



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 10

2<sup>nd</sup> March 2022

### Administration Update

#### Purpose of Report:

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

#### **PLEASE NOTE THE FOLLOWING:**

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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.

In October, this was formalized into a hybrid working pilot with all staff attending the office at least one day a week and working from home the remainder. The pilot was paused in December in response to emergence of the Omicron variant, then resumed in February. It will be re-assessed in March and some further return to the office is anticipated.

## 2 SPFO Performance

Performance for the quarter to 31st December 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%	98.5%	97.7%
Retirement lump sums paid on retirement date	95%	98%	93.2%

765 retirals were processed during the quarter (556 in the same quarter 2021).

### 2.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target		Actual	Deadline	Actual
		Days	%	%		%
New Starts	4,831	15	95.0	100	1 month	100
Refunds	676	7	90.0	97.0	n/a	n/a
Deferred	1,827	10	90.0	90.8	2 months	95.8
Retiral Estimates	543	20	80.0	94.5	2 months	99.8

### 2.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	676	765
Responses	120	52
Response rate (%)	17.8	6.8
Satisfaction Rating (%)	87.0	88.8
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)	
Other – Transfer out query	1	5	12	0%
Procedure	1	5	1	100%
Process Delay	2	5	5	100%
Waiting Times - Correspondence	1	5	6	0%
Quality of Information	1	5	5	100%
Other – Stage 2 transfer out query	1	20	13	100%
Quality of Information – Stage 2	1	20	17	100%

## 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;
- processing target was achieved in all transaction categories;
- improvement continued with deferred member notifications;
- customer satisfaction was high and 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 31st December 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.

	31 December 2021		31 December 2020	
	Members	(%)	Members	(%)
<b>Record status matched</b>	<b>110,418</b>	<b>99.6</b>	<b>108,197</b>	<b>99.5</b>
Missing new start data	89	0.1	152	0.1
Missing leaver data	394	0.3	388	0.4
<b>Total</b>	<b>110,901</b>	<b>100</b>	<b>108,737</b>	<b>100</b>

The combined error rate of **0.4%** is lower than at this point in 2021 when the rate was **0.5%**. 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 19<sup>th</sup> 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
12	12	12	36	36	95%	100%	86%

## 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 1<sup>st</sup> November, Scottish ministers issued the draft Local Government Pension Scheme (Scotland) (Amendment) Regulations 2021 for consultation with stakeholders. 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.

The consultation documents are available at:

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

The consultation closed on 21<sup>st</sup> January 2022.  
SPF contributed to a technical response with other Scottish LGPS funds.  
This response was issued to Scottish Government on 21<sup>st</sup> January and is available on the Fund's website at [www.spfo.org](http://www.spfo.org)

SPF also submitted a separate response on the further flexibilities for Fund Authorities. This is also available on the website.

## 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 disadvantage.* Not applicable.

### 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* N/A.

*Glasgow's net zero  
carbon target?*

**Privacy and Data**                      None  
**Protection impacts:**

**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

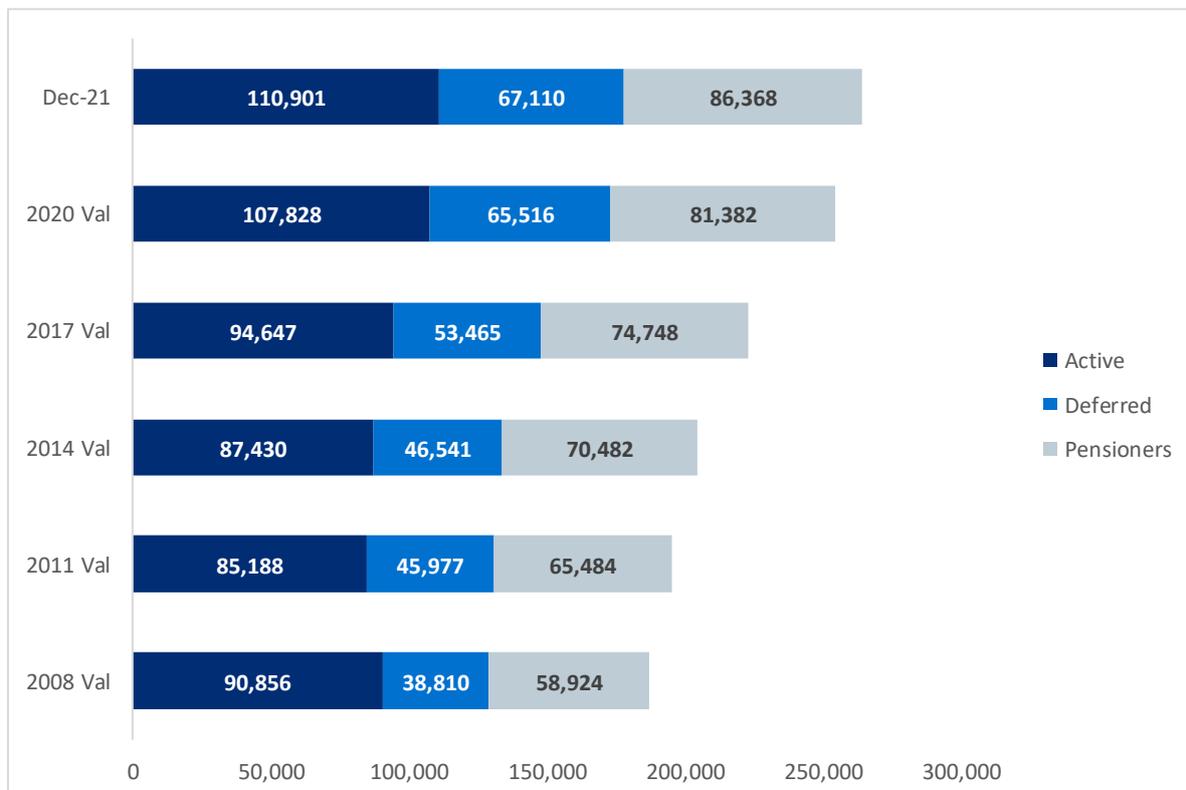
#### Local Government Pension Scheme (LGPS)

The following table summarises the movement in scheme membership during the quarter to 31st December 2021.

<b>MEMBERSHIP ANALYSIS Strathclyde Pension Fund</b>				
<b>Status</b>	<b>Total at 1 Oct 2021</b>	<b>Total Off</b>	<b>Total On</b>	<b>Total at 31 Dec 2021</b>
<b>Active</b>	111,123	2,361	2,139	110,901
<b>Deferred / Undecided Leavers</b>	66,867	1,662	1,905	67,110
<b>Pensioners</b>	85,750	349	967	86,368
<b>Total</b>	<b>263,740</b>	<b>4,372</b>	<b>5,011</b>	<b>264,379</b>

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

#### Membership Analysis at 31<sup>st</sup> December 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 8,430 members of the Scottish teachers' superannuation scheme.

## Participating Employers

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

<b>Total employers at 30th Sept 2021</b>	<b>160</b>
New employers	0
Exiting employers	1
<b>Total employers at 31st Dec 2021</b>	<b>159</b>

Employer	Exit Date	Status
East Dunbartonshire CAB	29/09/2021	Employer had significant funding surplus and a guarantee from East Dunbartonshire Council. Exit credit due to be paid on completion of exit agreement.

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 December is summarised as follows.

Measure	2021/22		2020/21
	Actual	Target	Actual
Total extract returns	45	100%	23
Total online returns	101	100%	86

Deadline for all employers to adopt i-Connect was 31<sup>st</sup> December 2021. This was not 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. SPF still intends to refuse 2022 year-end files from employers which are not provided via i-Connect.

## Websites

Spfo.org.uk is the main SPF website. SPFOonline 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 <a href="#">SPFOonline</a>	108,955	96,000	91,296
Weekly visits to: <a href="http://www.spfo.org.uk">www.spfo.org.uk</a>	7,227	7,500	7,458