



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 7

8th September 2021

### Administration Update

#### Purpose of Report:

To update the Committee on pensions administration activity and present a summary of performance to 30<sup>th</sup> June 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.

This hybrid approach will be maintained for the foreseeable future, but with a phased return of greater numbers of staff to the office starting from 1<sup>st</sup> October. The return plan will seek to balance individual preferences and circumstances with the needs of the business.

## 2 SPFO Performance

Performance for the quarter to 30th June 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%	97.2%	97.9%
Retirement lump sums paid on retirement date	95%	97.2%	97.2%

760 retirals were processed during the quarter (604 in the same quarter 2020).

### 2.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target		Actual	Deadline	Actual
		Days	%	%		%
New Starts	3,804	15	95.0	75.18	1 month	100
Refunds	314	7	90.0	86.64	n/a	n/a
Deferred	1,648	10	90.0	67.72	2 months	73
Retiral Estimates	540	20	80.0	96.5	2 months	99.1

### 2.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	314	760
Responses	99	71
Response rate (%)	31.5	9.3
Satisfaction Rating (%)	84.7	89.7
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)	
Waiting Time- Correspondence	1	5	1	100%
Process Delay	3	5	4	66%
Quality Of Information	2	5	3	100%
Other (Transfer info)	2	5	4	50%

## 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;
- other payments and transactions experienced some delays - particularly deferred member notifications where there has been a backlog; members over 55 or who have requested a transfer out are prioritized to minimize the impact of this;
- 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.

## 4 Employer Performance

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

### 4.1 Submission of Year-End Returns

The statutory deadline for year-end data returns is 30<sup>th</sup> June. One employer did not provide the required information within this timescale and was issued with a Statutory Breach Notice and late submission charges. This deadline is critical in allowing SPFO to issue Annual Benefit Statements to all 109,000 employee members by the statutory deadline of 31<sup>st</sup> August.

### 4.2 Errors From Year End Returns

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

	30 June 2021		30 June 2020	
	Members	(%)	Members	(%)
<b>Record status matched</b>	<b>108,965</b>	<b>99.4</b>	<b>106,898</b>	<b>98.8</b>
Missing new start data	139	0.1	403	0.4
Missing leaver data	498	0.5	837	0.8
<b>Total</b>	<b>109,602</b>	<b>100</b>	<b>108,138</b>	<b>100</b>

The total error rate of 0.6% is a significant improvement on last year and achieves the year-end target of <1%.

#### 4.3 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.

#### 4.4 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	10	12	34	36	95%	94%	96%

#### 5 Issues with AVCs (Additional Voluntary Contributions)

Following a large-scale system upgrade in November 2020, the Fund's AVC provider, Prudential, experienced some technical issues. 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 made a formal complaint to Prudential in January and has continued to engage with the company at a senior level. The matter, which affects Prudential clients nationwide, has also been reported to The Pensions Regulator and the Financial Conduct Authority. The issues are not yet fully resolved, but Prudential has a recovery plan in place and expects to have resumed normal delivery standards by Q4. SPFO will continue to press Prudential to ensure the matter is fully resolved

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. .

#### 6 Membership and Other Statistics

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

## 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.

### 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

## 8 Recommendation

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

**Appendices**  
**Appendix 1**

**Membership and Other Statistics**

## Membership and Other Statistics

### Membership

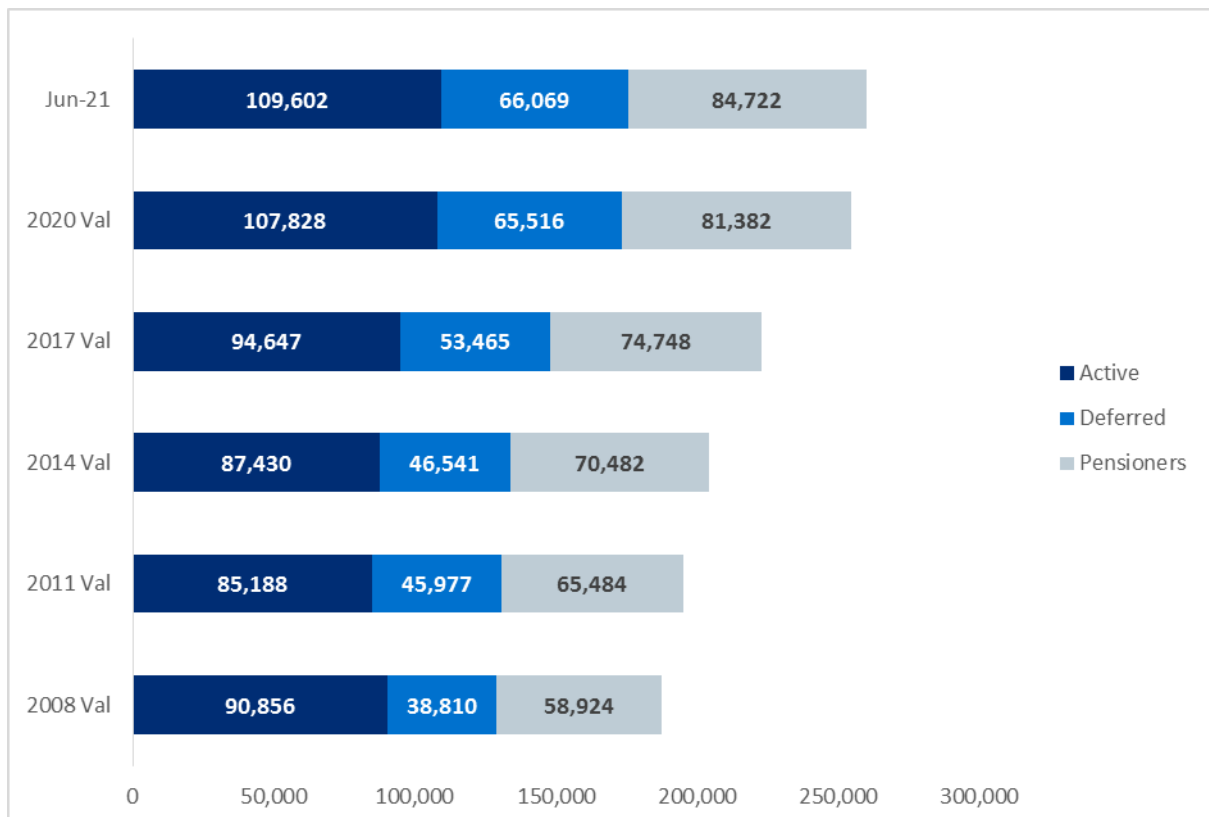
#### Local Government Pension Scheme (LGPS)

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

MEMBERSHIP ANALYSIS Strathclyde Pension Fund				
Status	Total at 01 April 2021	Total Off	Total On	Total at 30 June 2021
Active	109,479	2,180	2,303	109,602
Deferred / Undecided Leavers	65,653	1,161	1,577	66,069
Pensioners	84,017	382	1,087	84,722
<b>Total</b>	<b>259,149</b>	<b>3,723</b>	<b>4,976</b>	<b>260,393</b>

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

#### Membership Analysis at 30th June 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 8,532 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 31<sup>st</sup> Mar 2021</b>	<b>164</b>
New employers	0
Exiting employers	3
<b>Total employers at 30<sup>th</sup> Jun 2021</b>	<b>161</b>

Employer	Exit Date	Status
<b>Craigholme School</b>	31 <sup>st</sup> May 2021	Managed exit. Exit agreement concluded and small exit debt paid on exit.
<b>YSCA</b>	31 <sup>st</sup> May 2021	Managed exit. Exit agreement issued. Exit debt to be paid in instalments.
<b>Culture and Leisure NL Limited</b>	30 <sup>th</sup> April 2021	Managed exit. Employer wound up. Staff transferred back into North Lanarkshire Council (NLC). Exit agreement concluded. NLC will assume all assets and liabilities within the Fund. No exit payment required.

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

## 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 June is summarised as follows.

Measure	2021/22		2020/21
	Actual	Target	Actual
Total extract returns	30	100%	23
Total online returns	94	100%	86

## 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 <a href="#">SPFOnline</a>	93,667	96,000	91,296
Weekly visits to: <a href="http://www.spfo.org.uk">www.spfo.org.uk</a>	7,610	7,500	7,458