



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Linda Welsh, Pension Scheme Manager, Ext: 77463

Item 3

22nd November 2023

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and to present a summary of performance to 30th September 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)

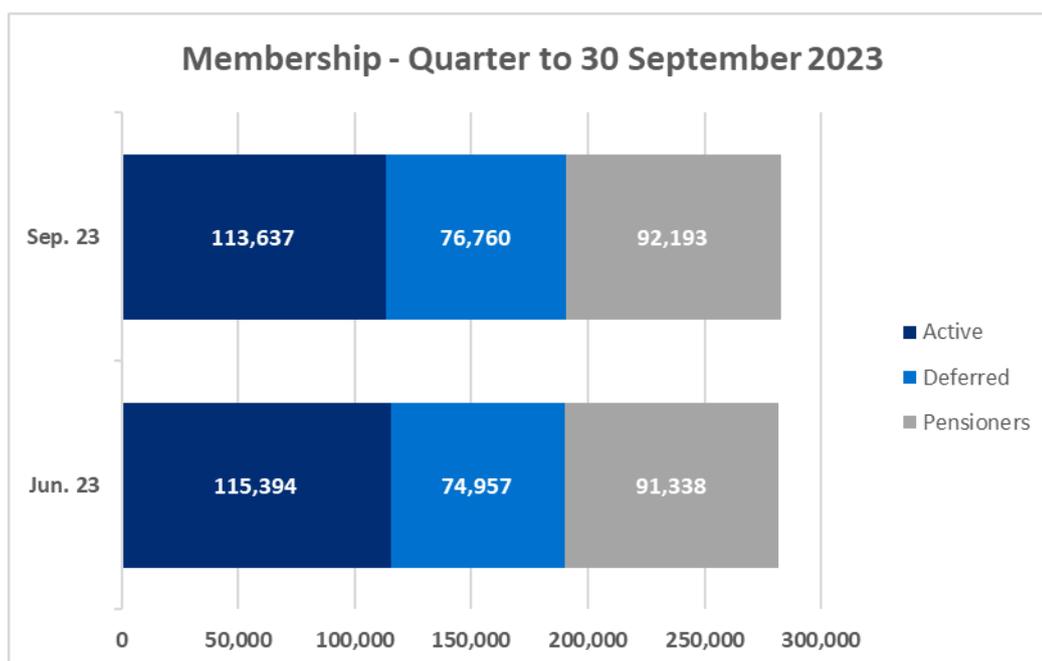
Total staff in post at end September was **89** (FTE 83). Workplan baseline is 105.

Implementation of a revised structure is almost complete; some vacancies remain with recruitment ongoing. 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 281,689 to **282,590** over the quarter. There was a slight decrease in active membership.

Main changes contributing to the net increase of 901 were:

- **4,334** new records (*4,777 in the same quarter 2022*)
- **1,150** retirements (*844 in the same quarter 2022*)
- **460** refunds (*507 in the same quarter 2022*)
- **988** deferred (*1,627 in the same quarter 2022*)
- **499** deferred into payment (*584 in the same quarter 2022*)
- **870** deaths (*756 in the same quarter 2022*).

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 over 8,000 members of the Scottish teachers' superannuation scheme.

3 SPFO Performance

Over **44,000** processes were completed in the quarter to 30th September 2023 (*previous quarter 48,000*). Performance for the quarter is summarised as follows.

3.1 Payments

SPFO Payments	SPFO Target	Achieved	2022/23
Pensions payroll run on time	100%	100%	100%
New retirals processed for due payroll date	95%	86.6%	97%
Deferred retirals processed for due date	95%	77.4%	N/A
Retirement lump sums paid on retirement date	95%	71.7%	92%
Deferred lump sums processed for due date	95%	100%	N/A

Targets were slightly behind this quarter, mainly due to an increase of 325 additional retirements processed, when compared to the previous quarter.

3.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target Days	%	Actual %	Deadline	Actual %
New Records	4,334	15	95.0	100	1 month	100
Refunds	460	7	90.0	98.3	n/a	n/a
Deferred	988	10	90.0	55.1	2 months	94.53
Retiral Estimates	543	20	80.0	92.1	2 months	100

In addition to individual retiral estimates, 954 calculations were processed in bulk as part of potential voluntary/early retirement exercises. (3,174 were processed last quarter).

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	460	1,649
Responses	33	370
Response rate (%)	7.2	22.4
Satisfaction Rating (%)	80.0	86.0
Target	85.0	90.0
2022/23 full year (%)	86.3	90.0

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	3	5	4	100	66.7
Waiting time	2	5	2.5	100	50
Processing delay (2 nd stage)	1	20	32	0	0
Quality of information	1	5	5	100	0
Procedure	1	5	5	100	0
*Other	1	5	5	100	0

*Member thought her service was recorded incorrectly on her record

The second stage complaint was not recorded on Lagan as soon as it was received. This was the reason for the delay.

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.
- Delays in the processing of retirals was due to increased volumes.
- 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 June 2023	153
New employers	0
Exiting employers	3
Total employers at 30th Sept 2023	150

There were 3 exits this quarter which are summarised below.

Employer	Exit Date	Status
Greenspace Scotland	30/09/23	Exit credit agreement being completed.
Glasgow Rape Crisis Centre	11/09/23	Exit credit agreement being completed.
Scottish Outdoor Education Centres	30/09/23	Exit credit agreement being completed.

anticipated that more employers will take the opportunity to leave the Fund and receive an exit credit when employer results from the 2023 actuarial valuation are issued during November.

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	95

There were 22 incidences of late payments this quarter. None had any material cash flow impact. Employers will be reminded of their statutory responsibilities at the upcoming employer forums being 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.

July	Aug	Sept	Total	Total Expected	Target	Achieved
130	134	134	398	459	100%	87%

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 30th September 2023 is summarised as follows.

Customer Engagement	2023/24		2022/23
	Actual	Target	Actual
Total signed up for SPFOnline	133,708	135,000	122,293
Weekly visits to: www.spfo.org.uk	8,731	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.

Annual Benefit Statements were issued to all active members during August:

- 62% were issued via SPFOnline with notification via email;
- 34% were issued via SPFOnline with notification by letter; and only

- 4% were issued hard copy.

A follow up email was also issued to SPFOonline registered deferred and active members who had not viewed their benefit statements. This resulted in additional members logging in and viewing their statements. All members have also been issued with a survey to capture feedback - results still pending.

Pension savings statements were issued shortly after the quarter end, ahead of the statutory deadline of 6th October.

The SPFO website was relaunched shortly after the quarter end, and a publicity piece on the GCC Intranet encouraging members to register for SPFOonline went live in early October.

6 Scheme Developments

6.1 McCloud Remedy

The Scottish Government laid the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023 on 30 August 2023. They came into force on 1 October 2023. The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. Part 2 of the regulations replaces the underpin rules in the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014. The Regulations have been amended to include the new definition of the underpin and extend it to those groups who were previously excluded but are now in scope. Various strands of work need to be completed in order to fully implement the regulations: additional items of employer data will need to be confirmed; statutory guidance is expected shortly, providing Funds with more information on how to implement the new underpin including advice on prioritising cases; the method for calculating transfers will also change from 1st October 2023; transfers will be suspended for those members protected by the underpin whilst new actuarial factors/ guidance from the Government Actuary's Department are awaited; once received, the software provider will have to update the methodology on the system.

6.2 Inflation Increase

UK CPI for the year to 30th September 2023 has been confirmed as +6.7%. It is expected that this will be the basis for April 2024's pension increase of pensions in payment, and revaluation of all career average benefits for active and deferred members. This needs to be confirmed in the Pensions Increase (Review) Order and Public Service Pensions Revaluation Order which will be made in parliament early in 2024.

7 Policy and Resource Implications

Resource Implications:

Financial: None.

Legal: None.

Personnel: None.

Procurement: 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:

Does the proposal support the Council's Equality Outcomes 2021 - 25 Equalities issues are addressed in the scheme rules which are the responsibility of Scottish 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.

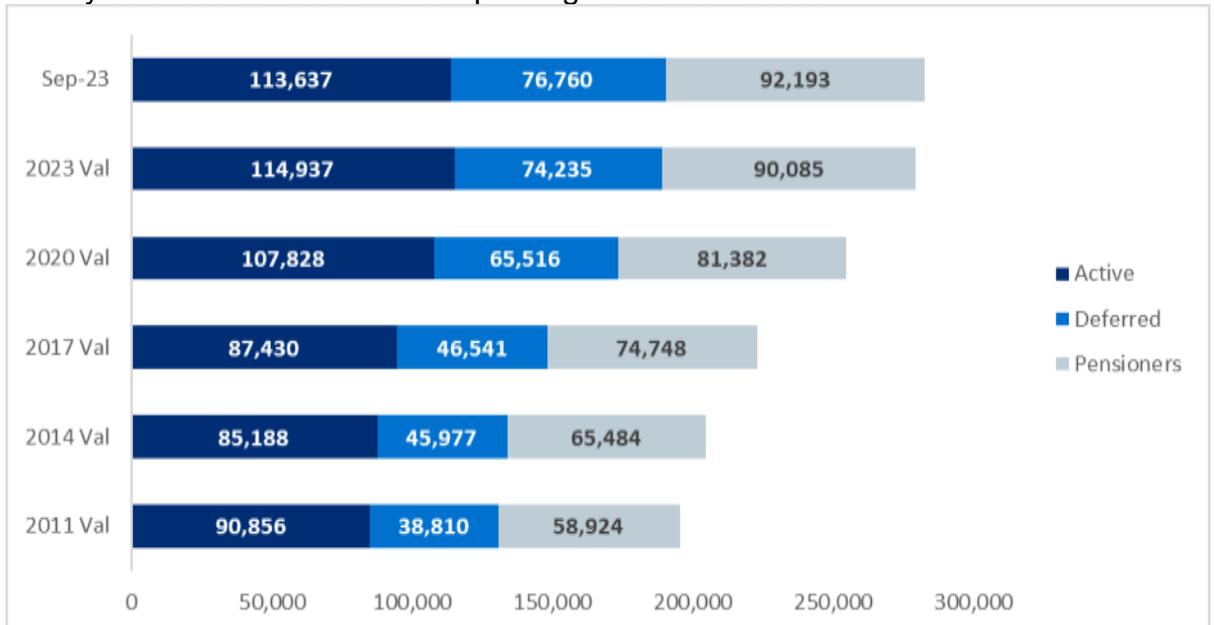
Appendices

Appendix 1 Membership – Additional Analysis

Membership – Additional Analysis

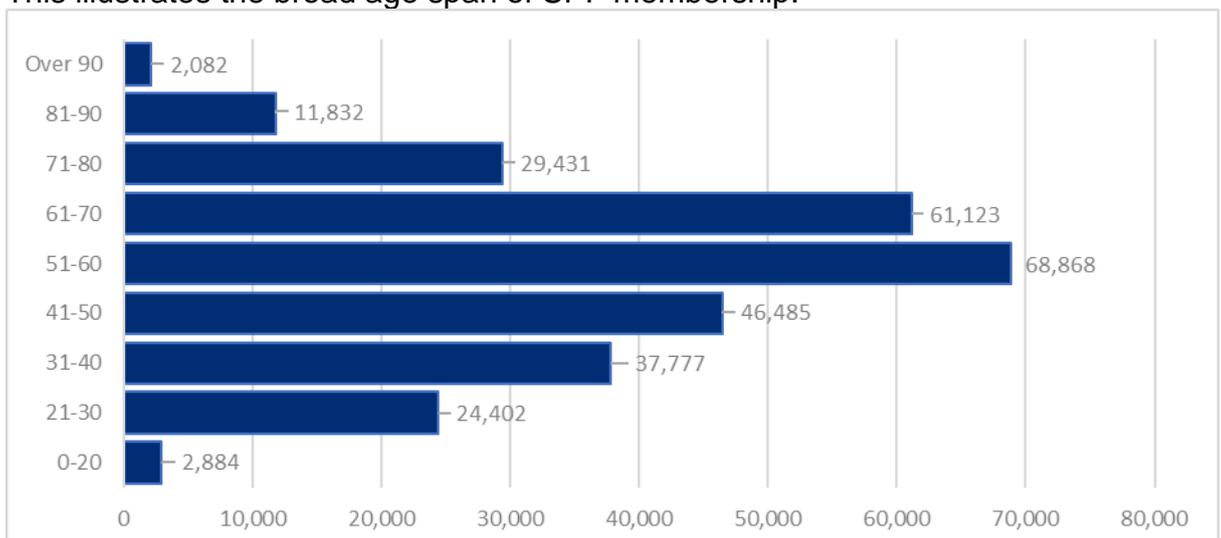
Longer-Term Trends

This chart shows movement in membership since the 2008 actuarial valuation. Active membership reduced initially, but the trend has been a steady increase in all membership categories since 2011.



Total Members by Current Age

This illustrates the broad age span of SPF membership.



Average Age of Members

