

# Pensions Committee

29 September 2021

<b>Report Title</b>	Pensions Administration Report from 1 April to 30 June 2021	
<b>Originating service</b>	Pension Services	
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<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 55 1715 <a href="mailto:Rachel.Brothwood@wolverhampton.gov.uk">Rachel.Brothwood@wolverhampton.gov.uk</a>

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## Recommendations for decision:

The Pensions Committee is recommended to:

1. Approve the 11 applications for admission from employers into the Fund
2. Approve the write-offs detailed in section 13 of this report.

## 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 enhanced due diligence on transfer out requests, protecting members against pension scams

## 1.0 Purpose

1.1 To inform Committee of the routine operational work undertaken by the pensions administration service areas during the period 1 April to 30 June 2021.

## 2.0 Background

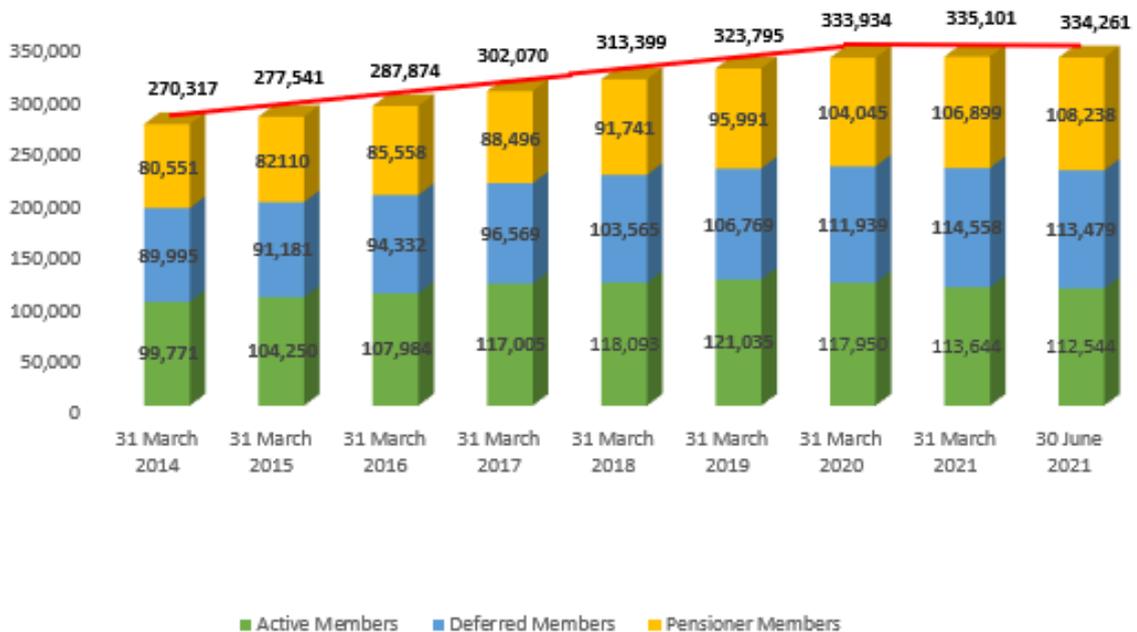
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions 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 30 June 2021 stands at 334,261, with an overall decrease since March 2021. The longer-term trend over a 12 year period in membership continues to illustrate both an ongoing increase and a move towards a more mature profile whereby, in general, pensioners and deferred memberships continue to rise.

	Membership as at 31 March 2021	Net Movements during the period	Membership as at 30 June 2021
Active Members	113,644	-1,100	112,544
Deferred Members	114,558	-1,079	113,479
Pensioner Members	106,899	1,339	108,238
<b>Total Members</b>	<b>335,101</b>	<b>-840</b>	<b>334,261</b>



## **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 April to 30 June 2021. During the period covered by this report, 38,781 administrative processes were commenced, and 34,237 processes were completed.
- 3.2.2 As the Fund's overall membership continues to have an upward trend and we continue to see increasing member movements, the workload volumes will also naturally increase. On 30 June 2021 there were 47,286 items of work outstanding. This represents an increase of 656 items outstanding compared to 31 March 2021 (46,630). Of the 47,286 items of work outstanding, 6,638 items were pending as a result of information awaited from a third-party e.g. scheme members, employers or transferring authorities and 40,648 processes are now either proceeding to the next stage of the process or through to final completion.
- 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 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.
- 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 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 the Fund performance fell slightly short of the cumulative KPI target for the following:

- Retirements, notification of estimated benefits
  - Due to a higher volume of casework (c43%) compared to the same period in 2020, the overall cumulative performance did not achieve the target, however was an improvement on Qtr 1 2020. On average, casework was processed in 16 days against a target of 15.
- Deferred Retirements, Issue Quote
  - Due to a higher volume of casework (c17%) compared to the same period in 2020, the overall cumulative performance of 84%. On average, days to process casework were within 5 days of the target.

All other KPIs have been achieved across the period.

4.3 Further information on achievement of target KPIs by process by month over the reporting period 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 have, unfortunately, during 2021 to date, been absence and vacancies emerging within the Customer Services Team which have affected our call handling performance during the year. New staff have been recruited and training is progressing alongside delivery of services.

5.4 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, the team continue to see the benefit of the automated email import functionality developed through our digital transformation programme. 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.

## 6.0 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.

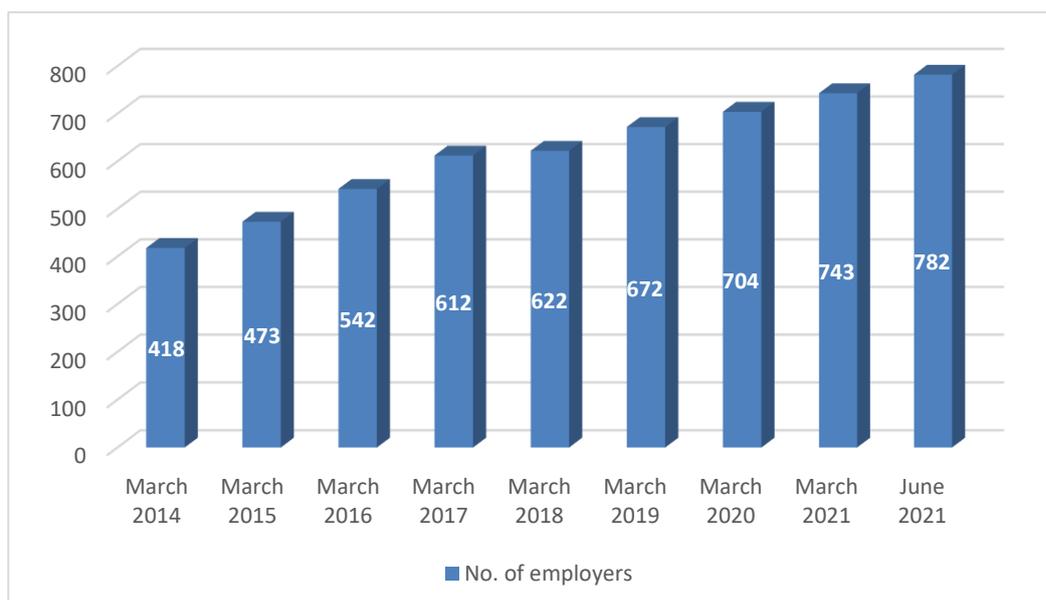
- 6.2 The number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 54 complaints received for the last quarter (less than 1%). Of those complaints, 61% were upheld and lessons learned incorporated in training and process development.
- 6.3 A slight increase in complaints year on year has been observed linked to an increase in processing timescales for casework. Resources were reallocated to front line services to return processing timescales to business as usual, and as a result, complaint volumes have since reduced. 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.

## 7.0 IDRPs Casework

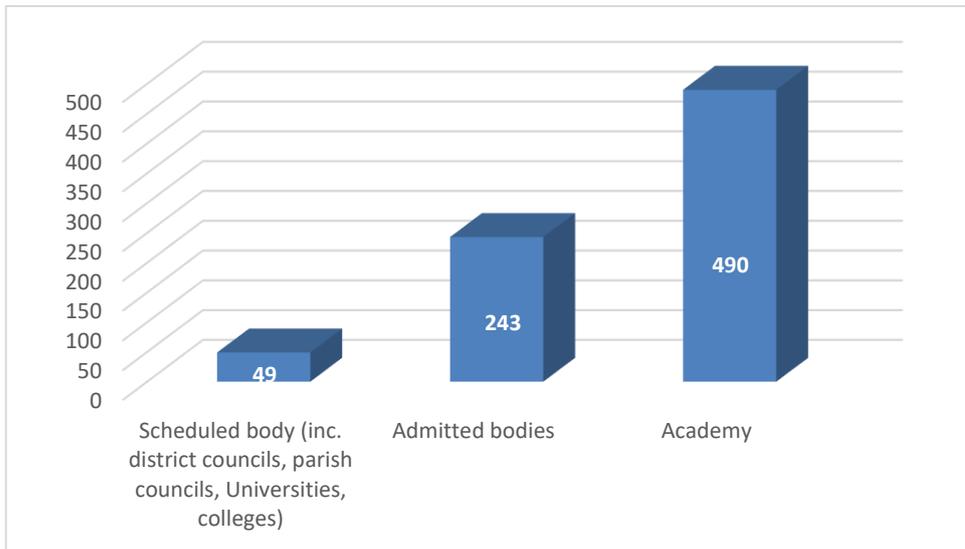
- 7.1 The outstanding case from 2019/20 has now been completed. The case related to a historical medical appeal against the employer, which has required considerable engagement with third party medical practitioners, the employer and the member. The case was partially upheld and deferred benefits were paid early on ill health grounds as opposed to ill health retirement
- 7.2 For the 2021/22 year to date, two cases have been referred to Stage one of the procedure on appeal against the Fund and one case has progressed to Stage two with all cases currently being investigated.

## 8.0 Employer Membership

- 8.1 The Fund has seen an increase in employer numbers, with the overall number of employers registered with the Fund as 782 at 30 June 2021. This continues to be a 5% increase from the previous period and a 87% increase since March 2014 as shown in the graph below.



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: -

- 73 admission agreements
- 13 academies
- 45 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 Director of Pensions in consultation with the Chair or Vice Chair of Pensions Committee.

9.2 There are 11 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 June 2021 was £546.80m, £15.4m of which (£7.5m for pensions increase and £7.9m 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 (£)
April 2021	88,199	40,083,322
May 2021	88,422	40,362,560

June 2021	98,653	41,297,820
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The June figure includes pensioners paid on a quarterly basis.

## 11.0 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.

### 11.1 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:

Individual Value	Write Off		Write On	
	Number	Total (£)	Number	Total (£)
Less than £100	1	58	8	224
£100 - £500	20	3,236	1	166
Over £500	11	25,922	0	0
<b>TOTAL</b>	<b>32</b>	<b>29,216</b>	<b>9</b>	<b>390</b>

Of the cases where the overpayment has been written off:

- 17 cases are where the Fund has not received a response or are unable to trace the Next of Kin.
- 4 cases are where the Next of Kin has stated there is no money in the estate to make the repayment.
- 11 historical cases which are recommended for write off following advise from City of Wolverhampton Council legal team to write off.

Of the cases where the overpayment has been written on:

- 6 cases the Fund has received no response from Next of Kin
- 3 cases no details of Next of Kin

## 12.0 DWP Consultation on pension scams

12.1 On 14 May 2021, the DWP launched a consultation on pension scams: empowering trustees and protecting members. The consultation proposes new requirements are placed on trustees and scheme managers to conduct further due diligence and checks before a pension transfer can be completed. The new requirements introduce conditions tests, based on the type of scheme and the risks the receiving scheme is likely to present to the member.

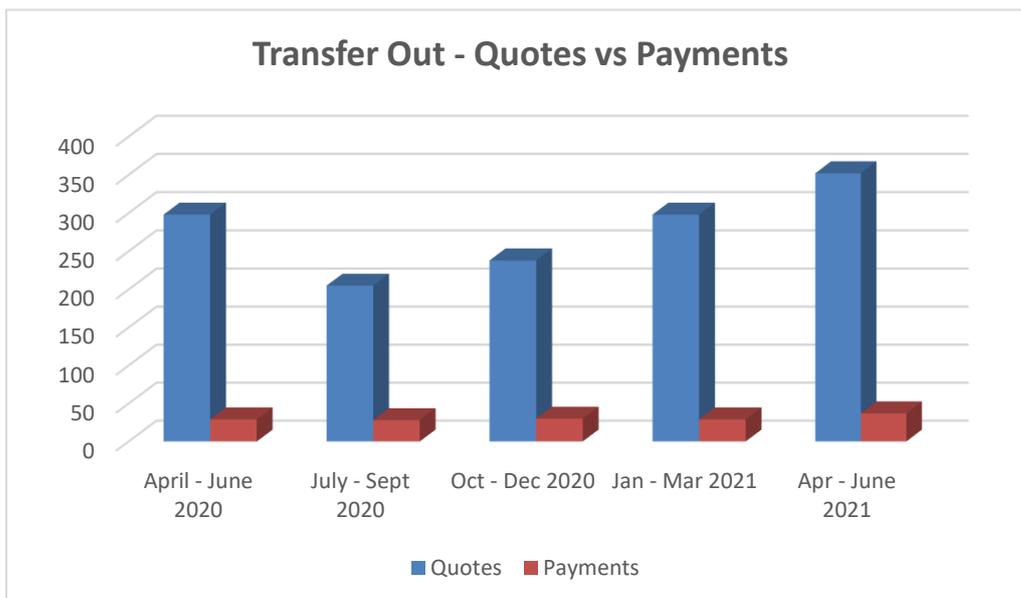
- 12.2 If the transferring scheme does not fall into any of the conditions, then the Fund will have to determine whether there are any red flags (i.e. if the member has experienced unsolicited contact or the advisor does not have the regulator permission etc) and if so, whether the transfer should be allowed to proceed or be subject to any further conditions. The Fund fed into the LGA response to the consultation, alongside other Funds. The details of the consultation can be found on the [Department of Work and Pensions website](#).
- 12.3 The Fund currently undertakes due diligence on all transfer payments in line with our undertaking to the Pensions Regulator to take action to protect members from scams, anticipates prior updates to process would capture the proposed regulatory requirements. Ongoing compliance will be reviewed, ahead of new regulation and on issuance of emerging guidance and templates for the LGPS, expected for issue by LGA, in due course.

### 13.0 Transfer Out Cases

- 13.1 During the period 1 April to 30 June 2021, 352 transfer values were issued to members considering transferring their benefits out of the scheme (previous period, 1 April to 30 June 2020, 298 transfer values were issued to members).
- 13.2 In total 37 transfer payments made during the period 1 April to 30 June 2021 resulting in a total amount transferred of £1,448,654 (previous 1 April to 30 June 2020 a total of 29 transfer payments were made (£1,588,166 was transferred out). This amount is broken down as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	26
£30,001 to £100,000	7
£100,001 to £200,000	3
£200,001 to £300,000	0
£300,001 to £400,000	1
£400,001 to £500,000	0
Above £500,001	0
<b>Total</b>	<b>37</b>

- 13.3 Analysis has been undertaken of the transfer out payments to non-public sector or occupational schemes over the period of April to June 2021, to review the volume and trends. During the period, of the 37 completed, a total of 21 non-public sector or occupational scheme transfer out payments have been processed, to a total of 13 different receiving schemes. The average age of members transferring out was 47 years, with the main reason for members transferring out was to consolidate their benefits.
- 13.4 The Fund has seen a gradual increase in the number of requests from members for transfer out values, however the number of members electing to progress with the transfer of their benefits out of the Fund remains fairly low (c11% of the quotations requested). This is shown in the graph below.



#### **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 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.

#### **15.0 Legal implications**

15.1 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.

#### **16.0 Equalities implications**

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

#### **17.0 All other implications**

17.1 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.

#### **18.0 Schedule of background papers**

18.1 None.

## **19.0 Schedule of appendices**

19.1 Appendix A: Process 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