

# **SOUTH YORKSHIRE PENSIONS AUTHORITY**

## **LOCAL PENSION BOARD**

**4 October 2018**

### **ADMINISTRATION AND EMPLOYER PERFORMANCE**

#### **1) Purpose of the Report**

To update Members on administration issues for the period 1 April 2018 to 30 June 2018.

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#### **2) Recommendations**

**Members are recommended to consider the contents of the report with a view to commenting on performance and indicating any areas that they may wish to receive further information on in future reports.**

#### **3) Background Information**

3.1 Following discussions with the Chair and Vice Chair of the Local Pension Board, it was agreed that a report would be provided on a quarterly basis on the performance of the administration team as well as the level of engagement and compliance from employers. This is intended to provide Board members with a greater degree of transparency to contribute to an increased focus on administration issues (whether from SYPA or from employers) and will hopefully allow the Board to comment on any areas where further information or explanation may be required.

3.2 At this early stage, this report includes much of the detail provided to the Corporate Planning and Governance (CP&G) Board. The CP&G Board focuses on its audit function and, whilst this is also an important element of the Local Pension Board's work, the Local Board also has a unique representation of scheme member and employer interests and may be able to contribute to identifying any areas where SYPA should be focusing their efforts to improve administrative efficiency and customer service. As such, the theme of this quarterly administration report may evolve over time.

#### **4) Staff Changes**

4.1 There were no staff changes in the review period to report, though there have been issues with extended sickness absence which are referenced later in the report.

## 5) Administration Team Performance

5.1 Under the standard reporting protocol the casework performance of the Administration team for Quarter 1 was as follows:

Work Category	Number completed	In Time	Performance
Priority	1197	1036	86%
Non-Priority	11818	10292	87%
Overall	13015	11328	87%

5.2 This performance level of 87% overall compares favourably with the casework performance for the 2017-2018 year overall of **82%**.

5.3 The overall performance level of casework completed however does not provide a detailed picture of the type of work that is being completed and how successfully. For this reason, we have reviewed the casework areas covered by our Customer Charter and set out a summary of performance against these areas.

5.4 The table below shows the casework areas broken down by subject type according to our charter. Priority areas are deaths and retirements. For comparison purposes the equivalent figures for 2017-18 are also shown.

Case Type	Target Days	Numbers Completed	Numbers In Time	Q1 Performance	Performance 2017-18
<b>PRIORITY CASES</b>					
Formal Complaint	3	4	4	100%	89%
Pensioner Death	4	343	306	89%	81%
Deferred Pensioner Death	4	16	8	50%	34%
In Service Death	4	7	2	29%	22%
Retirements	5	822	711	87%	87%
<b>NON PRIORITY CASES</b>					
Divorce Proceedings	5	99	84	85%	71%
Transfer Out	5	112	80	71%	44%
General Enquiry	5	814	773	95%	91%
Transfer In	7	216	117	54%	40%
New Joiners	5	1585	1413	89%	89%
Early Leavers	See Below	1080	999	92%	87%
Preserved Benefits	20	881	602	68%	64%

Refund of Contributions	9	553	500	90%	91%
Re-employed Pensioner	7	1	1	100%	NA
<b>Overall</b>		<b>6904</b>	<b>5921</b>	<b>86%</b>	<b>83%</b>

- 5.5 **Priority Cases.** The table suggests that the processing of deaths stand out as a concern. Death cases can be particularly complex with a number of exchanges between the Administration team and the next of kin and in reality it is unsurprising that some have missed the target day of 4 days (within the administration team) for the complete process.
- 5.6 Despite that, targeted action has been taken to create a priority work queue under the control of the Performance Manager who is proactively monitoring and reallocating these cases on an individual basis to the staff available and qualified to process this senior level of case work.
- 5.7 Since the introduction of this control, performance on deaths has shown a significant improvement and currently stands at 94%. The 5 'in service' death cases that were completed outside of the target days in Quarter 1 are cases that had been commenced prior to the introduction of the new control.
- 5.8 In addition to this, the Head of Pensions Administration is currently reviewing and implementing an updated administration process for death cases to ensure that the cases are being handled in the most effective manner.
- 5.9 **Non Priority cases.** Members will note that the target days for completion for a number of lower priority cases appear particularly stringent and it is likely that working to these targets may not be the most appropriate allocation of resource time during a period when priority cases are not at 100% achievement.
- 5.10 The administration team intend to consult with a selection of scheme members to assess whether the target days set out in the Customer Charter are relevant and whether members would prefer focus in other areas. The results of the consultation will be shared with the Board.

## 6) **Outstanding work**

- 6.1 The table below of 'outstanding work' was presented as part of the Q4 report for 2017/18.

Work Outstanding at 31 March 2018

Active Cases	Pending	Awaiting Software Updates	Total
3919	6125	5395	15439

Key

Active Cases	Able to be processed
Pending	Case is in progress but awaiting further information – usually from scheme member or employer
Awaiting Software Update	Purposely on hold awaiting a software development to be released in September 2018 that will permit efficient processing

6.2 In preparation for the release of the software development referred to above, a number of ‘on hold’ cases have had their status updated ready for use of the introduction of the automated tool in September 2018. The impact of this is that an accurate update to the table above is not possible as at the end of quarter 1.

6.3 One advantage of the new software tool is that it will be possible to measure the number of outstanding “aggregation” cases which make up the vast majority of basis flagged as “awaiting software update”. A dedicated project team has been set up from 1 October 2018 specifically to work on the backlog of aggregation cases now that the automated tool is in place and progress on resolving these cases will be included as part of the quarterly update.

7) **Employer Performance against their SLAs**

7.1 As Members are aware employers are required to meet the following target standards for the submission of casework related information:

- New Starter (56 days)
- Early Leaver (56 days)
- Retirement with immediate entitlement to benefits (28 days)
- Death in Service (14 days)

However, since the introduction of Monthly Data Collection (MDC) from 1 April 2018 the requirement to submit documentation for the first two categories (New Starters and Early Leavers) has been removed, at least in part. This is because these are identified automatically as part of the MDC processing.

7.2 The table below therefore reflects only the performance of the four District Councils and remaining employers in respect of retirement notifications.

Employer	Cases	Pass	Fail	Performance
Barnsley MBC	22	22	0	<b>100%</b>
Doncaster MBC	33	29	4	<b>88%</b>
Rotherham MBC	26	24	2	<b>92%</b>
Sheffield CC	63	50	13	<b>79%</b>
<b>Councils Total</b>	<b>144</b>	<b>125</b>	<b>19</b>	<b>87%</b>
Other Employers	98	71	27	<b>72%</b>
<b>All Employers Total</b>	<b>242</b>	<b>196</b>	<b>46</b>	<b>81%</b>

- 7.3 **Monthly Data Collection (MDC).** Members may be aware that MDC was introduced from 1 April 2018 to improve the overall efficiency of the administration of the LGPS at SYPA – both for employers and for the administration team. Over time this will be a considerable benefit to scheme members who will have up to date pensions information held on their online records at any point in time.
- 7.4 Under MDC all employers are required to submit monthly returns by the 19<sup>th</sup> of the month following the pay period. At the time of producing the previous report for CP&G Board, monthly returns should have been received for April and May 2018.
- 7.5 The tables below show the number of returns received at that time, summarised according to whether the monthly return was submitted by an in-house team or an outsourced payroll provider.

Apr-18	Number of returns expected	Returns received	Outstanding	% Success Rate
Employers using external payroll providers	367	325	42	88%
Employers with single use/in house system	102	102	0	100%
Total Active Employers in SYPA Fund	469	427	42	91%

May-18	Number of returns expected	Returns received	Outstanding	% Success Rate
Employers using external payroll providers	370	327	43	88%
Employers with single use/in house system	102	102	0	100%
Total Active Employers in SYPA Fund	472	429	42	91%

- 7.6 Members will note that the submission rate for this new MDC process has generally been high with strong engagement from employers. Of the 42/43 returns previously outstanding for each of the first two months, 40 of these were attributable to employers who use Capita payroll services – Sheffield academies and other Sheffield employers.
- 7.7 The poor performance of Capita in respect of MDC and other ongoing areas of administration was escalated to Capita senior management. A separate report was also prepared for Sheffield City Council elected members and a recovery plan has been put in place with Capita which is producing beneficial results. The MDC files for employers using the Capita payroll have now been brought up to date.

7.8 At the time of producing this report, all employers in the fund had successfully provided monthly data reports for April, May and June (with the vast majority also submitting returns for July and August).

## 8. Staffing issues impacting on work and performance

8.1 Sickness absence statistics for the reporting period are shown in the table below. The previous quarter's figures are shown for comparison purposes in the second table.

### 1<sup>st</sup> April 2018 – 30<sup>th</sup> June 2018

Period	Certified	Uncertified	Overall
April	2.8%	1.1%	4.0%
May	4.2%	0.4%	4.6%
June	3.4%	1.0%	4.3%
Total	3.5%	0.8%	4.3%

### 1<sup>st</sup> January 2018 – 31<sup>st</sup> March 2018

Period	Certified	Uncertified	Overall
January	1.6%	1.5%	3.2%
February	1.1%	1.9%	3.0%
March	1.5%	1.0%	2.4%
Total	1.4%	1.5%	2.9%

8.2 There has been a significant increase in sickness absence from the previous quarter but this was predicted since four members of staff were off on long-term sickness absence for non work related conditions during the period in question.

8.3 Of the four long-term absences, three have now returned to work either on a phased or full basis following active management in conjunction with occupational health where appropriate. Unfortunately, at the time of producing this report, two further staff are now absent on long term sickness for non related conditions. This is continuing to have an impact on performance overall.

## 9. Implications

- **Financial** - potential financial penalties for employers failing certain service standards under the Authority's Pensions Administration Strategy.
- **Legal** - None
- **Diversity** - None
- **Risk** - Poor performance from employers increases the likelihood of a poorer service to members from the Administration team which in turn increases the potential for complaints and risk to reputation

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**Background papers** used in the preparation of this report are available for inspection from the offices of South Yorkshire Pensions Authority