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|-----------------------------------|--|---------------|-----------------|
| Subject | Quarterly Administration Update | Status | For Publication |
| Report to | Local Pension Board | Date | 15 October 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 July 2020 to 30 September 2020.
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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**
 - b. **Highlight any areas of administration where further assurance may be required**
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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 information about the engagement with the employers in the scheme and how SYPA can support them to complete their responsibilities.

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 is continually reviewed to ensure it is appropriate to support scrutiny of the administration service and includes 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

- 5.3 The following table is a summary of joiners and leavers for the administration service during the last three months. Following the completion of the Pensions Administration restructure last year, all senior vacant posts have now finally been filled within the service and this should hopefully have a positive impact on performance in due course. Clearly the appointment of new staff with no direct experience of the LGPS (as applies to all five appointments shown below) has provided some operational challenges in lockdown but these will be issues experienced by many organisations.
- 5.4 Following the resignation set out below, recruitment is underway for new Pensions Officers as referred to in a separate report presented to the Board.

| Starters | Comments |
|----------------------------------|--|
| Benefits Team Manager | External appointment - manager with overall responsibility for case load processing. |
| Project and Improvement Lead | External appointment – fixed term contract for 18 months. |
| Apprentices (Business Admin) x 2 | External appointments. |
| Customer Centre Officer | External appointment following vacancy in Customer Centre created by a resignation. |
| Leavers | |
| Pensions Officer | Voluntary retirement |

- 5.5 In terms of sickness absence, the table overleaf shows the annualised absence levels for the last two quarters and the two previous full years for reference. Unfortunately, sickness absence increased significantly compared with Quarter 1, though still remains well below the levels present in the last couple of years. Two members of staff were on long-term absence but both have since returned to work so we would expect a recovery next quarter in long-term absence.
- 5.6 In terms of both short and long term absence, none of these were directly related to Covid-19. However, it does appear that home working has proved difficult for a very small number of employees, particularly those with child care or other caring

responsibilities, and this has contributed to the increase in absence. Managers will continue to monitor the position and provide support where possible and it is likely that the re-opening of schools would have eased the burden on some individuals.

| Average Days per FTE | Q2 2020-21 Annualised | Q1 2020-21 Annualised | 2019/20 | 2018/19 |
|----------------------|-----------------------|-----------------------|---------|---------|
| Short-Term | 1.76 | 0.48 | 3.14 | 2.53 |
| Long-Term | 2.92 | 0.32 | 4.71 | 11.23 |
| Total | 4.68 | 0.80 | 7.85 | 13.76 |

Case Work Performance

- 5.7 The reporting of performance has been updated in order that members can more easily compare like-for-like periods. The table below shows the casework volumes for the last two quarters, compared with the previous quarter but also compared with the corresponding quarter for the prior year for comparison.

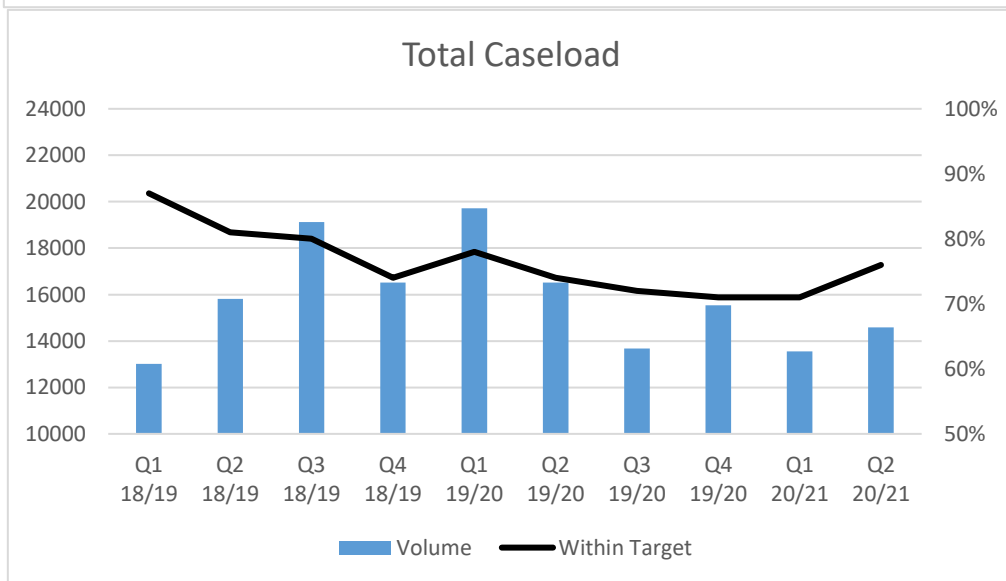
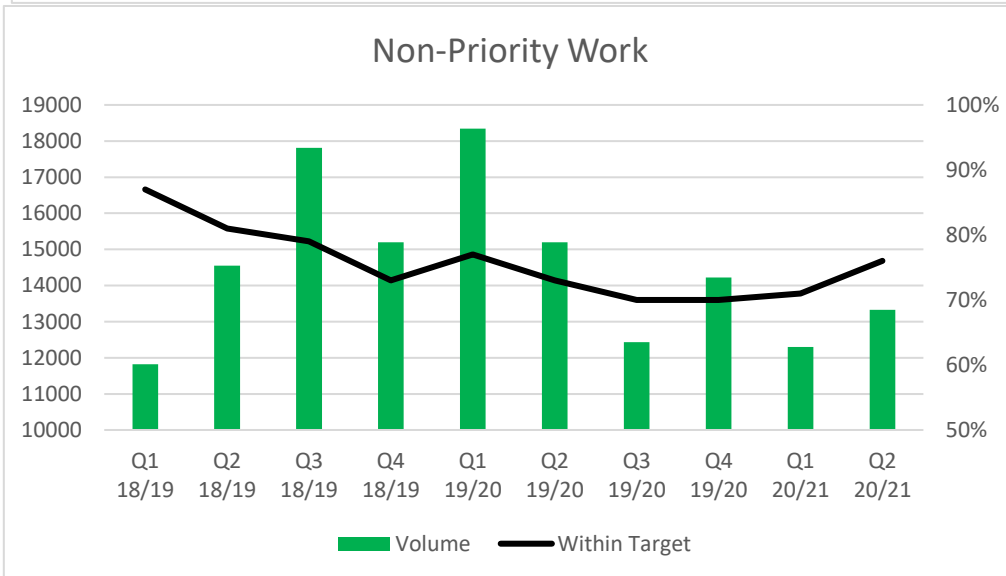
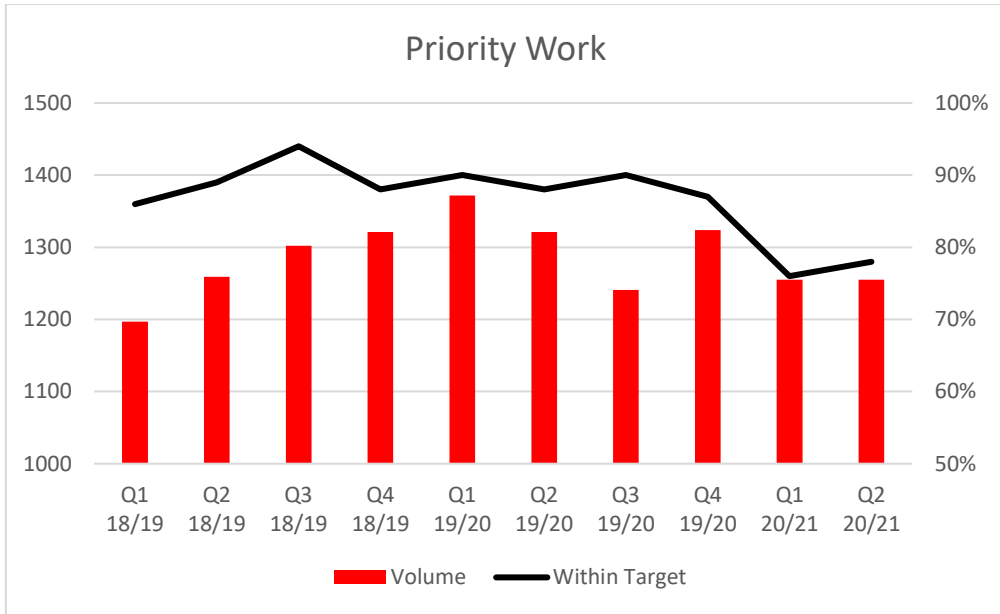
| Category | Volumes | | | Variance to Comparators | |
|--------------|------------|------------|------------|-------------------------|---------------|
| | Q2 2020-21 | Q1 2020-21 | Q2 2019-20 | To Q1 2020-21 | To Q2 2019-20 |
| Priority | 1,255 | 1,255 | 1,321 | - | (66) |
| Non-Priority | 13,329 | 12,297 | 15,194 | 1,032 | (1,865) |
| Overall | 14,584 | 13,552 | 16,515 | 1,032 | (1,931) |

Overall volumes of case work processed across the quarter has improved when compared with Quarter 1. This, in part, is due to a phased return to the office for the more junior members of staff in order to support their learning and development as shown in an improvement in the non-priority completion rates. However, this now been put on hold due to the current guidance stating members of staff should work from home where possible and managers are endeavouring to revert to remote training where possible.

The table below shows the performance within the service standards and it is also noticeable that the overall performance has increased slightly from Quarter 1 as staff have settled into the demands of home-working.

| Category | Performance | | |
|--------------|-------------|------------|------------|
| | Q2 2020-21 | Q1 2020-21 | Q2 2019-20 |
| Priority | 78% | 76% | 88% |
| Non-Priority | 76% | 70% | 73% |
| Overall | 76% | 71% | 74% |

The graphs below are intended to illustrate the trends in terms of work volume and completion rates.



5.8 Whilst lockdown had a material impact on productivity in Quarter 1, it is hoped that the upward trend shown in Quarter 2 represents the start of a return to the levels of

productivity experienced before lockdown and that we can start to see real benefits from the recruitment of the entry level staff earlier this year.

5.9 The table below provides a summary of performance against the main subject areas. Performance levels have remained fairly static for the individual subject areas when compared with Quarter 1 in the main.

| Case Type | Target Days | Q2 20-21 Volume | Q2 20-21 % on time | Q1 20-21 Volume | Q1 20-21 % on time | Q2 19-20 Volume | Q2 19-20 % on time | Comment |
|-------------------|-------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------|
| Priority | | | | | | | | |
| Retirements | 5 | 831 | 80% | 734 | 77% | 957 | 93% | |
| Deaths | 4 | 418 | 74% | 510 | 76% | 355 | 78% | See below |
| Non Priority | | | | | | | | |
| New Joiners | 5 | 2412 | 90% | 2106 | 90% | 1457 | 88% | |
| Deferreds | 20 | 654 | 67% | 951 | 49% | 1135 | 58% | |
| Refunds | 9 | 474 | 74% | 251 | 78% | 420 | 71% | |
| Transfers In | 7 | 340 | 56% | 320 | 48% | 503 | 29% | |
| Transfers Out | 5 | 259 | 77% | 272 | 76% | 575 | 38% | |
| Divorce | 5 | 99 | 91% | 72 | 90% | 84 | 58% | |
| General enquiries | 5 | 883 | 84% | 733 | 88% | 510 | 91% | |
| Estimates | 5 | 1371 | 86% | 1062 | 78% | 1282 | 77% | |
| Aggregations | 20 | 1493 | 49% | 2138 | 43% | 1267 | 19% | |

At the last meeting, we reported that we were still measuring performance for the processing of death cases against the former performance criteria (of 4 days to process the entire case). Members of the Authority previously approved a revised service standard for handling death cases but our reporting mechanisms had not been updated to reflect the revised standard. We do now have mechanisms to measure this revised standard and the table below shows the revised output. Clearly this is much improved on the figures shown in the table above and explains why we do not generally receive any complaints regarding the processing times for death cases.

| Case Type | Target Days | Q2 20-21 Volume | Q2 20-21 Performance |
|-----------------------|-------------|-----------------|----------------------|
| Death Acknowledgement | 5 | 324 | 99% |
| Death Payments | 5 | 400 | 97% |

5.10 At the last meeting, members of the Board were provided with a summary of cases outstanding at the end of Quarter 1 of 2020/21. The tables below update these to 30 September 2020. The first table shows cases in pending whilst we await information from third parties and the second table shows cases ready to be processed.

| Case Type | Number of cases pending (awaiting external parties) | Number of cases pending (awaiting external parties) | Variance to prior | Number of cases pending (awaiting external parties) |
|-----------|---|---|-------------------|---|
|-----------|---|---|-------------------|---|

| | End Q2 | End Q1 | reporting period | End Q2 (19/20) |
|---------------------|--------|--------|------------------|----------------|
| Priority | | | | |
| Retirements | 241 | 369 | (128) | 205 |
| Deaths | 211 | 219 | (8) | 128 |
| Non Priority | | | | |
| New Joiners | 78 | 30 | 48 | 41 |
| Deferreds | 3131 | 3126 | 5 | 3584 |
| Refunds | 218 | 149 | 69 | 313 |
| Transfers In | 380 | 394 | (14) | 432 |
| Transfers Out | 206 | 210 | (4) | 90 |
| Divorce | 38 | 54 | (16) | 39 |
| General enquiries | 79 | 71 | 8 | 94 |
| Estimates | 901 | 855 | 46 | 818 |
| | | | | |
| Aggregations | 463 | 591 | (128) | 910 |
| Unprocessed Leavers | 1352 | 1023 | 329 | |

| Case Type | Number of cases to be processed/in processing End Q2 | Number of cases to be processed/in processing End Q1 | Variance to prior reporting period | Number of cases to be processed/in processing End Q2 (19/20) |
|---------------------|--|--|------------------------------------|--|
| Priority | | | | |
| Retirements | 65 | 56 | 9 | 82 |
| Deaths | 44 | 54 | (10) | 35 |
| Non Priority | | | | |
| New Joiners | 793 | 125 | 668 | 68 |
| Deferreds | 774 | 356 | 418 | 1023 |
| Refunds | 459 | 211 | 248 | 214 |
| Transfers In | 147 | 107 | 40 | 573 |
| Transfers Out | 115 | 84 | 30 | 92 |
| Divorce | 13 | 9 | 4 | 10 |
| General enquiries | 77 | 48 | 29 | 65 |
| Estimates | 234 | 355 | (121) | 307 |
| | | | | |
| Aggregations | 3407 | 3133 | 274 | 1682* |
| Unprocessed Leavers | 2507 | 88 | 2419 | |

- 5.11 Members will note the significant increase in unprocessed leavers due for processing. This increase has been largely due to the retrospective processing of Monthly Data files for the employers using Rotherham MBC payroll services (see later update on Annual Benefit Statements). A wider project has just commenced to identify ways in which these unprocessed leavers can be completed either by the use of automated tools or via bulk processing (or more likely a combination of both) and it is estimated that this tool should be available for use by the end of the calendar year.

Statutory Disclosure Reporting

- 5.12 The Board previously requested some additional information about reporting performance against statutory disclosure requirements. The time limits for statutory disclosures are less rigid but they often measure different time scales to those

historically measured by SYPA. As mentioned previously, we have been developing our reporting in this area following the appointment of the Benefits Team Manager and **Appendix A** shows most of the areas covered under the various disclosure regulations. We will continue to develop this reporting to cover all areas but the Appendix provides some level of assurance that statutory targets are generally being met in the main areas. In general this data shows 100% compliance in terms of areas that SYPA can control and even where measures include the time required to receive information from employers the level of compliance is extremely high. This does give us some pointers as to areas where further engagement with, and training for, employers could be beneficial.

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. There was concern that Covid-19 would have impacted the ability of some employers to deliver the monthly submissions. However, this does not seem to be the case and submissions have continued to be provided. The tables below show the **current** position of monthly returns received in respect of the last three months.

| | Number of returns expected | Returns received | Currently Outstanding | % Completion Rate | Total Scheme Members not submitted |
|------------------------|----------------------------|------------------|------------------------------|-------------------|------------------------------------|
| May 2020 (due June) | 529 | 528 | 1 | 99.8% | 1 |
| June 2020 (due July) | 532 | 531 | 1 | 99.8% | 1 |
| July 2020 (due August) | 533 | 528 | 5 | 99% | 18 |

- 5.14 Fortunately, the vast majority of employers have continued to provide the monthly returns even in these difficult circumstances and this is beneficial because it is now directly linked to the collection of contributions via Direct Debit (see below). An additional (highlighted) column has been added to the table above to provide some context to the missing returns. This shows the total number of scheme members that should have appeared on the monthly returns that are yet to be received.
- 5.15 It is clear that, in the main, the employers who have not been able to submit monthly returns for the three months are small employers (mainly charities and Parish Councils) who only have one or two members in the LGPS and who have likely struggled with resourcing given the scale of their organisations. These employers are being actively pursued but the impact on the overall membership of the fund is minimal.

Individual query employer reporting

- 5.16 One new area of reporting provided to the Board for Quarter 1 was the monitoring of the performance of employers in respect of responding to individual queries raised by SYPA. Examples of the sorts of queries raised with employers are the provision of starter or leaver forms (where additional information is required beyond that included on the monthly returns); confirmation of hours changes; confirmation of personal details, etc.

- 5.17 In Quarter 1 we shared the status of queries showing as outstanding from the new monitoring tool and indicated this was being used to commence informal engagement with employers in the first instance. For transparency, we have shown the current position regarding outstanding queries at **Appendix B**. The overall level of outstanding queries has risen (from 2,991 in July to 3,760 in October) but this is likely to be a timing issue in that preparation for annual exercises (such as Annual Benefit Statements and Pension Savings statements) generates a much higher volume of queries. The figures will be more meaningful when we can measure progress over time and we expect to report to the Board on this trend analysis in future. We are also aware that, currently, further development work is needed with the employer query system to provide more accurate reporting (for example, a query resolved by an employer outside of the portal will not be marked as complete) but the new system does provide a level of oversight that was not previously possible.
- 5.18 Note that the case completion rates showing the percentage ‘in time’ are based on our own internal targets for expected response levels which are 5 working days for urgent queries and 20 working days for standard queries. It is also the fact that there is a direct relationship between the number of members an employer has and the number of queries. Thus it would always be expected that Sheffield CC as by some margin the largest employer would have more queries. Sheffield CC has actually made some progress since Quarter 1 in resolving the outstanding queries with an increase in completion rate from 42% in July to 49% in October following informal engagement. Engagement has also started with the other employers with the most outstanding queries to support them in bringing these down to more acceptable levels.

Contribution Payments

- 5.19 Members may recall that SYPA moved to the collection of contributions via Direct Debit from 1 April 2020. Once lockdown commenced, the Senior Management Team recognised that a number of employers would be likely to have difficulty in completing the Direct Debit mandates because of the requirements around authorised signatories and the need for a ‘wet’ signature to comply with banking regulations. On balance, the decision was taken to proceed with implementation of the new arrangements with the understanding that some flexibility would be required.
- 5.20 The tables below shows the current status of employers in relation to the new Direct Debit collection arrangements as well as the latest available monthly collection data.

Total Number of Employers Paying By Direct Debit

| | |
|---------------------------|------|
| June 2020 Contributions | 410 |
| July 2020 Contributions | 430 |
| August 2020 Contributions | 455* |

*Of the remaining employers not yet signed up to Direct Debit, these are predominantly service contract providers with multiple ‘employer’ contracts where they have unusual pay cycles which do not fit neatly with the monthly collection process and we have temporarily agreed they can continue to pay by BACS.

August 2020 - Payment of Contributions

**No. of
employers**

| | |
|--|-----|
| Paid on time by Direct Debit | 452 |
| Paid on time by BACS | 45 |
| Payment received late by BACS | 20 |
| Payment outstanding (see comment 5.21) | 4 |

- 5.21 Of the four employers indicated as having payments outstanding for August, two of these are academies that have completed Direct Debit mandates and two are contract service providers who are being pursued to make payment. Interest will be applied for late payment as appropriate.

Scheme Member Engagement – Customer Satisfaction

- 5.22 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 May 2020, June 2020 and July 2020.

| Q. Overall, how satisfied are you with the service you receive from us? | |
|---|----------------------|
| Very Satisfied | 61% |
| Satisfied | 32% |
| Dissatisfied | 5% |
| Very Dissatisfied | 2% |
| Total Number of Respondents | 82 out of 528 issued |

- 5.23 The percentage of members who were in the green category remains above 90% as per previous surveys. Analysis of the six members who were dissatisfied does not reveal any systemic issues to be addressed, though one of the members also appears in the complaints report as his estimate of benefits was based on a higher figure.

Scheme Member Engagement – Customer Centre

- 5.24 Members of the Board will be aware that the Customer Centre was launched on 1 January 2020 to provide a single point of contact for scheme members and employers. Initial feedback for the Customer Centre has been positive overall. A survey was issued to 1,914 members who had reason to contact us over the months of July and August to ask about their experience of our service delivery and for ideas on service improvements. The results of the survey are shown below.

| Q. Overall, how satisfied are you with the service you receive from us? | |
|---|-----|
| Very Satisfied | 68% |
| Satisfied | 26% |

| | |
|-----------------------------|-----|
| Dissatisfied | 5% |
| Very Dissatisfied | 1% |
| Total Number of Respondents | 263 |

5.25 The 6% who were dissatisfied represented 16 individuals. Although not all provided further information, it is worth noting that six comments related to difficulties logging on to the member portal which we have tried to address by providing easier instructions in our publications. Of the remaining cases, four related to issues with communications from the Customer Centre staff which are training issues that are being addressed. We expect these to be ironed out and will continue to feed back to the Board on the results of the surveys from the Customer Centre.

5.26 Separately, the administration service also offers a Live Chat facility via the website and we ask members using this facility to feed back at the end of the Chat. The feedback for the months of May, June and July is shown below. Most of the (small number of) dissatisfied comments related to connectivity issue which may have been beyond SYPA control.

| | |
|---|-----|
| Q. Overall, how satisfied are you with the service you receive from us? | |
| Very Satisfied – (Great) | 62% |
| Satisfied – (Good) | 34% |
| Dissatisfied – (Bad) | 2% |
| Very Dissatisfied – (Poor) | 2% |
| Total Number of Respondents | 222 |

Scheme Member Engagement – online portal

5.27 Members may recall that 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 in 2019. **Appendix C** shows the numbers of scheme members who have registered for the portal since January 2019 and these numbers are continuing to increase.

5.28 Although the numbers registered to engage with us online are not as high as we would wish as a proportion of the scheme membership overall, evidence from other funds does suggest that our levels of registration are at least comparable with the percentage of members signed up to use online services within the LGPS more widely.

Annual Benefit Statements

5.29 Members of the Board will be aware that there is a statutory target of 31 August 2020 for issuing Annual Benefit Statements (ABS's) to active and deferred members. At the last meeting, we commented positively in relation to the feasibility of meeting the deadline this year, despite the combined difficulties of the Covid impact and the particular challenges of the monthly data provided by Rotherham payroll services following their HR/payroll system migration.

5.30 At that time, we were confident that we would be able to meet the deadline of 31 August but unfortunately it became apparent that was not going to be possible. Despite

devoting significant additional resource to resolving the data issues, the combination of poor data and the limited flexibility of the monthly data upload process meant that we were going to be in breach of the statutory deadline and we submitted a breach report to the Regulator, a copy of which is provided at **Appendix D**.

5.31 Although we were eventually able to complete the exercise broadly in line with the extended timeline, the difficulties experienced this year revealed that further development work is needed to ensure we have sufficient resilience to avoid a recurrence in future years. A 'lessons learnt' project has now been launched internally (to be led by our new Project and Improvement Lead) with the focus on a number of key areas:-

- Short-term fixes and long-term enhancements to the Monthly Data Collection process to remove the significant levels of manual intervention currently required when data from employers is not as expected;
- Early identification and intervention of poor data quality submissions from employers;
- Targeting employer support and training where required
- Planning a robust timetable to deliver the 2021 Annual Benefit Statements significantly ahead of the 31 August deadline.

5.32 A report on the outcome of this review will be brought to the next meeting of the Board to provide assurance that the issues identified during this year's exercise have been addressed.

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

Head of Pensions Administration

| Background Papers | |
|--------------------------|----------------------------|
| Document | Place of Inspection |
| | |