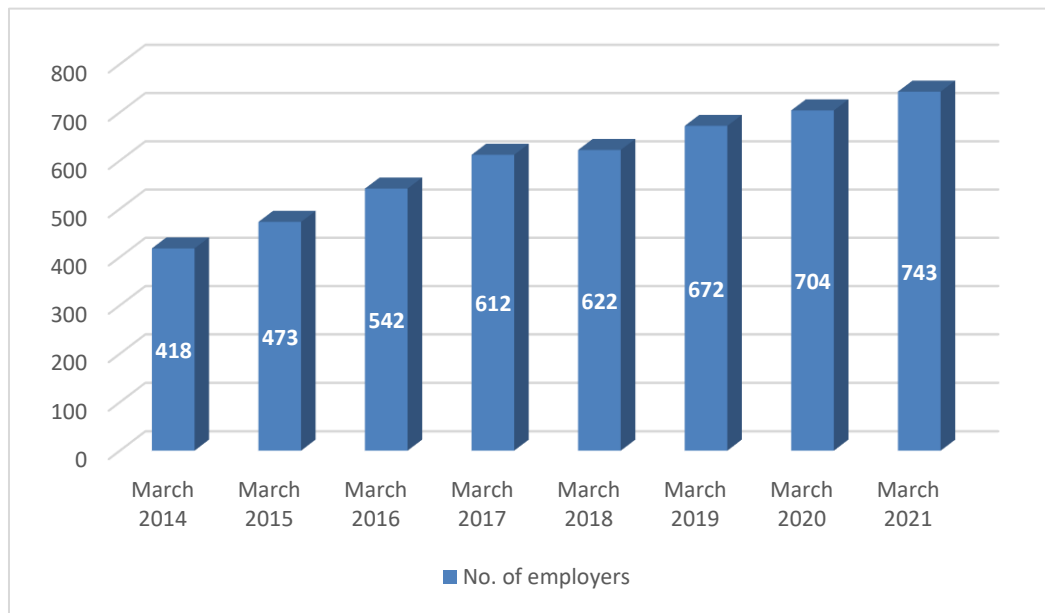
- 7.1 The Fund has a complaint monitoring framework, which enables regular monitoring, reporting of volumes and key trends for the key performance indicator. Where a complaint highlights an improvement area, this is investigated and monitored to help shape future services and improve overall customer satisfaction going forward. This mirrors the process undertaken for general customer feedback as outlined within the Customer Engagement Update.
- 7.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 30 complaints received for the last quarter (very low across the membership). Of those complaints, 53% were upheld, a reduction compared to the previous reporting period.
- 7.3 Overall there has been a reduction in complaints compared to the same period last year. When each complaint is received, any lessons learned are shared and logged, and this in turn improves our service delivery and prevents further occurrences. Complaints and actions in response are reviewed by the Fund's Senior Management Team on a monthly basis.

8.0 IDRP Casework

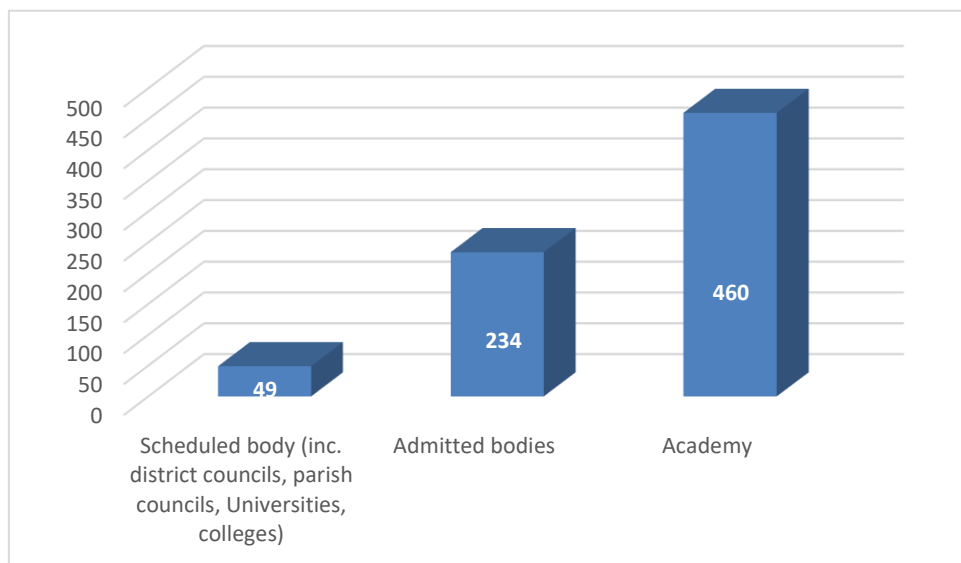
- 8.1 For 2019/2020, one case remains on-going which relates to a historical medical appeal against the employer, which has required considerable engagement with third party medical practitioners. The Fund are continuing to liaise with the member and the employer.
- 8.2 For 2020/2021, nine cases were completed, with one case has been partially upheld and eight cases not upheld. Five cases were progressed to stage two on appeal to the Fund; four of these cases have not been upheld and one case remains under investigation.
- 8.3 For the 2020/2021 year to date, one case has been referred to Stage one of the procedure against the Fund and is currently being investigated.

9.0 Employer Membership

- 9.1 The Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund as 743 at 31 March 2021, a 5% increase for 2020/21 and a 72% increase since March 2014 as shown in the graph below.



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



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

- 68 admission agreements
- 25 academies
- 43 employer terminations

10.0 Application for Admission Body Status

- 10.1 Organisations must satisfy one or more of the admission criteria before they can be admitted to the Fund following Pensions Committee approving the applications. Sometimes a decision is required which is not compatible with the cycle of Pensions Committee meetings. In these circumstances, Pensions Committee has delegated responsibility for approving such applications to the Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.
- 10.2 There have been 10 applications for admission to the Fund, of which 7 are seeking approval from Committee and 3 have been requested and approved by the Chair. These are detailed in Appendix E.

11.0 Pensions in Payment

- 11.1 The gross annual value of pensions in payment to March 2021 was £568m, £15.47m of which (£7.9m for pensions increase and £7.57m for added year's compensation) was recovered from employing authorities and other bodies as the expenditure was incurred.
- 11.2 Monthly payroll details were:

Month	Number	Value (£)
January 2021	87,881	40,217,405
February 2021	87,973	40,190,781
March 2021	106,265	41,692,239

The March figure includes pensioners paid on a quarterly basis.

12.0 Write-off policy decisions

A write-off relates to pensions overpaid to members, after following the debt recovery policy, these cases become uneconomical to pursue or the estate has insufficient funds to recover. In general, an overpayment is generated by late notification of death of members.

A write-on relates to monies due to the members estate in order to make pension payments up to date of death. After correspondences, the legal representative is untraceable or does not wish to claim the funds.

- 12.1 Write-off and Write On analysis
The following write-off and write on of pension payments are reported in line with the Fund's policy:

	Write Off		Write On	
Individual Value	Number	Total	Number	Total
Less than £100	0	-	8	218
£100 - £500	18	2,971	0	-
Over £500	1	2,167	0	-
TOTAL	19	5,138	8	218

Of the cases where the overpayment has been written off:

- 15 cases are where the Fund has not received a response or are unable to trace the Next of Kin
- 3 case is where the Next of Kin has stated there is no money in the estate to make the repayment
- 1 historical case advised by City of Wolverhampton Council legal team to write off

Of the cases where the overpayment has been written on:

- 8 cases the Fund has received no response

13.0 Transfer Out Cases

- 13.1 During the period 1 January to 31 March 2021, 256 transfer values were issued to members considering transferring their benefits out of the scheme (previous 1 January 2020 to 31 March 2020, 344 transfer values were issued to members).
- 13.2 In total 40 transfer payments made during the period 1 January to 31 March 2021 resulting in a total amount transferred of £1.5 million (previous 1 January to 31 March 2020 a total of 62 transfer payments were made (£4.5 million was transferred out) This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	31
£30,001 to £100,000	5
£100,001 to £200,000	1
£200,001 to £300,000	2
£300,001 to £400,000	1
£400,001 to £500,000	0
Above £500,001	0
Total	40

- 13.3 Analysis has been undertaken of the Transfer out payments to non-public sector or occupational schemes over the period of January through to March 2021 to review the volume and trends. During the period, of the 40 completed, a total of 21 non-public sector or occupational scheme transfer out payments have been processed, to a total of 12 different receiving schemes. The average age of members transferring out was 45 years, with the main reason for members transferring out with a value less than £30k was to consolidate their benefits. For those cases of higher value than £30k, the main reason was to consolidate their pension benefits with one provider.

14.0 Administering Authority Policy Statement

- 14.1 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.
- 14.2 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 member taking unreduced benefits on early retirement.
- 14.3 The Fund has undertaken its annual review of the policy, comparing to the latest guidance issued by LGA/LGPC confirmed there are no areas for development or amendment. In addition, as there have not been any major scheme changes since the revised version was implemented, therefore no changes have been made to the statement.
- 14.4 The policy statement will, subject to Committee approval, be applicable from June 2021, a copy is attached at Appendix F.

15.0 Financial implications

- 15.1 The report contains financial information which should be noted.
- 15.2 Employees of organisations who become members of the Local Government Pension Scheme 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.

16.0 Legal implications

- 16.1 The Fund on behalf of the Council will enter into a legally binding contract with organisations applying to join the Local Government Pension Scheme under an admission agreement.

17.0 Equalities implications

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

18.0 All other implications

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

19.0 Schedule of background papers

19.1 None.

20.0 Schedule of appendices

20.1 Appendix A: Process Summary

20.2 Appendix B: Detailed Process Analysis

20.3 Appendix C: Key Performance Indicators (KPIs)

20.4 Appendix D: Customer Service Statistics

20.5 Appendix E: Admitted Body Applications

20.6 Appendix F: Administering Authority Policy Statement 2021