



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Subject	Quarterly Administration Update	Status	For Publication
Report to	Local Pensions Board	Date	17 October 2019
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 2019 to 30 September 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.

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 have no 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 Existing Members will note that the content of this administration update was 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 was one departure during the period and two temporary appointments were made at entry level to assist with some routine processing of records, particularly the temporary handling of new joiners and early leavers where it is anticipated increased automation can be introduced as soon as appropriate testing has been completed in conjunction with the software partner. We anticipate this will be around the end of the financial year.

Starters	Comments
Casual Data Processing Assistant (PT) x2	Assisting with routine administration functions ahead of automation.
Leavers	
Acting Team Manager	Voluntary retirement. Post to be filled through service restructure.

- 5.4 Members were advised previously that the administration service was undertaking a formal consultation on a restructuring of the service following approval by the Staffing, Appointments and Appeals Committee on 27 June 2019. The consultation proposed a number of changes to the structure of the service designed to facilitate improved resource allocation to the key areas of customer focus (both employers and scheme members) and the increased application of available technology to improve efficiency.
- 5.5 The consultation period has now closed without the requirement for further revision to the original proposals and the new structure is now in the process of implementation. **Appendix A** shows the previous structure and **Appendix B** shows the final new structure once the proposals are fully implemented. **Appendix C** shows the list of new and deleted posts with the overall staffing numbers increased to reflect the focus on improved engagement as well as an overall reduction in management posts to bring SYPA more in line with organisational structures in the wider public sector. No compulsory redundancies have occurred as a result of the changes.
- 5.6 In terms of sickness absence, the table below shows the absence levels for the last two quarters and the two previous full years for reference. The Board previously requested that sickness absence information be provided in a revised format showing average days lost per year and this is reflected below.

Average Days per FTE	Q2 2019-20 Annualised	Q1 2019-20 Annualised	2018/19	2017/18
Short-Term	3.98	2.24	2.53	3.7
Long-Term	3.68	7.44	11.23	3.22
Total	7.65	9.68	13.76	6.92

5.7 The overall sickness absence levels have reduced for this quarter, though regrettably this may be a short-lived reduction as two new cases of long term absence arose towards the end of the quarter for non-work related conditions. These cases are being actively managed in line with SYPA's existing absence policies.

5.8 There is a potential for negative impact on the service as a result of the latest absences as these are both in the small specialist Technical Team and support is being provided by the management team to minimise disruption as much as possible.

Case Work Performance

5.9 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			
	Q2 2019-20	Q1 2019-20	Q2 2019-20	Q1 2019-20	Total 2018-19	Total 2017-18
Priority	1,321	1,372	88%	90%	91%	83%
Non-Priority	15,194	21,468	73%	77%	83%	83%
Overall	16,515	22,840	74%	78%	83%	83%

5.10 It is clear that overall performance on case work dipped significantly for Quarter 2 and there are a combination of factors which contributed to this. Firstly, significant "cleansing" work was undertaken by the operational teams to ensure that the individual membership records were as up to date as possible for both the submission of the valuation extract but also for the preparation of the annual benefit statements. Both of these commitments, as important as they are, drew experienced resource away from the operational teams and this had an impact on "non-priority" work in Quarter 2.

5.11 In addition to the resource commitment outlined above, it is also important to acknowledge that the administration service has been operating with a number of vacancies across the teams pending the restructure of the service and it is likely that this has started to have a short term impact on the delivery of the service. Now that the new structure has been finalised, a recruitment campaign is being initiated to fill a number of the vacant positions, including entry level grades. A combination of the recruitment to vacant posts together with the application of improved automation should lead to an improvement in case work performance but it may take three to six months before any positive impact is felt.

5.12 The table below provides a summary of performance against the main subject areas. Performance on transfers, aggregations and divorce quotations is relatively low in percentage terms but volumes are significantly higher than the previous quarter and

this reflects the fact that processing of these cases re-commenced in Q2 following the updating of the administration system to reflect the new transfer value factors issued by the Government Actuary.

Case Type	Target Days	Q2 19-20 Volume	Q2 19-20 % on time	Q1 19-20 Volume	Q1 19-20 % on time	Q4 18-19 Volume	Q4 18-19 % on time	Comment
Priority								
Retirements	5	957	93%	922	95%	883	96%	
Deaths	4	355	78%	441	80%	406	92%	
Non Priority								
New Joiners	5	1457	88%	1966	91%	2460	93%	
Deferreds	20	1135	58%	1238	49%	980	60%	
Refunds	9	420	71%	131	75%	183	91%	
Transfers In	7	503	29%	92	15%	66	26%	See 5.12
Transfers Out	5	575	38%	55	29%	106	57%	See 5.12
Divorce	5	84	58%	74	66%	104	89%	See 5.12
General enquiries	5	510	91%	626	94%	719	96%	
Estimates	5	1282	77%	408	91%	231	98%	
Aggregations	20	1267	19%	2072	34%	3008	55%	See 5.12

- 5.13 During a recent meeting, members of the Board felt that it would be beneficial to have visibility of the volumes of cases that were outstanding as well as the numbers that had been completed in the period. By means of introducing this data, the table below shows the volumes of cases as at the date of producing this report which are pending (i.e. awaiting information/responses from a third party – whether this be the scheme member, employer or other party) and those which are either being processed or ready to be processed.

Case Type	Volumes of cases pending (awaiting external parties)	Volumes of cases to be processed/in processing
Priority		
Retirements	205	82
Deaths	128	35
Non Priority		
New Joiners	41	68
Deferreds	3584	1023
Refunds	313	214
Transfers In	432	573
Transfers Out	90	92
Divorce	39	10
General enquiries	94	65
Estimates	818	307
Aggregations	910	1682

- 5.14 It is evident that the number of aggregations and transfers in, as well as deferred members, show disproportionately high volumes of cases ready to be processed. With regard to the aggregations, this is the legacy of the backlog project that was previously reported to Members and we would expect to see this number continually reducing

each quarter. Similarly, the high volumes of transfers in reflects the fact that these were placed on hold earlier in the year (see comments above) and we would expect a similar reduction going forward. With regard to deferreds, these are the cases we have targeted for the first phase of automation and we would expect a reduction in outstanding numbers once this is implemented. Progress against all of these areas will be reported to the Board quarterly from now on.

Employer Performance

- 5.15 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 strong. Although responsiveness remains high in general, one of the Councils has switched payroll system and has unfortunately not yet been able to deliver their most recent monthly returns. SYPA are working collaboratively with the employer concerned to help ensure this short term problem is remedied as soon as possible and has received assurances from senior managers that the appropriate resources are being allocated to bring matters to a successful resolution.

June 2019 (due July)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	502	484	18	96.41%

July 2019 (due August)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	498	479	19	96.18%

August 2019 (due Sept)	Number of returns expected	Returns received	Outstanding	% Success Rate
Total Active Employers in SYPA Fund	498	468	30	93.98%

- 5.16 One area that we have not previously reported on is the resolution of queries from employers once the monthly data file has been submitted. This is important because each monthly data file cannot be processed by SYPA until the individual data queries resulting from the previous month's data file have been fully resolved. Now that the monthly data file submission process is embedded with employers, we have developed a mechanism to report on employer responsiveness to both monthly data queries and individual requests for information. This new tool went live from the beginning of October and we hope to be in a position to report the early results to the Board on this from Quarter 3 onwards.

Scheme Member Engagement – Customer Satisfaction

- 5.17 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 June and July 2019.

Q. Overall, how satisfied are you with the service you receive from us?	
Very Satisfied	60.87%
Satisfied	31.88%
Dissatisfied	4.35%
Very Dissatisfied	2.90%
Total Number of Respondents	69

- 5.18 Although overall positive satisfaction levels over 92% are pleasing, that clearly leaves 8% of retiring members who were not satisfied with the process. Looking in more detail at the reasons for this, we have received some very useful feedback from those members who were not satisfied with the process which we are looking to act upon.
- 5.19 Following the feedback received in Quarter 1, we had already implemented a change to our retirement letters to confirm the date of the first pension payment. However, for Quarter 2 we also received a number of additional comments which we intend to address going forward. Some of the issues raised in the feedback include:-
- No acknowledgement received to the documents submitted;
 - A step by step flowchart for members would be helpful
 - More detail should be provided on how the pension is worked out
 - The calculations part of the letter was hard to follow
 - The application forms did not seem very cohesive and could be presented in a better way
- 5.20 It was clear from the comments received that our retirement documentation would benefit from a review and this will be undertaken by the Customer Services Manager who has been appointed under our new structure. We would be happy to provide copies of any draft documentation to the Board if they wish to input into the review.

Scheme Member Engagement – online portal

- 5.21 Members may recall that the annual benefit statements for 2019 were due to be 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 D** shows the numbers of scheme members who have registered for the portal since October 2018.
- 5.22 The increase in registrations for Quarter 2 was a direct result of the notification of the online availability of annual benefit statements to active and deferred members (see section 5.24 below). Scheme members can of course request a hard copy of their statement if required, though there are considerable advantages to members in registering for the portal. They can, for example, view their complete pension record, update personal details and (for active and deferred members) generate personalised

retirement illustrations. The functionality of the online portal will continue to be developed over time.

- 5.23 Whilst the increase in online registrations continues, it is evident that we still need to improve the numbers of scheme members who are registered for the portal. We will continue to issue communications to members and, where appropriate, employers, to encourage everyone who has access to the internet to register for the portal. The registration process itself has been simplified which should help improve registrations and both telephone and online support are available if required.

Administration timeline – including Annual Benefit Statements

- 5.24 There is a calendar of activity for the administration service which may not always be visible to members of the Board and **Appendix E** is a summary of the main headline activities for the current financial year. We are very happy to consider providing further information on any aspect of the scheduled activity list in future reporting to the Board.
- 5.25 In the last quarter, the administration service has successfully carried out the activities set out in the timeline and this includes the issuing of annual benefit statements to active and deferred members. Board members will be aware of the difficulties experienced in previous years in meeting the statutory deadline for issuing annual benefit statements. We are pleased to report that we successfully made statements available online to approximately 99.6% of members by the statutory deadline of 31 August 2019. The remaining 75 active member records and 69 deferred member records where members did not receive a statement were primarily a result of individual data queries and these continue to be resolved on an ongoing basis. In practice, all funds are likely to experience a small number of data queries which take some time to resolve as these are often dependant on external responses.
- 5.26 The success rate is the highest percentage achieved since the requirements laid down by the Public Services Pensions Act in 2015 and was made possible primarily as a result of the successful completion of the processing of twelve monthly data submissions for each employer for the first time in 2018/19. We are seeking feedback from our scheme members on the content of the online annual benefit statements and will feed this back to the Board as part of the next quarterly update. Anecdotal evidence from scheme members to date has been very positive.

Employer Movements

- 5.27 The overall number of employers in the Fund continue to grow, partly as a result of academisation in the education sector but also due to employers contracting out services to bodies who join the LGPS through admission agreements. **Appendix F** shows the movements of employers joining the Fund in the last quarter. There were no employer exits from the Fund completed in the period.

Pensions Regulator's report on engagement with LGPS funds

- 5.28 On 20 September 2019, the Fund Director circulated the link to the Pensions Regulator's report on the engagement that took place between October 2018 and July 2019 with 10 local government funds. The link is copied below for reference. We would be pleased to include further information in future reports on any areas highlighted by the Regulator as potentially worthy of consideration.

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report#pagetop>

6 Implications

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

Financial	None apparent.
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jason Bailey

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Background Papers	
Document	Place of Inspection