



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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

Item 9

1st March 2023

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and to present a summary of performance to 31st December 2022.

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 December was 82 (FTE 76.7). Workplan baseline is 105.

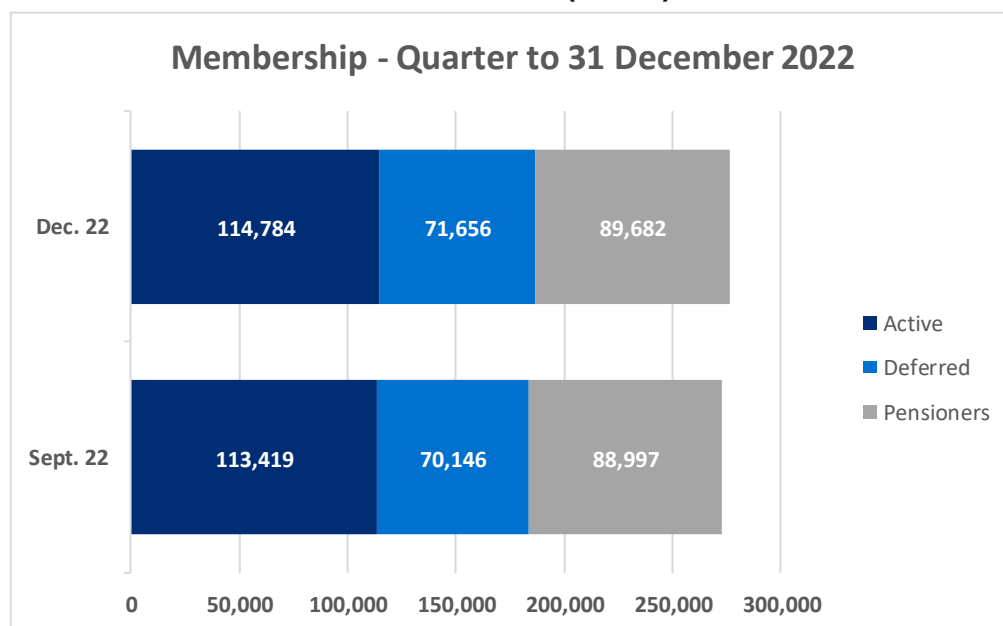
Implementation of a revised structure is almost complete, though some vacancies remain: 18 posts were filled during 2022 and recruitment for a further 10 pensions officers is currently ongoing.

SPFO is continuing with a hybrid working pilot. 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 272,562 to 276,122 over the quarter. All categories increased.

Main changes contributing to the net increase of 3,560 were:

- **7,131** new starts (*4,831 in the same quarter 2021*)
- **690** retirements (*765 in the same quarter 2021*).
- **410** refunds (*676 in the same quarter 2021*).
- **1,546** deferred (*1,827 in the same quarter 2021*).
- **787** deaths (*754 in the same quarter 2021*).

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 **38,000** processes were completed in the quarter to 31st Dec 2022 (previous 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%	95.7%	97.4%
Retirement lump sums paid on retirement date	95%	91.4%	92%

3.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target Days	%	Actual %	Deadline	Actual %
New Starts	7,131	15	95.0	87.2	1 month	100
Refunds	410	7	90.0	100	n/a	n/a
Deferred	1,546	10	90.0	85.4	2 months	92.6
Retiral Estimates	492	20	80.0	87.4	2 months	99.2

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	410	690
Responses	40	223
Response rate (%)	9.8	32.3
Satisfaction Rating (%)	87	91.4
Target	80.0	90.0
2021/22 full year (%)	86.3	90.0

The revised survey format and process which was introduced towards the end of last quarter has resulted in a marked increase in response and satisfaction ratings. Both have now returned to meaningful levels.

3.4 Complaints

Category	No.	Days to Respond		Achieved (%)	Upheld (%)
		Target	Actual (Average)		
Waiting Times – Correspondence	2	5	5	50	100
*Other	3	5	2.3	100	100

The total of 5 complaints showed a decrease from last quarter (12).

The other complaints included 2 members who were not happy about their pension being taxed, and one case where a transfer out quote was not issued as the member was within one year of normal pension age.

3.5 Performance Commentary

Performance over the quarter was generally good. In particular:

- 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, though a slight delay was experienced with deferred notifications and new starts;
- customer satisfaction levels were generally high; and
- 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 1st Oct 2022	157
New employers	0
Exiting employers	2
Total employers at 30th Dec 2022	155

There were two employer exits this quarter.

Employer	Exit Date	Status
Highlands and Island Enterprise	30 th Oct 2022	All members transferred to Highland Council Pension Fund as part of employer consolidation exercise.
ANCHO	31 st Dec 2022	Managed exit. Exit credit agreed and paid.

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	<i>100</i>

4.3 Employer *i-Connect* Submissions

All employers were live on the data portal, *i-Connect*, by 31st March 2022. 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 local authority employers.

Local Authority Employers i-connect submissions							
Oct	Nov	Dec	Total	Total Expected	Target	Achieved	Last Quarter
8	8	8	24	36	100%	67%	56%

For many employers this is still a new way of submitting member data. SPFO has been working closely with employers to establish the reasons for the late submissions. Some improvement has been made this quarter. SPFO will continue to work closely with employers to ensure that the data being submitted is of an acceptable quality and submitted by the due date.

4.4 Data Completeness

Incidence of missing records as at 31st December is summarised in the table below.

	31 December 2022		31 December 2021	
	Members	(%)	Members	(%)
Record status matched	114,003	99.3	110,418	99.6
Missing new start data	5	0.01	89	0.1
Missing leaver data	776	0.69	394	0.3
Total	114,784	100	110,901	100

Data cleansing for onboarding of employers to *i-Connect* resulted in an increase in legacy missing leaver data. Some progress has been made in the quarter with missing new starts, SPFO continues to engage with employers to clear the missing leavers. The combined error rate is **0.7%**. A combined year-end target of **<0.5%** was agreed in the 2022/23 Business Plan. This should be achieved.

5 Digital Communications

Improving and increasing SPFO's digital delivery is a key priority. Digital uptake as at 31st December 2022 is summarised as follows.

Customer Engagement	2022/23		2021/22
	Actual	Target	Actual
Total signed up for SPFOonline	122,293	118,000	108,955
Weekly visits to: www.spfo.org.uk	7,507	7,400	7,333

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. Recent examples include:

- SPF's annual newsletter, Pension News was issued to more than **80,000** pensioners. **44%** were delivered by email notification/SPFOnline; only **11%** were hard copy; and the remaining **45%** were issued by letter with an activation key to sign up to SPFOnline.
- Life Certificates were issued to **932** overseas pensioners to verify their existence. **63%** were issued by email and **37%** were issued a letter with and activation key to sign up to SPFOnline to access the certificate. There was also an option to upload the signed certificate online.

6 Scheme Developments

6.1 McCloud Remedy

Treasury Directions made in December will allow Scottish Government to consult stakeholders ahead of making the necessary regulations to remedy cases of discrimination which arose when the CARE scheme was introduced in 2015. SPFO should then be able to proceed with implementing remediation. It is still expected that this will be a lot of work with much less real impact.

6.2 CARE Revaluation Date

It seems likely that the date that revaluation is applied to CARE pensions will move from 1 April to 6 April each year with effect from April 2023. This will require a system update and some amendment of administration routines, but will remedy a current misalignment between the rates of CPI used in benefits revaluation and in calculation of the Pensions Input Amount for tax purposes

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.

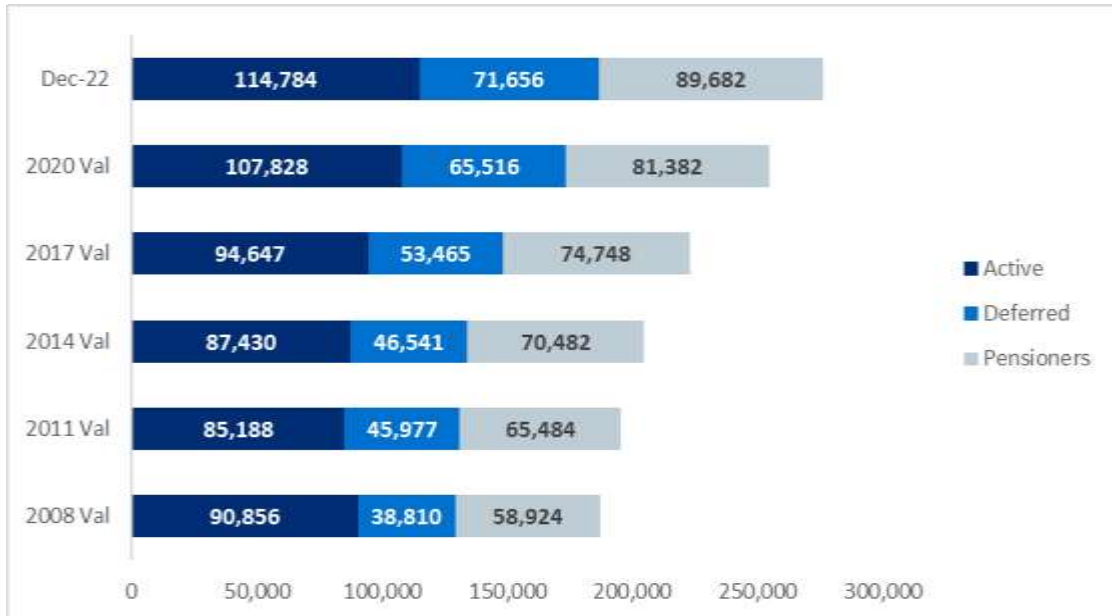
Appendices

Appendix 1 Membership – Additional Analysis

Membership – Additional Analysis

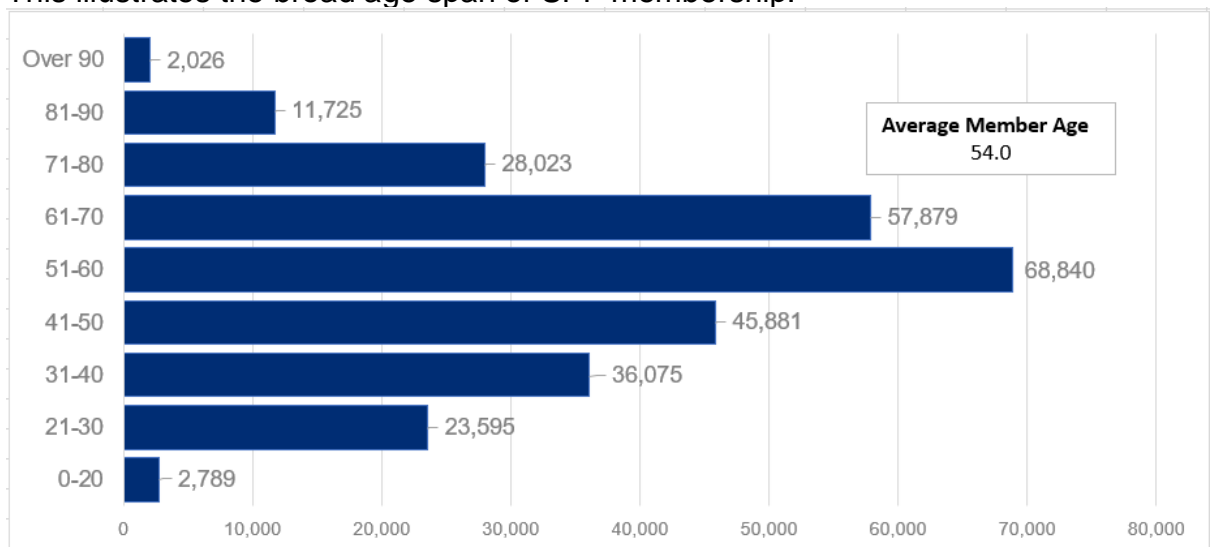
Longer-Term Trends

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

