

<b>Subject</b>	<b>Quarterly Administration Update</b>	<b>Status</b>	For Publication
<b>Report to</b>	Local Pension Board	<b>Date</b>	23 July 2020
<b>Report of</b>	Head of Pensions Administration		
<b>Equality Impact Assessment</b>	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 January 2020 to 30 June 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.**
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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*

- 5.3 The following table is a summary of joiners and departures for the administration service during the last six months. Following the completion of the Pensions Administration restructure, the vacant Pensions Officer posts at entry level were appointed in the period, as were the new Customer Services officers following the creation of the Customer Centre. Unfortunately, both sets of appointments were made immediately before lockdown commenced and this has provided significant operational challenges in terms of the ability to train and support the new staff, most of whom had no direct experience in this complex area. It is hoped that, where practical, these staff will be able to return to the office for at least part of the week in the near future so that their training and development can be more effectively managed.
- 5.4 Following the appointments set out below, the recruitment of all entry level posts within the administration service was complete. A further Customer Services Officer is currently being recruited to replace the subsequent departure of one of the new appointments.

<b>Starters</b>	<b>Comments</b>
Pensions Officers x 6 FTE	Recruitment of entry level posts that had been held vacant during restructure.
Customer Services Officers x 2.5 FTE	Recruitment following establishment of the Customer Centre on 1 January 2020.
Support and Engagement Manager	New management post created during restructure to replace former Technical Manager.
Technical Adviser (PT)	Internal appointment following restructure to focus on technical support to the Head of Pensions Admin and special projects (e.g. McCloud, Data Improvement).
<b>Leavers</b>	
Customer Services Officer	Voluntary resignation. Newly appointed post holder was offered a more senior role by Barnsley MBC.
Pensions Officer (PT)	Dismissal on health grounds following long-term absence.

- 5.5 In addition to the above there was a further leaver from the payroll team (part of Finance), following previous departures in Quarter 3 of 2019/20. As reported

previously, 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 late summer 2020. It is evident that the pensioner (and staff) payroll has been functioning effectively during this last six months.

- 5.6 In terms of sickness absence, the table below shows the annualised absence levels for the last two quarters and the two previous full years for reference. Fortunately, sickness absence has improved significantly during lockdown as might perhaps be expected. The figures below do not include absences due to Covid-19 symptoms but there were only 3 days lost in total during the period. The statistics in respect of long-term absence have improved following the ill-health dismissal of a member of staff who had been absent for almost two years.
- 5.7 During lockdown, all managers have been continually in contact with their staff to check on wellbeing and the HR Business Partner has been directly supporting potentially vulnerable individuals. In addition, flexibility has been provided around working patterns and regular information updates have been provided to all staff. It is hoped that the pro-active steps being taken during this difficult period have helped to contribute to the reduction in sickness levels.

Average Days per FTE	Q1 2020-21 Annualised	Q4 2019-20 Annualised	2019/20	2018/19
Short-Term	0.48	3.76	3.14	2.53
Long-Term	0.32	3.12	4.71	11.23
Total	0.80	6.88	7.85	13.76

#### Case Work Performance

- 5.8 The reporting of performance has been revised for this report in order that members can more easily compare like-for-like periods. The tables below show 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	
	Q4 2019-20	Q3 2019-20	Q4 2018-19	To Q3 2019-20	To Q4 2018-19
Priority	1,324	1,241	1,335	83	(11)
Non-Priority	14,221	12,431	20,477	1,790	(6,256)
Overall	15,545	13,672	21,812	1,873	(6,267)

Category	Volumes			Variance to Comparators	
	Q1 2020-21	Q4 2019-20	Q1 2019-20	To Q4 2019-20	To Q1 2019-20
Priority	1,255	1,324	1,372	(69)	(117)

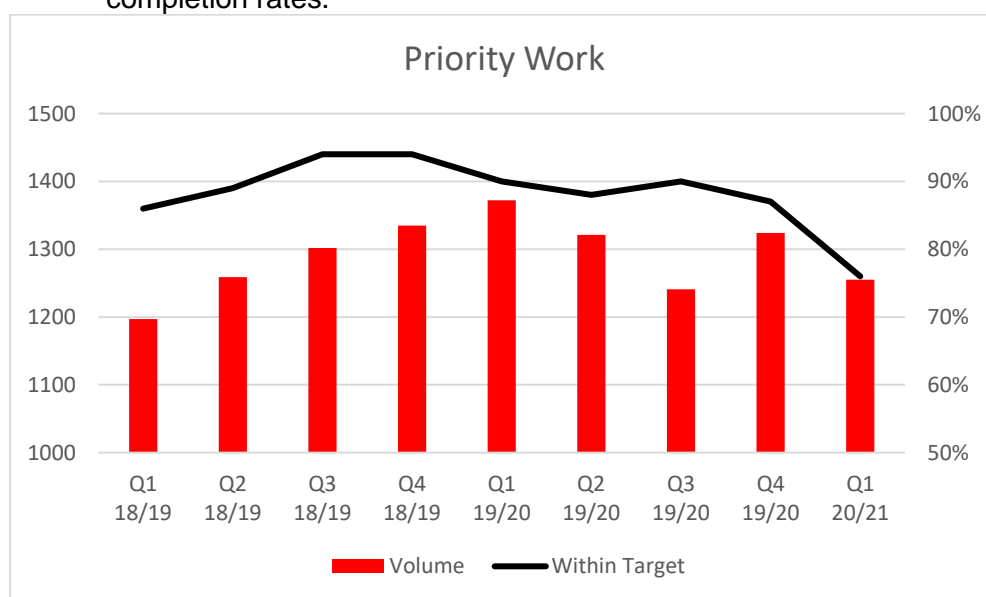
Non-Priority	12,297	14,221	18,341	(1,924)	(6,044)
Overall	13,552	15,545	19,713	(1,993)	(6,161)

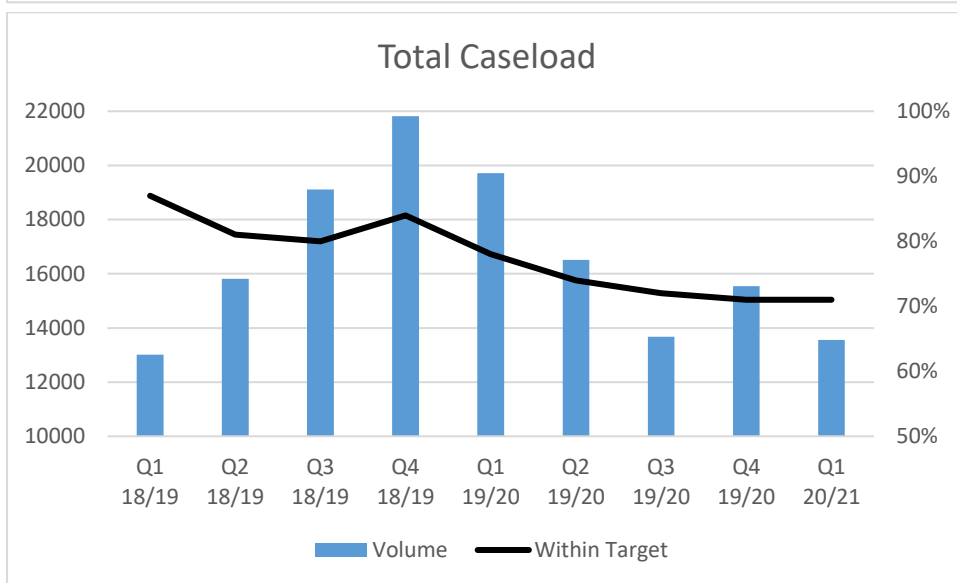
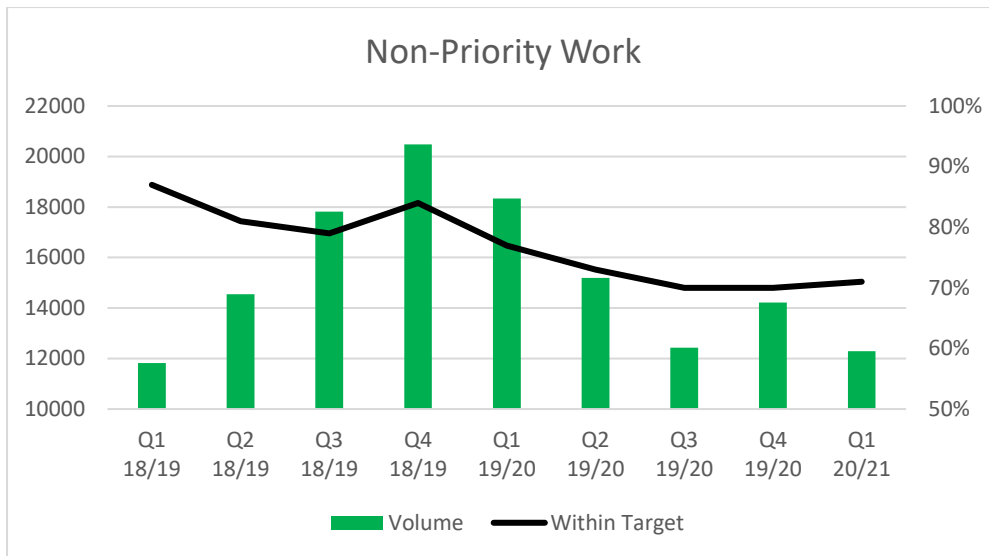
Category	Performance		
	Q4 2019-20	Q3 2019-20	Q4 2018-19
Priority	87%	90%	94%
Non-Priority	70%	70%	84%
Overall	71%	72%	84%

Category	Performance		
	Q1 2020-21	Q4 2019-20	Q1 2019-20
Priority	76%	87%	90%
Non-Priority	71%	70%	77%
Overall	71%	71%	78%

5.9 For non-priority work, there is considerable variance with the prior year comparisons but, in part, this relates to routine tasks which have reduced in volume as processes have developed. For example, variance to the figures quoted for Q4 2018-19 is partly made up of an abnormally high level of initial leaver cases (2,188), member details changes (1,958) and manual updates to monthly returns (1,504). In comparison, the numbers of these cases in Q4 2019-20 were 1008, 5, and 815 respectively. These changes account for 3,822 of the caseload difference between the periods.

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





- 5.11 It is clear that lockdown has had a material impact on productivity which is to be expected as the processing of case work is logistically more time consuming when working remotely. This applies both to the physical processing of case work and to the ease of access to support and advice from colleagues. Although a number of steps are being taken to improve both the remote working infrastructure and the ease of communication between individual members (such as increased use of video conferencing and messaging facilities), the impact on productivity will need to be considered in the context of longer term plans to offer home working options to all staff.
- 5.12 Prior to lockdown, it had been hoped that the recruitment of the remaining vacant junior posts would by the end of Quarter One have started to have a positive impact on case work performance levels but, for reasons stated above, it is likely that the cumulative impacts of Covid-19 will be to defer the improvements by six months.
- 5.13 The table below provides a summary of performance for the last two quarters in comparison with Quarter 1 of 2019-20 against the main subject areas.

Case Type	Target Days	Q1 20-21 Volume	Q1 20-21 % on time	Q4 19-20 Volume	Q4 19-20 % on time	Q1 19-20 Volume	Q1 19-20 % on time	Comment
Priority								
Retirements	5	734	77%	857	90%	922	95%	
Deaths	4	510	76%	460	89%	441	80%	
Non Priority								
New Joiners	5	2106	90%	2011	90%	1966	91%	
Deffereds	20	951	49%	1169	46%	1238	49%	
Refunds	9	251	78%	500	84%	131	75%	
Transfers In	7	320	48%	669	27%	92	15%	
Transfers Out	5	272	76%	412	65%	55	29%	
Divorce	5	72	90%	102	85%	74	66%	
General enquiries	5	733	88%	643	91%	626	94%	
Estimates	5	1062	78%	1439	77%	408	91%	
Aggregations	20	2138	43%	2312	49%	2072	34%	

5.14 At the last meeting, members of the Board were provided with a summary of cases outstanding at the end of Quarter 3 of 2019/20. The tables below updates these to 30 June 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	Volumes of cases pending (awaiting external parties) End Q1 2020/21	Volumes of cases pending at last update (End Q3 2019/20)	Variance to prior reporting period	Volumes of cases pending (awaiting external parties) End Q2 2019/20
Priority				
Retirements	369	187	182	205
Deaths	219	166	53	128
Non Priority				
New Joiners	30	14	16	41
Deffereds	3126	3768	(642)	3584
Refunds	149	244	(95)	313
Transfers In	394	211	183	432
Transfers Out	210	167	43	90
Divorce	54	25	29	39
General enquiries	71	68	3	94
Estimates	855	871	(16)	818
Aggregations	591	533	58	910
Unprocessed Leavers	1023			

Case Type	Volumes of cases to be processed/in processing End Q1 2020/21	Volumes of cases to be processed/in processing End Q3 2019/20	Variance to prior reporting period	Volumes of cases to be processed/in processing End Q2
Priority				
Retirements	56	41	15	82
Deaths	54	36	18	35
Non Priority				

New Joiners	125	206	(81)	68
Deferreds	356	759	(503)	1023
Refunds	211	190	21	214
Transfers In	107	415	(308)	573
Transfers Out	84	78	6	92
Divorce	9	11	(2)	10
General enquiries	48	37	11	65
Estimates	355	165	190	307
Aggregations	3133	2622	511	1682*
				*understated
Unprocessed Leavers	88			

5.15 Members should note an additional category of unprocessed leavers has been added to the tables above to improve transparency. These are cases identified as pre-retirement leavers from the Monthly Returns process but are yet to be processed as refunds and/or deferred benefits and their inclusion provides a fuller overall picture of leavers to be processed.

5.16 As mentioned in the previous update, 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. Unfortunately, although SYPA have commenced testing on the additional reporting which will provide this level of detail, the additional demands of lockdown on management resource have impacted the development of this functionality.

5.17 The new externally appointed Benefits Team Manager (vacant since the restructure was completed in December 2019) commenced employment on 1 July 2020 and has been assigned this task as a priority development. We therefore now expect to be able to present data on reporting against statutory disclosures to the October 2020 Board meeting.

#### *Employer Performance*

5.18 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. It is expected that Covid-19 would have impacted the ability of some employers to deliver the monthly submissions. To provide some context, the tables below show the **current** position of monthly returns received in respect of the last six months rather than the previous reporting which showed late submissions.

	Number of returns expected	Returns received	Currently Outstanding	% Completion Rate	Total Scheme Members not submitted
Dec 2019 (due Jan 2020)	527	527	0	100%	0

January 2020	526	526	0	100%	0
Feb 2020 (due March)	527	526	1	99.8%	1
March 2020	526	524	2	99.6%	4
April 2020	530	526	4	99.2%	6
May 2020 (due June)	531	526	5	99.0%	26

- 5.19 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.
- 5.20 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*

- 5.21 One new area of reporting mentioned to the Board previously is the development of 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 will be 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.
- 5.22 A new monitoring tool has been in operation with employers for the last few months whereby individual queries are issued to employers via the employer portal. Feedback from employers indicates that some further development work is needed with the employer query system (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.
- 5.23 The newly appointed Support and Engagement Manager has been tasked with developing a formal engagement and escalation approach with employers to assist them with resolving the outstanding queries. The initial stage of the process, which has already commenced with a number of employers, is engagement to offer any additional support and training required to help resolve the queries. If this does not result in an improvement to outstanding levels, a more formal approach using the enforcement measures available in the Administration Strategy (such as penalty fines) will be considered but these will be relative to the additional resourcing overheads on SYPA staff.
- 5.24 **Appendix A** shows the current status of the queries being reported from the new monitoring tool. At this stage the report is provided for information purposes only as a base line for future reporting. The performance of employers and the engagement measures taken will be reported to the Board as part of this administration update on



a quarterly basis. 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 and 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. However, that does not provide a reason for not resolving queries and indeed larger employers are more likely to have the scale of organisational infrastructure that will allow them to deal with queries more easily.

*Contribution Payments*

5.25 Members may recall that SYPA was moving to the collection of contributions via Direct Debit from 1 April 2020. Once the 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.

5.26 The table below shows the current status of employers in relation to the new Direct Debit collection arrangements.

**Total Number of Employers Paying By Direct Debit**

April 2020 Contributions	267
May 2020 Contributions	346
June 2020 Contributions	410

**April 2020 - Payment of Contributions**

**No. of employers**

Paid on time by Direct Debit	267
Paid on time by BACS	202
Payment received late by BACS	41
Payment outstanding (see comment 5.27)	28

5.27 Of the 28 employers indicated as having payments outstanding for April, 22 of these have completed Direct Debit mandates and payments can be recovered via this method. The remaining six are small employers that may have had logistical difficulties in arranging payments and/or completion of the mandates and these are being actively pursued. We are also continuing to pursue all other employers who have not yet been able to migrate over to the new process and these are gradually being actioned as lockdown restrictions start to ease.

5.28 A verbal update in respect of the outstanding payments in respect of May 2020 (due in June 2020) will be provided to the Board.

5.29 It is worth noting that all contribution payments have been received from employers for the 2019/20 year, prior to the implementation of the new arrangements. In addition to that, a number of employers (40) elected to pre-pay deficit contributions providing £ 17m of advance income for investment and four of the largest employers pre-paid future service contributions, providing £ 174m of contributions income.

*Scheme Member Engagement – Customer Satisfaction*

5.30 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 November 2019, December 2019 and January 2020.

Q. Overall, how satisfied are you with the service you receive from us?	
Very Satisfied	71%
Satisfied	24%
Dissatisfied	4%
Very Dissatisfied	1%
Total Number of Respondents	
	119

5.31 The corresponding numbers for members who retired in February, March and April 2020 are shown below.

Q. Overall, how satisfied are you with the service you receive from us?	
Very Satisfied	71%
Satisfied	25%
Dissatisfied	4%
Very Dissatisfied	0%
Total Number of Respondents	
	56

5.32 The percentage of members who were in the green category has increased slightly (from 91% to 95/96%) from the previous report but still shows 5% of members who were not satisfied with the service. In response to the comments received through the surveys, a number of changes have been made to the retirement process including:-

- Updated retirement letters to provide more information around when payments will be made
- Updated deferred into payments retirement process to cater for future retirement dates – the process prompts staff to update members if the retirement isn't imminent
- Updated the Claim Forms so all options available to the member are clear and synchronised

5.33 As advised previously, the quality of the documentation issued to members at retirement is continuing to be reviewed to simplify the language and presentation of information and we hope this will assist in improving the overall satisfaction levels.

### *Scheme Member Engagement – Customer Centre*

- 5.34 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. The development of the Customer Centre has been impacted by the fact that the three staff newly recruited to the Centre (intended to release staff in the Benefits Team who have been supporting the Centre to concentrate on case work) were immediately subject to remote working which has presented considerable challenges to their training and development.
- 5.35 Having said that, initial feedback for the Customer Centre has still been very positive overall. A survey was issued to 1,760 members who had reason to contact us over the period April and May to ask about their experience of our service delivery and for ideas on service improvements. April was a particularly challenging time for the Customer Centre in that for the first few weeks of lockdown we had to switch to voicemail until staff were properly equipped and able to take calls remotely.
- 5.36 The results of the survey, which 263 members responded to, showed the following:-
- 91% either had their call answered straight away or, if they did wait in a queue, were happy with the wait time
  - 95% of members were satisfied with the knowledge of the member of staff answering the call
  - 90% were either satisfied or very satisfied with the service they receive from SYPA
- 5.37 Of the less positive results, 14% of members reported that their enquiry had not been resolved. Looking into the comments further, much of this was because of information required from the employer or another third party (such as AVC provider or HMRC) and therefore outside of SYPA control.
- 5.38 Whilst a good percentage of the feedback has been positive, the survey has highlighted some training issues (to be expected from the new staff) and areas that we can look to improve on immediately. We will continue to survey our members on a monthly basis and feed back to the Board.

### *Scheme Member Engagement – online portal*

- 5.39 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 B** shows the numbers of scheme members who have registered for the portal since January 2019.
- 5.40 The increase in the numbers of members registered has slowed down over the last six months. However, the 2020 annual benefit statements for active and deferred members are now starting to be made available online and this should lead to a further increase in the numbers of members registered for the portal.

### *Data Quality*

- 5.41 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 for Common Data which has changed only slightly since the last meeting. The total data Score for Conditional Data is not currently displaying meaningful results because salary figures for 31 March 2020 (to be used in

producing the illustrations on Annual Benefit Statements) are in the process of being updated. The score will be more accurately reported once this exercise is completed (by 31 August at the latest).

- 5.42 As reported in the staffing section, a new post of Technical Adviser was created following the Administration service restructure in recognition of the importance of progressing a number of key technical projects. This post is being occupied from July 2020. The Technical Adviser will be responsible for revising and updating the Data Quality Improvement Plan and assigning ownership of individual queries to specific services and monitoring the progress of resolution. They will also be responsible for identifying any actions required to avoid the recurrence of any discrepancies. Additionally, targets relating directly to the ownership of data discrepancy queries have also been including in the appraisal objectives of relevant managers.

## **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**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>