



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 8

19th March 2024

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and to present a summary of performance to 31st December 2023.

Recommendations:

The Committee is asked to **NOTE** the contents of this report.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

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1 Strathclyde Pension Fund Office (SPFO)

Total staff in post at 31st December 2023 was 90 (FTE 84.2). This includes 4 modern apprentices. In addition, 6 staff were appointed with start dates throughout January and February. Workplan baseline is 105.

Some vacancies remain with further recruitment planned in due course. SPFO is continuing with hybrid working. Current arrangement is for staff members to be in the office a minimum of two days a week.

2 Membership

Scheme membership is summarised as follows.

2.1 Local Government Pensions Scheme (LGPS)



Total membership increased from 282,590 to **283,886** over the quarter. There was a slight decrease in active membership.

Main changes contributing to the net increase of 1,296 were:

- **3,421** new records (*4,334 last quarter*)
- **953** retirements (*1,150 last quarter*)
- **362** refunds (*460 last quarter*)
- **904** deferred (*988 last quarter*)
- **472** deferred into payment (*499 last quarter*)
- **823** deaths (*870 last quarter*).

Some additional analysis of scheme membership is set out in **Appendix 1** for information.

2.2 Teachers Compensation

In addition to its statutory function of administering the LGPS, SPFO also acts as a payroll agent for compensatory added years' payments to 7,972 members of the Scottish teachers' superannuation scheme.

3 SPFO Performance

Over **40,000** processes were completed in the quarter to 31st December 2023 (*last quarter 44,000*). Performance for the quarter is summarised as follows.

3.1 Payments

SPFO Payments	SPFO Target	Achieved	Last quarter
Pensions payroll run on time	100%	100%	100%
New retirals processed for due payroll date	95%	95.9%	86.6%
Deferred retirals processed for due date	95%	100%	77.4%
Retirement lump sums paid on retirement date	95%	89.2%	71.7%
Deferred lump sums processed for due date	95%	100%	100%

3.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target Days	%	Actual %	Deadline	Actual %
New Records	3,421	15	95.0	100	1 month	100
Refunds	362	7	90.0	98.3	n/a	n/a
Deferred	904	10	90.0	61	2 months	80.1
Retiral Estimates	524	20	80.0	100	2 months	100

In addition to individual retiral estimates, 356 calculations were processed in bulk as part of potential voluntary/early retirement exercises. (*954* were processed last quarter).

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	362	1,425
Responses	17	81
Response rate (%)	4.7	5.7
Satisfaction Rating (%)	80.0	87.0
Target	85.0	90.0
2022/23 full year (%)	86.3	90.0

Response rate was low and performance was below target this quarter. SPFO continues to try to find new ways to improve the response rates.

3.4 Complaints

Category	No.	Days to Respond		Achieved (%)	Upheld (%)
		Target	Actual (Average)		
Process delay	4	5	4	75	75
Waiting time - telephone	1	5	3	100	100
Waiting time - correspondence	1	5	4	100	0
Quality of information	1	5	1	100	0
*Other	1	5	1	100	0

*Member complained as they had not received a response. The response had been sent to the email address registered for SPFOOnline but member had changed his email and had not updated his account.

3.5 Performance Commentary

Performance over the quarter was mixed:

- SPFO's overriding administration priority is to ensure that the monthly pensions payroll is run and payments are received on time by the 90,000+ pensioner members. Payroll was run and paid each month without incident.
- Most transactions were processed in line with target. Deferred notifications did not achieve target as a result of clearing backlog cases which were already overdue, together with competing priorities.
- there were no material breaches of regulations requiring to be reported to the Pensions Regulator.

4 Employers

4.1 Participating Employers

The table below shows the number of employers participating in the Fund. Employers include the 12 Local Authorities in the West of Scotland, whose employees constitute around 80% of the active membership.

Total employers at 30th Sept 2023	150
New employers	0
Exiting employers	1
Total employers at 31st Dec 2023	149

There was one cessation this quarter.

Employer	Exit Date	Status
Fyne Homes	31/12/23	Exit credit agreement being completed.

4.2 Employer Payments to SPFO

Employers are required to pay contributions to SPFO by 19th of the month after they are deducted from payroll.

All Employers	Target (%)	Actual (%)
Contributions received by SPFO by due date	100	98

There were 9 incidences of late payments this quarter. None had any material cash flow impact. Employers were reminded of their statutory responsibilities at the employer forums held in November.

4.3 Employer *i-Connect* Submissions

Employers are required to submit regular electronic returns via *i-Connect* no later than 19th of the month following the reporting period. The table below summarises the number of valid returns received on time from the Fund's employers.

Oct	Nov	Dec	Total	Total Expected	Target	Achieved
134	134	134	402	449	100%	89%

This represents a small improvement from 87% last quarter. SPFO will continue to work closely with employers to ensure data is submitted by the due date.

5 Digital Communications

Improving and increasing SPFO's digital delivery is a key priority. Digital uptake as at 31st December 2023 is summarised as follows.

Customer Engagement	2023/24		2022/23
	Actual	Target	Actual
Total signed up for SPFOnline	135,568	135,000	122,293
Weekly visits to: www.spfo.org.uk	8,432	7,700	7,602

SPFOnline is a portal which allows members to view and amend their pension records and carry out illustrative pension calculations. Increasingly, it is also being developed to provide member information and documentation, and to allow member transactions to be completed online.

SPF's annual newsletter, Pension News was issued to more than **88,000** pensioners.

- 49% were issued via SPFOnline with notification via email;
- 39% were issued via SPFOnline with notification by letter; and only
- 12% were issued hard copy.

Life Certificates were issued to **1,060** overseas pensioners to verify their existence.

- 71% were issued via SPFOnline with notification via email;

- 21% were issued via SPFOne with notification by letter; and only
- 8% were issued hard copy.

There was also an option to upload the signed certificate online.

In December more than 148,000 statutory notifications were issued.

- 66% were issued via SPFOne with notification via email;
- 34% were issued by letter.

These notifications were required because October 2023 changes implementing the McCloud Remedy into scheme regulations constituted a 'material change to basic scheme information' under The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. As such, administering authorities had to give information about the changes to all people whose rights or prospective rights under the scheme might be affected by them. This information had to be disclosed within three months of 1 October 2023.

6 Scheme Developments

6.1 TPR – General Code of Practice

[TPR's new general code](#), was laid in parliament on 10th January 2024 and due to come into force on 27th March 2024. The new code brings together and updates 10 existing codes of practice into one set of clear, consistent expectations on scheme governance and administration. The anticipated code has been a business and development priority on SPF's business plan for the last few years, the objective being to review on publication and ensure compliance within 6 months.

6.2 Inflation Increase

In a written ministerial statement, the Government confirmed that the Pension increase and CARE revaluation increase to be applied in April 2024 is 6.7%. The necessary legislation will be in place before 31st March 2024.

7 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	None.
<i>Legal:</i>	None.
<i>Personnel:</i>	None.
<i>Procurement:</i>	None.

Council Strategic Plan: SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.*** The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's</i>	Equalities issues are addressed in the scheme rules which are the responsibility of Scottish
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*Equality Outcomes
2021 - 25*

Government, in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment, and in the Fund's Responsible Investment strategy.

What are the potential equality impacts as a result of this report?

N/a

Please highlight if the policy/proposal will help address socio economic disadvantage.

N/a.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

N/a. Monitoring report. Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.

What are the potential climate impacts as a result of this proposal?

N/a.

Will the proposal contribute to Glasgow's net zero carbon target?

N/a.

Privacy and Data Protection impacts:

Are there any potential data protection impacts as a result of this report
Y/N

No.

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out

N/a.

8 Recommendation

The Committee is asked to note the contents of this report.

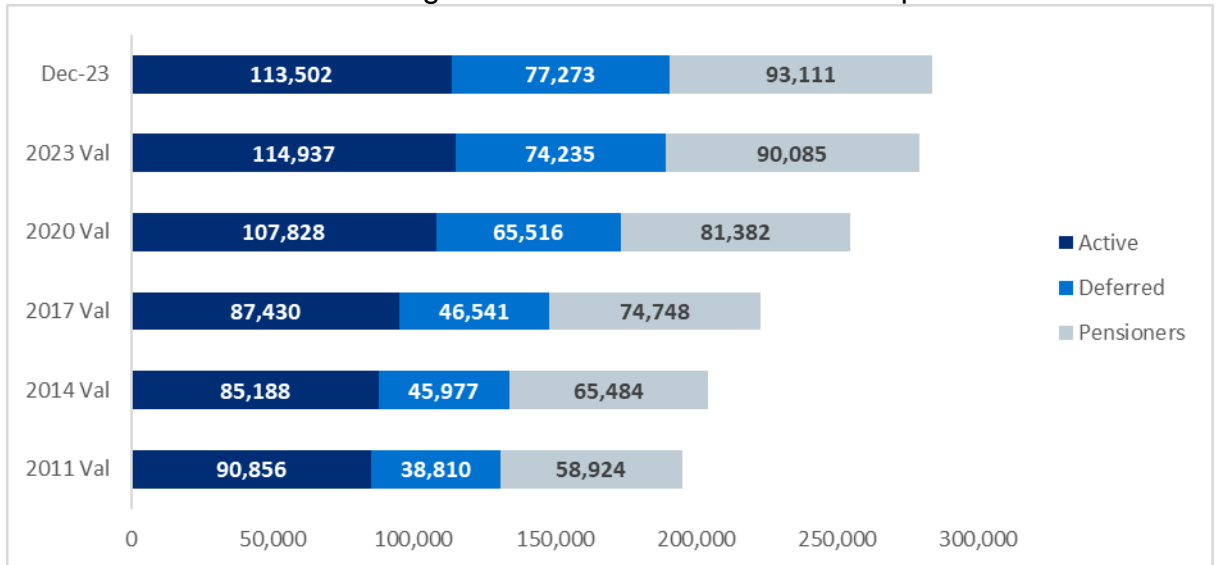
Appendices

Appendix 1 Membership – Additional Analysis

Membership – Additional Analysis

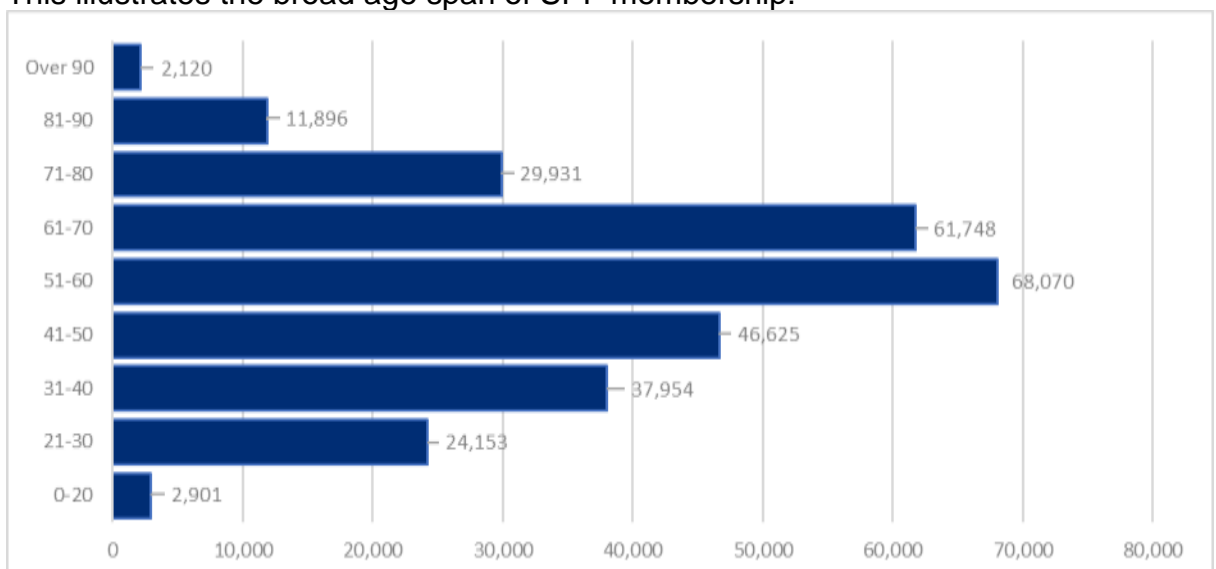
Longer-Term Trends

This chart shows movement in membership since the 2011 actuarial valuation. Active membership reduced initially, but the trend had been a steady increase in all membership categories since 2011. Since the 2023 valuation there has been a slight decrease in active membership.



Total Members by Current Age

This illustrates the broad age span of SPF membership.



Average Age of Members

