



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 8

24th November 2021

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and present a summary of performance to 30th September 2021.

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

Throughout the period of COVID-19 disruption, SPFO's service has been delivered through a rotating combination of:

- a small number of office-based staff; and
- a majority of staff working from home.

From 18th October, SPFO has commenced a hybrid working pilot. This will see all staff attend the office at least one day a week, working from home for the remainder. This model will be in place at least until the new year when it will be re-assessed and some further return to the office is anticipated.

2 SPFO Performance

Performance for the quarter to 30th September 2021 is summarised as follows.

2.1 Payments

SPFO Payments			
	SPFO target	Achieved	Last quarter
Pensions payroll run on time	100%	100%	100%
New retirals processed for due payroll date	95%	97.7%	97.2%
Retirement lump sums paid on retirement date	95%	93.2%	97.2%

765 retirals were processed during the quarter (501 in the same quarter 2020).

2.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target		Actual	Deadline	Actual
		Days	%	%		%
New Starts	4,324	15	95.0	92.1	1 month	100
Refunds	430	7	90.0	93.0	n/a	n/a
Deferred	1,639	10	90.0	91.0	2 months	94.9
Retiral Estimates	701	20	80.0	92.9	2 months	99.9

2.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	430	765
Responses	182	66
Response rate (%)	42.3	8.6
Satisfaction Rating (%)	87.9	90.6
Target	80.0	90.0
2020/21 full year (%)	85.3	90.8

2.4 Complaints

Category	Volume	Days to Respond		Achieved (%)
		Target	Actual (Average)	
IT System Fault	1	5	1	100%
Process Delay	1	5	6	0%
Quality Of Information	3	5	7.3	0%

2.5 Performance Commentary

Performance over the quarter was generally very 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;
- priority transactions have been processed in line with or above target;
- significant improvement has been made this quarter with deferred member notifications;
- annual benefit statements – 104,672 statements were issued, representing **99.9%** of active members (*99.8% in 2020*) by the statutory deadline of 31st August. New start data was required from employers for the remaining **109** active members, and statements will be issued to them in early December;
- customer satisfaction was high and very few complaints were received;
- there were no material breaches of regulations requiring to be reported to the Pensions Regulator.

3 Employer Performance

Employer Performance for the quarter to 30th September 2021 is summarised as follows.

3.1 Errors From Year End Returns

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

	30 September 2021		30 September 2020	
	Members	(%)	Members	(%)
Record status matched	109,579	99.5	106,706	99.3
Missing new start data	93	0.1	223	0.2
Missing leaver data	413	0.4	536	0.5
Total	110,085	100	107,465	100

The combined error rate of **0.5%** is lower than at this point in 2020 when the rate was **0.7%**. A combined year-end target of **<1%** was agreed in the 2021/22 Business Plan. This target has now been achieved – earlier than in any previous year.

3.2 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.

3.3 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.

Apr	May	Jun	Total	Total Expected	Target	Achieved	Last Quarter
11	10	10	31	36	95%	86%	94%

One employer had staff shortages throughout the quarter and another experienced some technical issues with file submissions.

4 Issues with AVCs (Additional Voluntary Contributions)

As previously reported, the Fund's AVC provider Prudential has experienced significant technical issues following a large-scale system upgrade in November 2020. This has resulted in a backlog of work in:

- getting employer payments allocated to individual AVC member records; and
- disinvesting AVCs when members retire.

SPFO has continued to engage with the company to get the matter resolved. Progress has been seen this quarter in terms of:

- improved turnaround times for disinvestments and
- significantly improved channels of communication.

Issues remain with allocating some employer contributions. This is mainly as a result of the change to the specification for the file submission. SPF, Prudential and employers are working together to resolve these.

SPFO has commissioned Hymans Robertson to carry out a review of the current issues and provide an overview of other market providers – largely as a precautionary measure. Preliminary findings will initially be considered by the Investment Advisory Panel during November. .

4 Membership and Other Statistics

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

5 Scheme Developments

On 1st November, Scottish ministers issued the draft Local Government Pension Scheme (Scotland) (Amendment) Regulations 2021 for consultation with stakeholders. The consultation runs till 7th January 2022. The proposed amendments:

- allow deferred members of earlier schemes to elect for early payment of their benefits between age 55 and 60 without needing their former employer's consent;
- clarify the calculation of the Underpin – the transitional protection introduced in 2015 - to follow the original policy intent;
- make changes to survivor benefits to remove discriminatory provisions as a result of the Walker & Goodwin Judgements;
- add further flexibilities for Fund Authorities when dealing with their employers; and
- make a change to the Cost Cap figure for Scotland to remedy an error identified by the Government Actuary's Department.

SPFO will contribute to a technical response on the draft.

The consultation documents are available at:

<https://pensions.gov.scot/local-government/scheme-governance-and-legislation/consultations>

6 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 Not applicable.

disadvantage.

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: None

7 Recommendation

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

Appendices

Appendix 1

Membership and Other Statistics

Membership and Other Statistics

Membership

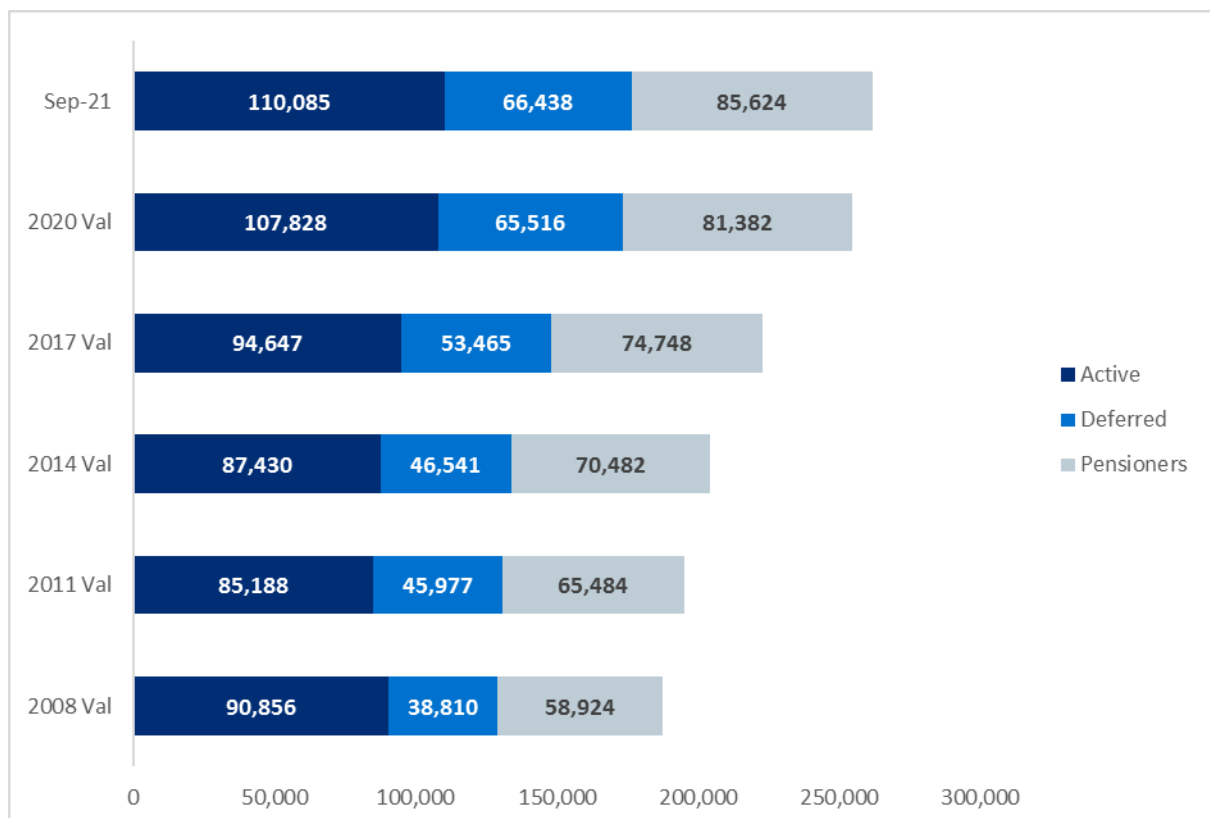
Local Government Pension Scheme (LGPS)

The following table summarises the movement in scheme membership during the quarter to 30th September 2021.

MEMBERSHIP ANALYSIS Strathclyde Pension Fund				
Status	Total at 30 June 2021	Total Off	Total On	Total at 30 Sept 2021
Active	110,408	2,468	2,145	110,085
Deferred / Undecided Leavers	66,032	1,315	1,721	66,438
Pensioners	84,884	381	1,121	85,624
Total	261,324	4,164	4,987	262,147

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

Membership Analysis at 30th September 2021



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 8,490 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 Jun 2021	161
New employers	0
Exiting employers	1
Total employers at 30th Sept 2021	160

Employer	Exit Date	Status
City Parking	1 st August 2021	Exit agreement concluded. No exit payment due. Employer has absorbed back into Glasgow City Council. GCC will assume responsibility for all liabilities relating to City Parking.

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

Digital Delivery

Digital capabilities were critical to service delivery during the period of COVID-19 disruption and continue to be a development priority.

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 June is summarised as follows.

Measure	2021/22		2020/21
	Actual	Target	Actual
Total extract returns	31	100%	23
Total online returns	96	100%	86

Deadline for all employers to adopt i-Connect is 31st December 2021. This will not be achieved, but good progress continues to be made in terms of test files and data cleansing going on in the background but not yet captured in the numbers above. One current barrier is failure to adapt by one payroll system provider used by multiple large employers. SPF still intends to refuse 2022 year-end files from employers which are not provided via i-Connect.

SPFOnline

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

Customer Engagement	2021/22		2020/21
	Actual	Target	Actual
Total signed up for SPFOnline	98,906	96,000	91,296
Weekly visits to: www.spfo.org.uk	8,242	7,500	7,458