



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 10

25th November 2020

Administration Update

Purpose of Report:

To advise the Committee of pensions administration activity and performance to 30th September 2020.

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 SPFO - COVID-19

SPFO's service is being delivered through a combination of:

- Office-based staff – up to 36 at any time; and
- 25 staff working from Home.

Office attendance and mobile device allocation are planned weekly to address priorities and maximise productivity. The SPFO building is open 24/7, so flexible working patterns can be accommodated. Arrangements may change in line with Government and other guidance.

2 Service Priorities

SPFO's overriding business continuity priority is to ensure that the monthly pensions payroll is run and payments are received on time by the 90,000 pensioner members. In line with guidance from The Pensions Regulator (TPR), new retirements and processing of deaths continue to be prioritized ahead of other transactions.

3 SPFO Performance

Performance for the quarter to 30th September 2020 is summarised as follows.

3.1 Payments

SPFO Payments			
	SPFO target	Achieved	Last quarter
Pensions payroll run on time	100%	100%	100%
New retireals processed for due payroll date	95%	93.9%	94.0%
Retirement lump sums paid on retirement date	95%	95.0%	89.9%

588 retireals were processed during the quarter (837 in the same quarter 2019).

3.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target		Actual	Deadline	Actual
		Days	%	%		%
New Starts	2,370	15	95.0	63.9	1 month	100
Refunds	351	7	90.0	92.3	n/a	99.1
Deferred	872	10	90.0	63.9	2 months	78.8
Retiral Estimates	501	20	80.0	90.4	2 months	99.0

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	351	588
Responses	151	143
Response rate (%)	43.1	24.3
Satisfaction Rating (%)	83.5	90.8
2019/20 full year (%)	84.4	90.7

3.4 Complaints

Category	Volume	Days to Respond		Achieved (%)
		Target	Actual (Average)	
Waiting Time- Correspondence	5	5	4	100%
Waiting Time – Telephone	1	5	1	100%
Process Delay	7	5	5	100%
Process Delay Stage 2	1	20	33	0%
Quality Of Information	4	5	2	100%
IT Fault	1	5	1	100%
Other (P60 Enquiry)	1	5	2	100%

3.5 Performance Commentary

Performance over the quarter was generally satisfactory given the circumstances. In particular:

- payroll has continued to be run and paid each month without incident;
- other payments and transactions continued to be processed throughout the period, albeit with some delays;
- extensive data cleansing was carried out and data was submitted on time to the actuary as part of the actuarial valuation process;
- reported pensioner deaths were again higher than usual – 854 during the quarter (720 in the same quarter in 2019);
- Annual Benefit Statements – 106,038 statements were issued, representing **99.8%** of active members (*99% in 2019*) by the statutory deadline of 31st August. New start data was required from employers for the remaining **227** active members, and statements will be issued to them in early December;
- customer satisfaction was high and few complaints were received (albeit some customer dissatisfaction may not have been captured through these processes);
- there were no material breaches of regulations requiring to be reported to the Pensions Regulator.

Throughout the quarter resource was diverted to deal with the year end and actuarial valuation exercises. The impact on performance may not be apparent until Q3.

4 Employer Performance

Employer Performance for the quarter to 30th September 2020 is summarised as follows.

4.1 Errors From Year End Returns

The table below summarises progress in resolving errors in employers' year end returns.

	30 September 2020		30 September 2019	
	Members	(%)	Members	(%)
Record status matched	106,706	99.3	106,898	98.8
Missing new start data	223	0.2	403	0.4
Missing leaver data	536	0.5	837	0.8
Total	107,465	100	108,138	100

The combined error rate of **0.7%** is lower than at this point in 2019 when the rate was **1.9%**. A combined year-end target of **<1.5%** was agreed in the 2020/21 Business Plan. This target has now been achieved – earlier than in any previous year.

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.

Local Authority Employers	Target	Actual	Last Quarter
	(%)	(%)	(%)
Contributions received by SPFO by due date	100	100	100

There were no late payments from Local Authority employers, and only a very small incidence from other employers.

4.3 Monthly Data Submissions

Employers are required to provide a monthly submission of new member details to SPFO. The table below summarises the performance of the local authorities during the quarter.

July	Aug	Sep	Total	Total Expected	Target	Achieved	Last Quarter
11	12	10	33	36	95%	92%	94%

5 Membership and Other Statistics

Some analysis of scheme membership, scheme employers and digital service delivery is included in Appendix 1.

6 Scheme Developments

6.1 McCloud

On 4th August, the Scottish Government issued proposals to amend the regulations governing 'transitional protection' in the Local Government Pension Scheme (LGPS). These amendments are required following a successful legal challenge to transitional protection arrangements in the firefighters' and judicial pension schemes (The McCloud and Sargeant judgements). The proposals were subject to consultation. SPFO contributed to a technical response to the consultation with other Scottish LGPS Funds. The

response was issued to Scottish Government on 7th November and is available on the Fund's website at www.spfo.org

6.2 Structure Review

The Scottish LGPS Scheme Advisory Board met during October and considered its next steps in its work on the future structure of the LGPS in Scotland. It is proposing to commission a piece of work to examine the business case for a number of options, and to compare them with the status quo. The options are fund merger, pooling, and increased fund co-operation. This is clearly a significant piece of work which may have implications for the future of LGPS administration in Scotland, and will need to be of high quality. It will need to examine both governance and finance. It is likely that the cost of procuring the expertise to undertake this work will go beyond the existing finances of the SAB, and the SAB will need to approach funds for additional financial support for this piece of work at some point.

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: Strathclyde Pension Fund aligns with the theme of a well governed city.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2017-22 Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

What are the potential equality impacts as a result of this report? No specific equalities impacts.

Please highlight if the policy/proposal will help address socio economic disadvantage. Not applicable.

Sustainability Impacts:

Environmental: No impact

Social, including opportunities under No impact

Article 20 of the
European Public
Procurement
Directive:

Economic: No impact

**Privacy and Data
Protection impacts:** None

8 Recommendation

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

Appendices

Appendix 1

Membership and Other Statistics

Membership

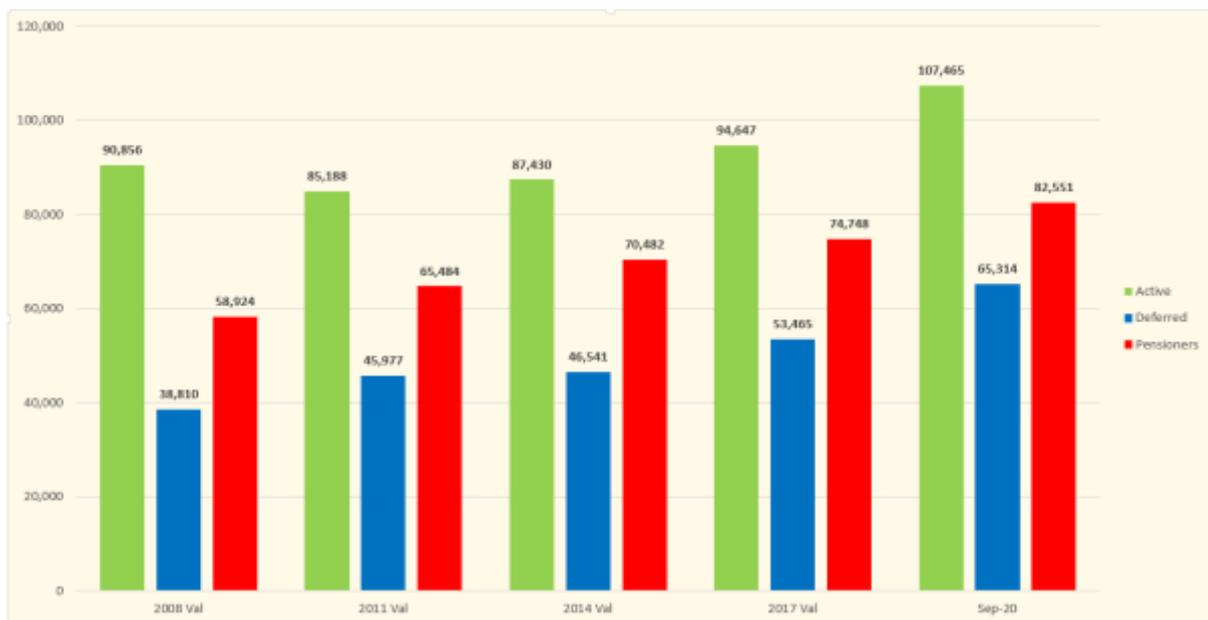
Local Government Pension Scheme (LGPS)

The following table summarises the movement in scheme membership during the quarter to 30th September 2020.

MEMBERSHIP ANALYSIS Strathclyde Pension Fund				
STATUS	TOTAL at 01 July 2020	TOTAL OFF	TOTAL ON	TOTAL at 30 Sep 2020
Active	107,988	1,586	1,063	107,465
Deferred / Undecided Leavers	65,242	893	965	65,314
Pensioners	82,021	393	923	82,551
TOTAL	255,251	2,872	2,951	255,330

The chart below shows movement in membership since the 2008 actuarial valuation.

Membership Analysis at 30th September 2020



Teachers Compensation

In addition to its statutory function of administering the Local Government Pension Scheme, SPFO also acts as a payroll agent for compensatory added years' payments to 8,672 members of the Scottish teachers' superannuation scheme.

Participating Employers

The table below shows the number of employers participating in the Fund.

Total employers at 30th June 2020	168
New employers	1
Exiting employers	2
Total employers at 30th Sept 2020	167

Employers include the 12 Local Authorities in the west of Scotland, whose employees constitute around 80% of the active membership.

One new employer, **Churchill Security Services**, commenced participation in the Fund during July. The Scottish Police Authority has provided a guarantee and is a party to the admission agreement.

Two employers left the Fund as at 30th September:

- All assets and liabilities for **Visit Scotland** were transferred to Lothian Pension Fund as part of a consolidation exercise; and
- The **Volunteer Centre** as the result of the retiral of its last employee member

Digital Delivery

Digital capabilities have been critical to service delivery during the period of COVID-19 disruption.

i-Connect

i-Connect is an automated solution to the management of data transfer between scheme employers and SPFO. Employer use of *i-connect* as at end September is summarised as follows.

Measure	Actual	2020/21 Target	2019/20 Actual
Total extract returns	24	100%	23
Total online returns	85	100%	75

SPFOnline

SPFOnline is a portal which allows members to view and amend their pension records and carry out illustrative pension calculations.

Customer Engagement	Actual	2020/21 Target	2019/20 Actual
Total signed up for <i>SPFOnline</i>	89,675	84,000	83,659
Weekly visits to: www.spfo.org.uk	8,250	7,700	7,259