

Pensions Committee

21 September 2022

Report Title	Pensions Administration Report from 1 April to 30 June 2022	
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	Executive Director of Pensions 01902 55 1715 Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for decision:

The Pensions Committee is recommended to approve:

1. The 13 applications for admission from employers into the Fund as detailed in section 9 and Appendix E of this report.
2. The write-offs detailed in section 11 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 Committee of the routine operational work undertaken by the Pensions Administration Service areas during the period 1 April – 30 June 2022.

2.0 Background

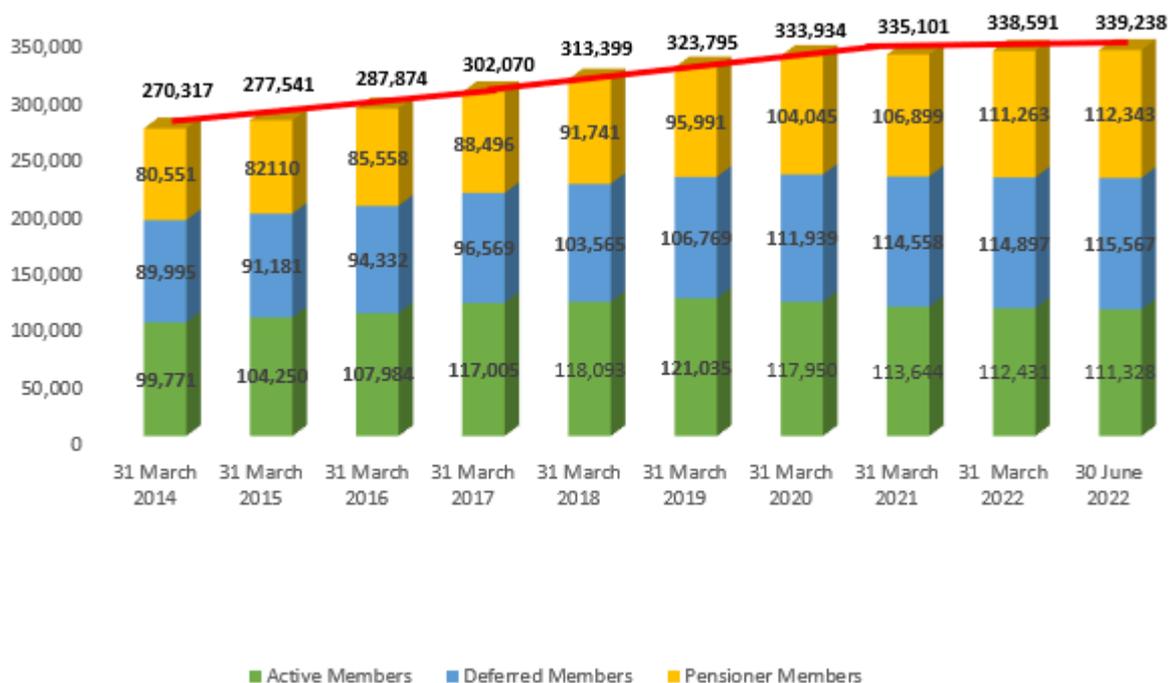
2.1 The Fund provides a pension administration service covering employer, customer and member services, data processing, benefit operations, payroll and systems/technical support. A report is provided to Committee on a quarterly basis to assist monitoring of the activity and performance of these functions 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 2022 stands at 339,238, with an overall increase since March 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 March 2022	Net Movements during the period	Membership as at 30 June 2022
Active Members	112,431	-1,103	111,328
Deferred Members	114,897	670	115,567
Pensioner Members	111,263	1080	112,343
Total Members	338,591	647	339,238

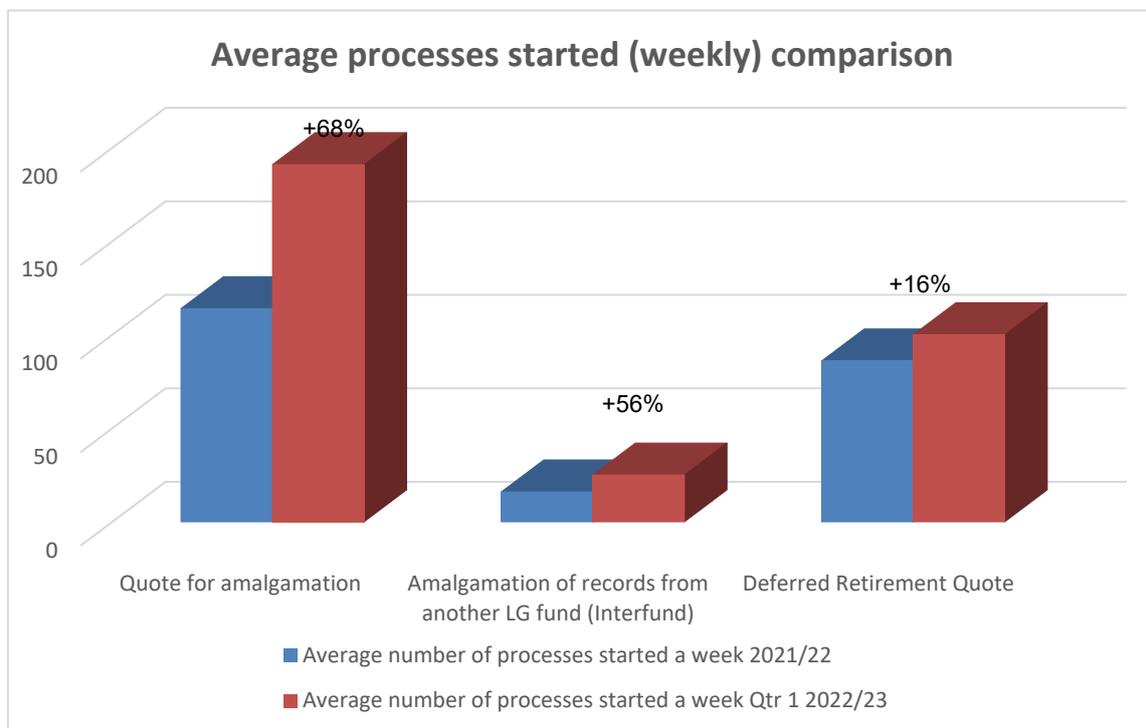


3.2

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 April to 30 June 2022. During the period covered by this report, 44,921 administrative processes were commenced, and 44,252 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 30 June 2022 there were 43,598 items of work outstanding. This represents a slight increase of 869 items outstanding compared to 31 March 2022 (42,729). This increase is mainly due to the profile of the Fund's membership, as we have seen a high volume of deferred members attain their retirement age. In addition, we continue to see increasing members moving between employers within the Fund, requiring the provision of their options for amalgamating records. This is highlighted in the graph below:



3.2.3 Of the 43,598 items of work outstanding, 5,169 items were pending as a result of information awaited from a third party e.g., scheme members, employers or transferring authorities and 38,429 processes are now either proceeding to the next stage of the process or through to final completion.

3.2.4 The Fund continues to review the volumes of incoming work and puts 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.

3.2.5 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.

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, two KPI's did not achieve target for two of the months, as follows:
- Active Retirement Quote – May 2022
 - The KPI fell slightly short of the 90% target, achieving 88%. The Fund routinely sees an increase in volume of active retirement cases at this time of year and recorded an improvement in KPI compared to the previous year.
 - Deferred Retirement Quote – June 2022
 - The KPI achieved 88% against the target of 90%. The team completed 44% more casework this month, compared to the previous.
- 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 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 are a number of employees who are new to their role on the Customer Services team and training and knowledge on the team has been a priority over the quarter, to increase capacity. To further support ongoing employee development and customer services, a "Knowledge Hub" has been developed for easy access to scheme information and member support material.
- 5.4 Calls and written responses remained stable during the quarter, with the exception of May, where the Fund received a 20% increase in calls, some of which were generated following the successful member campaigns referenced in the Customer Engagement Update. We have continued to work closely with Member Services to stagger mailings sent to members, with overseas deferred member verifications being sent within this period. Staggering mailings smoothes 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.

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.

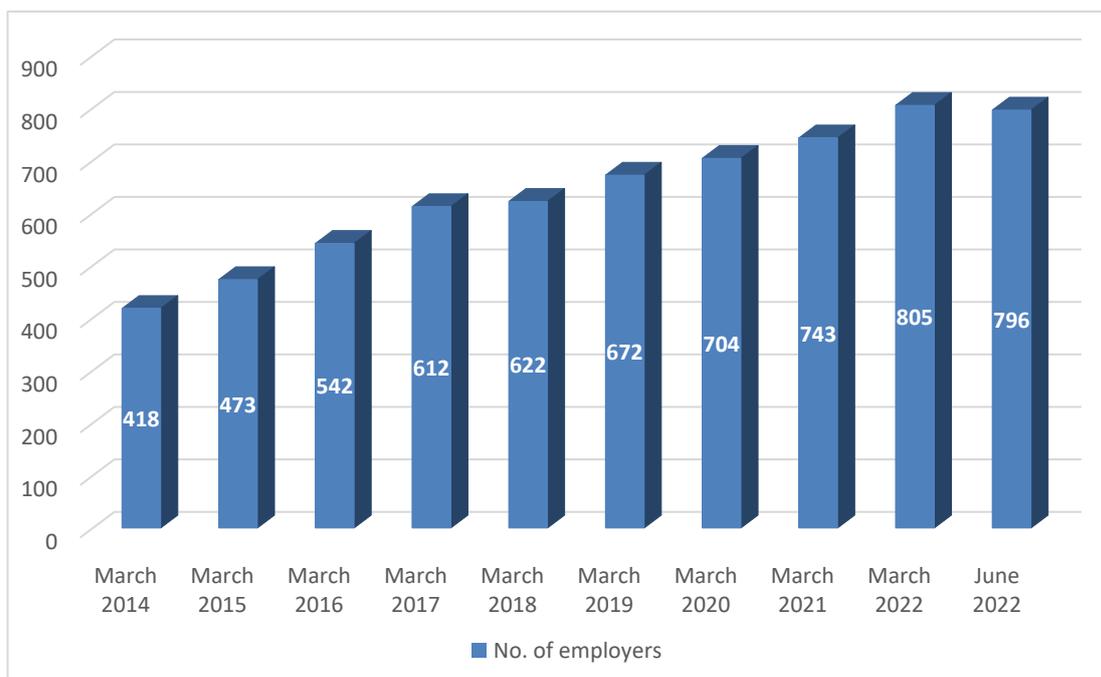
6.2 Complaint numbers were lower than average during the last quarter. Overall, the number of complaints received by the Fund is proportionally low compared to the number of scheme members, with 45 complaints received for the last quarter. Of those complaints, 40% were upheld and lessons learned incorporated in training and process development.

7.0 Internal Dispute Resolution Procedure (IDRP) Casework

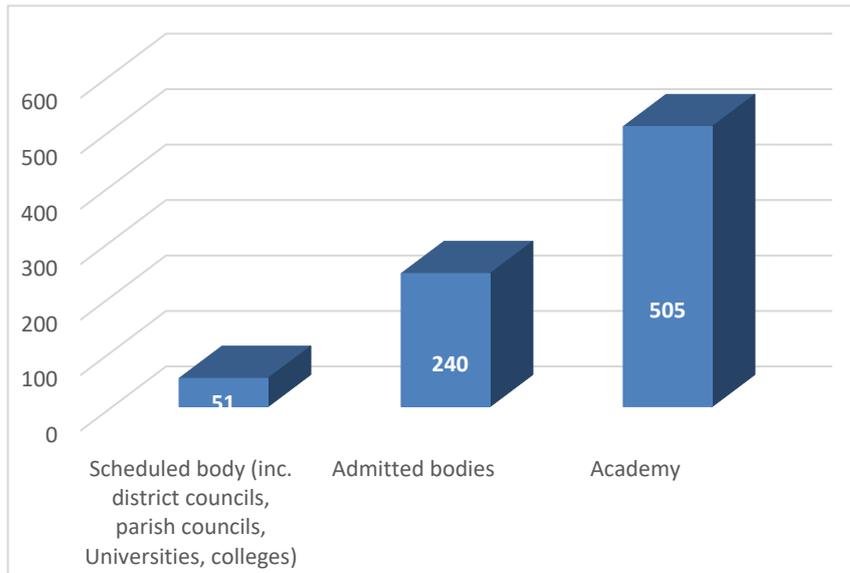
7.1 Year to date for 2022/2023, five cases have been referred to Stage 2 of the procedure on appeal against the Fund, two of which have not been upheld and three are currently under investigation.

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 reducing to 796 at 30 June 2022. This decrease is attributable to a combination of employee exits compared to new employers joining the Fund and employer consolidations. Despite the decrease from the previous period, a 90% increase has been seen 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: -

- 52 admission agreements
- 7 academies
- 52 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 13 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 2022 was £577.02m, £15.1m of which (£7.9m for pensions increase and £7.2m 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 2022	90,952	41,568,795
May 2022	91,223	42,464,383
June 2022	102,207	43,318,380

The June 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 rate in excess of 10% is expected to be applied from April 2023 (and will be confirmed in October), following rising inflation over the last year.

11.0 Write-off Policy Decisions

11.1 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.

11.2 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.

12.0 Write-off and Write-on Analysis

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

Individual Value	Write-Off		Write-On	
	Number	Total (£)	Number	Total (£)
Less than £100	202	9,033	7	246
£100 - £500	17	2244	1	259
Over £500	1	12,775	1	3,304
TOTAL	220	24,052	9	3,809

- The overpayment write offs and write ons are due to the Fund being unable to trace the next of kin or recover from the estate.

13.0 Transfer Out – all casework

13.1 A total of 201 individual transfer payments were made during the period 1 April 2022 to 30 June 2022, resulting in a total amount transferred of £8.8 million. This is broken down into the following categories:

Type of transfer	Number of transfer payments	Value of Transfer Payments (£000s)
Non LGPS	48	£2,329
Interfund (LGPS fund)	150	£6,443
Additional Voluntary Contributions	3	£27

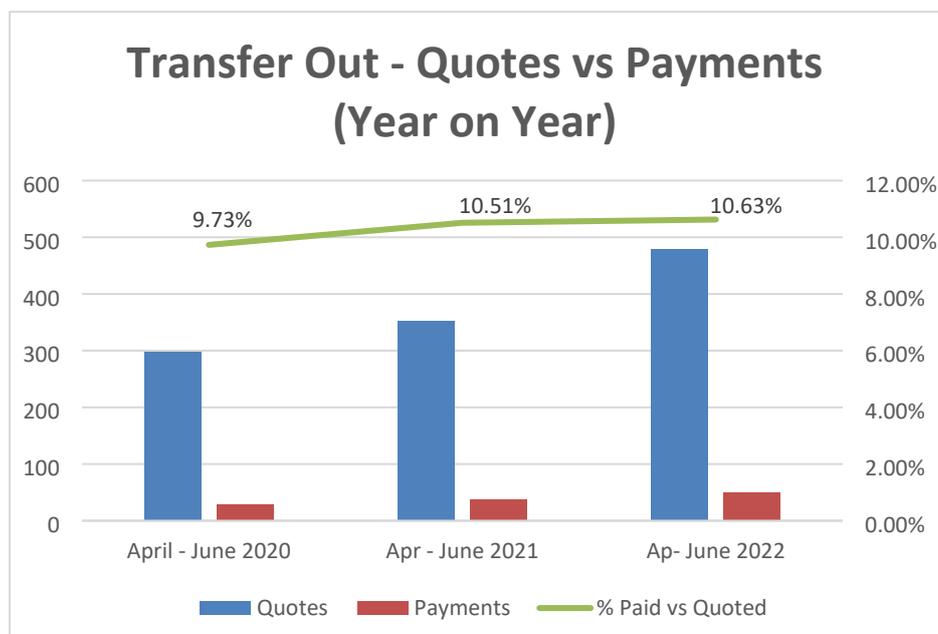
13.2 Non LGPS Transfers

13.2.1 During the period 1 April 2022 to 30 June 2022, 388 transfer value quotations were issued to members considering transferring their benefits out of the scheme (in the prior year 1 April 2021 to 30 June 2021, 352 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.

13.2.2 In total 48 transfer payments were made during the period 1 April 2022 to 30 June 2022 resulting in a total amount transferred of £2.3 million (in the prior year 1 April 2021 to 30 June 2021 a total of 37 transfer payments were made, totalling £1.5 million). The payments by value and value break down are as follows:

Value of Transfer Payments	Number of Transfer Payments
0 to £30,000	30
£30,001 to £100,000	13
£100,001 to £200,000	2
£200,001 to £300,000	1
£300,001 to £400,000	2
£400,001 to £500,000	0
Above £500,001	0
Total	48

13.2.3 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 for the period). This is shown in the graph below:



13.2.4 Analysis has been undertaken of the Transfer Out payments to non-public sector or occupational schemes over the period of April to June 2022 to review the volume and trends. During the period, of the 48 completed, 26 transfer payments were made to non-public sector or occupational schemes, to 15 different receiving schemes. Just under half

(12) of these were 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 53 years with the main reasons cited for transferring out were either to consolidate their benefits into one provider or release cash and enable flexible draw down (members over 55).

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. 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 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