

Subject	Quarterly Administration Update	Status	For Publication
Report to	Local Pension Board	Date	13 February 2020
Report of	Head of Pensions Administration		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To update Members on administration performance and issues for the period from 1 October 2019 to 31 December 2019.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Comment on the content of the revised administration update and indicate any areas where they would like to receive further detail.**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Customer Focus

To design our services around the needs of our customers (whether scheme members or employers). The report includes reference to feedback from our customers as to their experience of the retirement process

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision making processes. The report includes feedback from employers on the consultation for a proposal to move to direct debit collection of contributions and the update to the administration strategy.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times. The report includes detail on the overall administration performance to ensure Members are able to scrutinise the service being provided to our customers.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report do not have implications for the Corporate Risk Register.

5 Background and Options

- 5.1 This report seeks to make Board Members aware of the main areas of administration performance and any topical issues relevant to the reporting period(s) in question. To ensure that Members have access to the latest available data, this report includes data for the quarter just completed.
- 5.2 Members will note that the content of this administration update has been updated this year to include information not provided previously. This is intended to provide Members with a wider view of the issues the administration service is handling and we continue to welcome feedback on any subject areas where Members feel additional reporting would be beneficial.

Staffing Issues

- 5.3 The following table is a summary of joiners and departures for the administration service during the last quarter. There were six departures during the period and one new appointment to cover maternity leave. In terms of the retirements at team leader level, these were planned and the vacancies have been filled internally following the completion of the Pensions Administration restructure that was reported to Members at the October 2019 meeting.

Starters	Comments
Payroll Officer	12 month fixed term contract to cover maternity leave.
Leavers	
Benefits Team Manager	Voluntary retirement. New team leader post filled through service restructure.
Benefits Team Manager (PT)	Voluntary redundancy. New team leader post filled through service restructure.
Payroll Manager	Employer consent retirement. Post vacant pending restructure.
Payroll Officer (PT)	Voluntary retirement. Post vacant pending restructure.
Pensions Officer (PT)	Voluntary retirement. Post being filled through recruitment.
Communications Officer.	Voluntary retirement. Post being filled through recruitment.

- 5.4 Members will note that there were two leavers from the payroll team (and a third staff member has resigned in January 2020). In the light of the departures, the newly established Customer Centre and the Benefits team have taken responsibility for the handling of pensioner queries and a number of transactions traditionally handled by the payroll team to ensure the reduced payroll team has sufficient capacity to focus on the payroll running function, supported by the Finance and Corporate Services team from 1 January 2020. The formal review of the payroll function is scheduled to take

place as part of the wider Finance and Corporate Services restructure planned for Summer 2020.

5.5 As mentioned above, the Pensions Administration restructure is now complete and there were 12 FTE vacancies in total which are now being externally recruited.

5.6 In terms of sickness absence, the table below shows the annualised absence levels for the quarter and the two previous full years for reference. Unfortunately, sickness absence for Quarter 3 was much higher than average. The short-term absence is likely to be a symptom of seasonal infections but is being monitored by the Senior Management Team to ensure there were no underlying causes.

5.7 The long-term absence during the quarter represents four members of staff with unrelated conditions. Of these, one has since resigned and one has returned to work. The remaining two are being actively managed in line with SYPA's existing absence policies.

Average Days per FTE	Q3 2019-20 Annualised	YTD 2019-20 Annualised	2018/19	2017/18
Short-Term	3.76	3.09	2.53	3.7
Long-Term	7.12	5.87	11.23	3.22
Total	10.88	8.56	13.76	6.92

Case Work Performance

5.8 Under the standard reporting protocol, the case work performance of the administration teams for the last quarter is shown below. Previous year figures are shown for comparison.

Category	Volumes		Performance			
	Q3 2019-20	YTD 2019-20	Q3 2019-20	YTD 2019-20	Total 2018-19	Total 2017-18
Priority	1,241	3,934	90%	90%	91%	83%
Non-Priority	12,431	44,515	70%	72%	83%	83%
Overall	13,672	48,449	72%	74%	83%	83%

5.9 It is clear that overall performance has dipped during the current financial year, although the completion of priority work (retirement and death cases) has remained consistently around 90%. As reported previously, the administration service was operating with a number of vacancies across the teams pending the restructure of the service and this has inevitably had an impact on the delivery of the service. Now that the new structure has been completed, it is anticipated that the junior vacant roles at least will be filled during Quarter Four. A combination of the recruitment to vacant posts together with the application of improved automation should lead to an improvement in case work performance from Quarter One of the new financial year.

5.10 The table below provides a summary of performance against the main subject areas. Performance levels have increased from Quarter Two in a number of non-priority areas but volumes of deferred benefits processed has dropped. The calculation of deferred benefits is one of the first areas entry level staff will learn so it is planned that this area will be prioritised once the new staff join

Case Type	Target Days	Q3 19-20 Volume	Q3 19-20 % on time	Q2 19-20 Volume	Q2 19-20 % on time	Q1 19-20 Volume	Q1 19-20 % on time	Comment
Priority								
Retirements	5	850	92%	957	93%	922	95%	
Deaths	4	382	88%	355	78%	441	80%	
Non Priority								
New Joiners	5	1827	82%	1457	88%	1966	91%	
Deferreds	20	824	59%	1135	58%	1238	49%	See 5.10
Refunds	9	493	84%	420	71%	131	75%	
Transfers In	7	498	62%	503	29%	92	15%	
Transfers Out	5	400	54%	575	38%	55	29%	
Divorce	5	85	85%	84	58%	74	66%	
General enquiries	5	510	94%	510	91%	626	94%	
Estimates	5	1333	64%	1282	77%	408	91%	
Aggregations	20	1737	42%	1267	19%	2072	34%	

- 5.11 At the October 2019 meeting, members of the Board were provided with a summary of cases outstanding at the end of Quarter 2. The table below updates this for Q3. There are three key areas (highlighted) which will be the focus of additional attention once the new staff have been appointed – namely deferred benefits, transfers in and aggregations. We will map the progress of the volumes outstanding to provide assurance to the Board that these areas are being addressed.

Case Type	Volumes of cases pending (awaiting external parties)	Volumes of cases to be processed/in processing End Q3	Volumes of cases to be processed/in processing End Q2
Priority			
Retirements	187	41	82
Deaths	166	36	35
Non Priority			
New Joiners	14	206	68
Deferreds	3768	759	1023
Refunds	244	190	214
Transfers In	211	415	573
Transfers Out	167	78	92
Divorce	25	11	10
General enquiries	68	37	65
Estimates	871	165	307
Aggregations	533	2622	1682*
			*understated

- 5.12 It is acknowledged that the Board also requested some additional information about reporting performance against statutory disclosure requirements. The time limits for statutory disclosures are less rigid but they measure different time scales to those historically measured by SYPA. Performance targets have focused on time taken once

SYPA is in a position to process the case whereas the statutory disclosure requirements often focus on measuring time taken to provide information to members since an event occurred i.e. in the case of leavers, the time taken from the date the member left the scheme. SYPA are currently testing some additional reporting which will provide this level of detail and we expect to have this data available to share for Quarter 4.

Employer Performance

- 5.13 Members will be aware that employers now submit individual data on a monthly basis and we previously reported that commitment from employers to the monthly data collection process has been good. The tables below show the recent performance, though most of the outstanding returns have also now been submitted.

Sept 2019 (due Oct)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	498	489	9	98%

Oct 2019 (due Nov)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	506	497	9	98%

Nov 2019 (due Dec)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	507	503	4	99%

- 5.14 Members also requested sight of employer performance on the payment of contributions. The table below shows late contribution payments in respect of receipts in November and December. As advised previously, for the vast majority of cases the amounts paid late are relatively small, often relating to one element of the contributions due, such as an adjustment or an amount in respect of lump sum deficit payments.

Total Number of Payments Made Late - October and November 2019				
Employer Size - Number of Active Members	1 Month or Less	1 to 2 Months	2 to 3 Months	3 to 6 Months
[0 to 50]	35	14	5	1
[50 to 100]	5	3	2	0
[100 to 260]	2	0	0	0
[1,000 to 2,000]	0	0	0	0
[4,000 to 5,000]	1	1	1	1
Total	43	18	8	2

- 5.15 There were two instances (shown below) where late payment has been charged to employers. These are both isolated incidents and are not indicative of any persistent issues.

	Number of Active Members	Total Interest Charged	Details
Barnsley MBC	50 members missed	£636.88	One pay area missed for May to Oct 2019 - a total of £128,520 - due 19/06/2019 to 19/11/2019, paid on 16/12/2019.
Sheffield City Region Combined Authority	81	£56.37	Contributions due for October - a total of £58,788.67 - due 19/11/2019, paid 09/12/2019

Scheme Member Engagement – Customer Satisfaction

- 5.16 The Authority is keen to improve engagement with our scheme members to measure the levels of satisfaction with our service and had agreed to start with surveying members who have recently retired to understand their experiences. The table below shows the overall satisfaction levels from respondents to the survey issued to members who retired in August, September and October 2019.

Q. Overall, how satisfied are you with the service you receive from us?	
Very Satisfied	67%
Satisfied	24%
Dissatisfied	6%
Very Dissatisfied	3%
Total Number of Respondents	158

- 5.17 Clearly the fact that nearly 10% of retirees who responded were not satisfied with the level of service does give some cause for concern. The most common themes for dissatisfaction from members were the delays to the retirement process and the lack of communication around delays. There do appear to be some issues with employers not sending early notification of retirements and the new Support and Engagement officers have been tasked with working with employers to improve the process in this area.
- 5.18 As advised previously, the quality of the documentation issued to members at retirement is also being reviewed to simplify the language and presentation of information and we hope this will assist in improving the overall satisfaction levels.

Employer Engagement – Customer Satisfaction

- 5.19 An online questionnaire was issued to employers who had attended the Employer Forum in November 2019. Only a modest level of response was received (18) but the results were encouraging from those that did respond. Employers were asked a number of questions but the summary questions and responses were:-

Q. How did you rate the event overall?	
Excellent	1
Good	15
Satisfactory	2
Poor	0

Q. How satisfied are you with the performance of SYPA overall?	
Very Satisfied	1
Satisfied	17
Dissatisfied	0
Very dissatisfied	0

- 5.20 It was clear from the feedback received on the day that employers would value an increase in the number of training sessions available and the Support and Engagement team are putting together a set of available sessions that can be offered to employers to help them meet their statutory requirements. These will be publicised through the Employer Portal.

Scheme Member Engagement – online portal

- 5.21 Members may recall that the annual benefit statements for 2019 were issued online rather than paper based (see section 5.24 below) and we have been carrying out an exercise to encourage all scheme members (regardless of status) to sign up to use the online portal which was enhanced and expanded earlier this year. **Appendix A** shows the numbers of scheme members who have registered for the portal since January 2019.

- 5.22 The increase in the numbers of members registered in the last quarter is positive but still remains a relatively low proportion of the overall membership of the Fund so we are continuing our campaign to encourage members to register ahead of the issuing of the 2020 statements.

Administration timeline

- 5.23 There is a calendar of activity for the administration service which may not always be visible to members of the Board and **Appendix B** is a summary of the main headline activities for the current financial year which was presented at Quarter 2. We are very happy to consider providing further information on any aspect of the scheduled activity list in future reporting to the Board.
- 5.24 In terms of recent activity, the Customer Centre was officially launched from 1 January 2020 and we will provide some initial volume reporting to Members at the end of Quarter 4. As referenced elsewhere, the restructure of the administration service was also finalised in Quarter 3. Phase 3 of the restructure involved the transfer of the payroll function to the Finance and Corporate Services team and this was originally set for the end of March 2020. This change was actually brought forward to 1 January 2020 as a result of the departure of a couple of members of the payroll staff which prompted the review to commence earlier than planned.

Data Quality

- 5.25 Members of the Board will be aware that a Data Score measuring both Common and Conditional (or scheme specific) data is reported to the Pensions Regulator annually. **Appendix C** shows the current data score which has not changed significantly from the score reported at the December meeting.

The single biggest issue for the Common Data score is the number of members with whom we have lost contact. As part of the monthly mortality screening we have in place for pensioners, we have also utilised an address screening service. This has identified a total of 1,000 pensioners where there is a possible change of address to be investigated. These are currently being reviewed manually and contact made with the pensioners where appropriate. At this stage in the project, we estimate that 30-40% of these cases will be genuine changes of address which we were not aware of. Once the investigation of pensioners has been completed, we will proceed to screen our deferred members and deferred refund cases.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jason Bailey

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Background Papers	
Document	Place of Inspection