



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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

Item 5

27th November 2024

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and to present a summary of performance to 30th September 2024.

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)

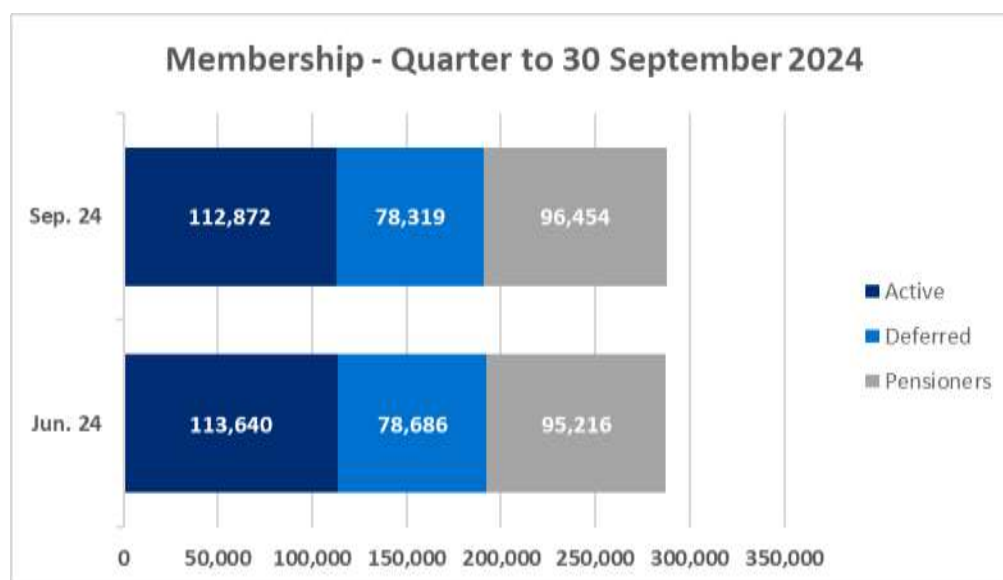
Total staff in post at 30th September 2024 was 94 (FTE 87.2). This includes 5 modern apprentices. Workplan baseline is 105.

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 Pension Scheme (LGPS)



Total membership increased from 287,542 to **287,645** over the quarter. There was again a slight decrease in active membership. Deferred membership also decreased.

Main changes contributing to the net increase of 103 were:

- **3,178** new records (*4,000 last quarter*)
- **1,277** retirements (*1,114 last quarter*)
- **409** refunds (*452 last quarter*)
- **890** deferred (*1,126 last quarter*)
- **423** deferred into payment (*556 last quarter*)
- **1,009** deaths (*977 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 7,780 members of the Scottish teachers' superannuation scheme.

3 SPFO Performance

Over **60,000** processes were completed in the quarter to 30th June 2024 (*last quarter 47,000*). 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%	90.4%	94.8%
Deferred retirals processed for due date	95%	98%	97.1%
Retirement lump sums paid on retirement date	95%	83%	87.7%
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	3,178	15	95.0	100	1 month	100
Refunds	542	7	90.0	99.5	n/a	n/a
Deferred	904	10	90.0	68	2 months	87
Retiral Estimates	554	20	80.0	80.5	2 months	98.2

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	409	1,700
Responses	17	371
Response rate (%)	4.2	21.8
Satisfaction Rating (%)	88.2	87.0
Target	80.0	90.0
2023/24 full year (%)	77.6	86.1.

Response and satisfaction rate for retirals have improved this quarter. There was a slight decrease for refunds but target was achieved for this category.

3.4 Complaints

Category	No.	Days to Respond		Achieved (%)	Upheld (%)
		Target	Actual (Average)		
Process delay	4	5	22	50	75
Quality of information	2	5	4.5	100	50
Staff attitude	1	5	2	100	100
Staff efficiency/error	1	5	5	100	100
Procedure	1	5	3	100	100
Process delay- 2 nd stage	1	20	12	100	100

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 96,000+ pensioner members. Payroll was run and paid each month without incident.
- Some transactions did not achieve target. This was largely due to resourcing issues. This is being addressed by recruiting an additional 9 posts, which will take SPFO to the workplan baseline of 105.
- The trend of increased numbers of retirals seen in 2023/24 continued this quarter.
- During the quarter a breach of law was reported to TPR. The breach was a result of a failure to include the McCloud Remedy underpin information for qualifying active members on the 2024 Annual Benefit Statements (ABS), due to be issued by 31st August 2024. The legislation as it is currently written requires Administering Authorities to include the McCloud Remedy underpin in ABS from this year onwards. However, this is not currently feasible. Scottish Government is consulting on draft regulations to modify the requirement to include underpin information in the 2024 ABS. The amendments to the regulations will be backdated to 1st October 2023 and will result in the reported breach being extinguished. The consultation will also consider whether to give administering authorities discretionary power to exclude underpin information in the 2025 statements for certain members.

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 1st Jul 2024	146
New employers	0
Exiting employers	3
Total employers at 30th Sep 2024	143

There were 3 exits this quarter which are summarised below.

Employer	Background	Exit Status
Equals Advocacy	Equals Advocacy had been an admitted body since 2001. The employer had 4 members at the date of the 2023 actuarial valuation.	Equals Advocacy became an exiting employer on the retirement of the last contributing scheme member at 31 st May 2024. An exit credit agreement was completed and an exit credit paid to the employer in line with regulation 61.
East Renfrewshire Carers	East Renfrewshire Carers had been an admitted body since 2002. The employer had 8 members at the date of the 2023 actuarial valuation.	East Renfrewshire Carers became an exiting employer on the retirement of the last contributing scheme member at 26 th July 2024. An exit credit agreement was completed and an exit credit paid to the employer in line with regulation 61.
AMEY Public Services	Amey had been an admitted body since 2010 as a result of a contract with North Lanarkshire Council. The employer had 27 members at the date of the 2023 actuarial valuation, including 10 employee members.	AMEY became an exiting employer on the expiry of the contract with NLC on 30 th September 2024. An exit credit agreement is still to be concluded.

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 (%)	Last Quarter
Contributions received by SPFO by due date	100	99	98

There were 6 incidences of late payments this quarter. None had any material cash flow impact.

4.3 Employer *i-Connect* Submissions

Employers are required to submit regular electronic data 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.

Jul	Aug	Sep	Total	Total Expected	Target	Achieved	Last Quarter
125	121	125	371	433	100%	86%	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 2024 is summarised as follows.

Customer Engagement	2024/25		2023/24
	Actual	Target	Actual
Total signed up for SPFOonline	143,820	146,000	135,568
Logged in during YTD	63,511	77,000	69,945
Weekly visits to: www.spfo.org.uk	8,933	9,000	8,825

SPFOonline 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. For example:

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

- 66% were issued via SPFOonline with notification via email;
- 30% were issued via SPFOonline with notification by letter; and only
- 4% were issued hard copy.

ABS had been issued to active members in August. Since they were issued:

- 43% of registered active members have logged in to SPFOonline;
- Reminder emails have been issued to those who have not logged in;
- 16% of active members that were notified by letter have now registered; and
- 1,533 address changes and 2,363 nomination updates have also been completed, presumably as a response to the statements.

Feedback surveys were issued to all registered active and deferred members. The table below shows the satisfaction ratings.

Survey Results Satisfaction Rating	2024/25		2023/24
	Actual	Target	Actual
Active members	77.9%	77%	66.3%
Deferred members	67.2%	70%	65.5%

Survey results in both categories have improved from last year, though deferred member results are still a little way short of target.

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

6 Scheme Developments

6.1 The Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023.

On 1st October 2023, the Local Government Pension Scheme (LGPS) Regulations were amended in Scotland to remedy the unlawful discrimination identified by the courts in the *McCloud case*. Appropriate changes were made to the final salary statutory underpin protection. Subsequent to those changes, the scheme in England & Wales made further amendments which SPPA considers should be incorporated to the Scottish regulations in order to bring the scheme into line with the schemes in England & Wales and Northern Ireland. The changes are minor technical amendments but are important to limit any further risks to legal challenge regarding unlawful discrimination, and to ensure the remedy works as intended.

The regulations are due to be laid on 12 December 2024.

6.2 Budget 2024

Consultation on inheritance tax on pensions

The Government has launched a [consultation on Inheritance tax on pensions: liability, reporting and payment](#).

The proposed changes would mean that:

- LGPS death grants would be subject to Inheritance Tax from April 2027;
- personal representatives would calculate whether any Inheritance Tax was due, and pass on the relevant information to the pension scheme administrator; and
- administering authorities would be responsible for paying and reporting to HMRC any Inheritance Tax deducted from an LGPS death grant.

The consultation will close on 22 January 2025.

6.3 Inflation Increase

UK CPI for the year to 30th September 2024 has been confirmed as +1.7%. It is expected that this will be the basis for April 2025'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 2025.

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:

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.

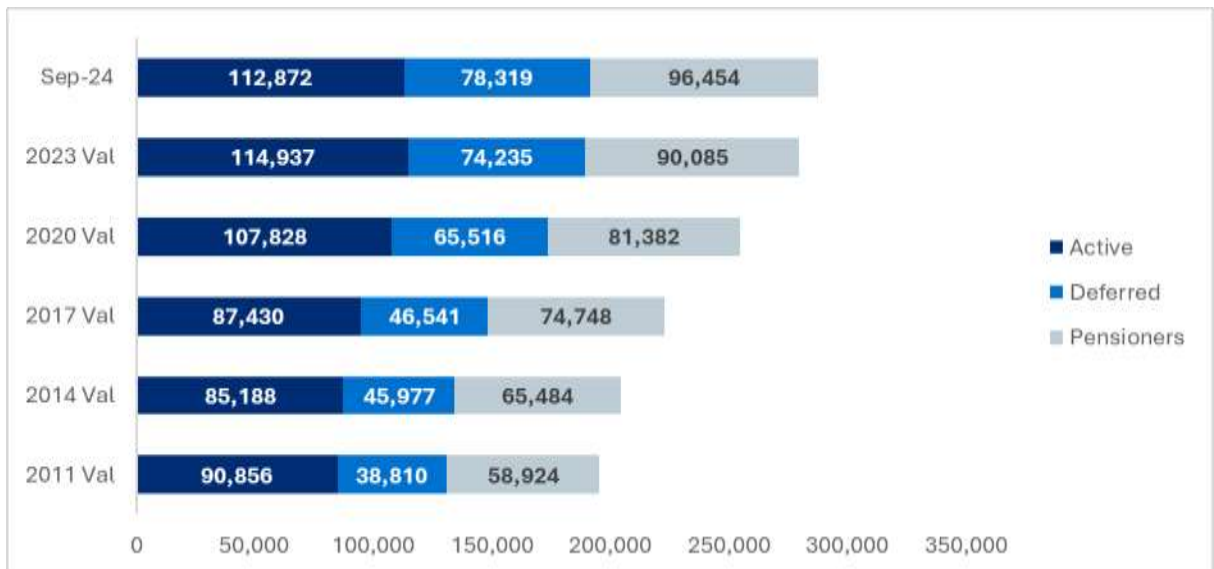
Appendices

Appendix 1 Membership – Additional Analysis

Membership – Additional Analysis

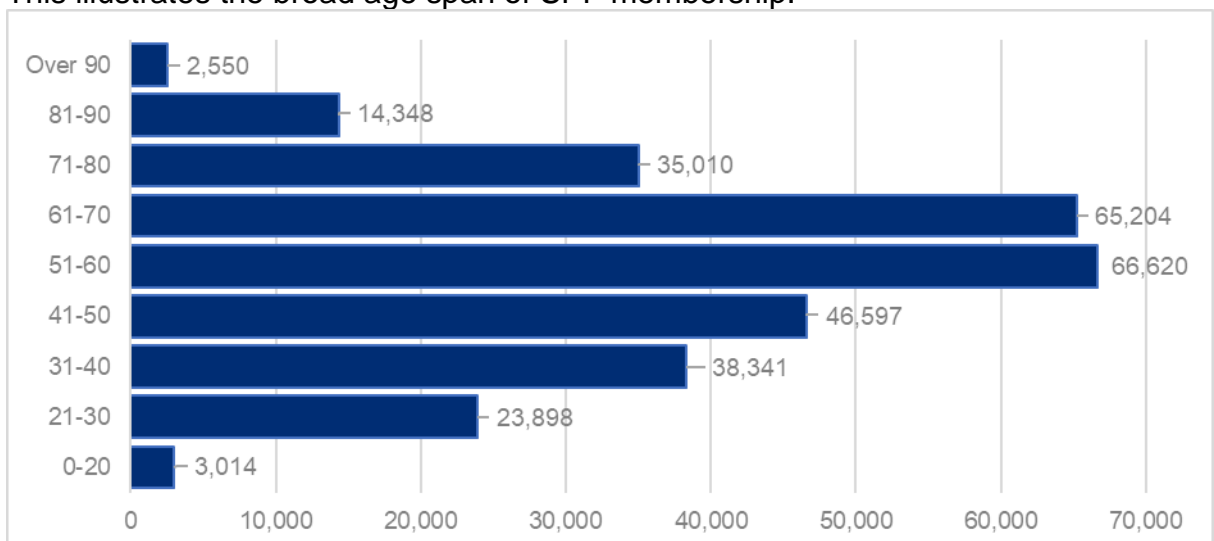
Longer-Term Trends

This chart shows movement in membership since the 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 consistent decrease in active membership, this quarter also shows a slight decrease in deferred.



Total Members by Current Age

This illustrates the broad age span of SPF membership.



Average Age of Members

