

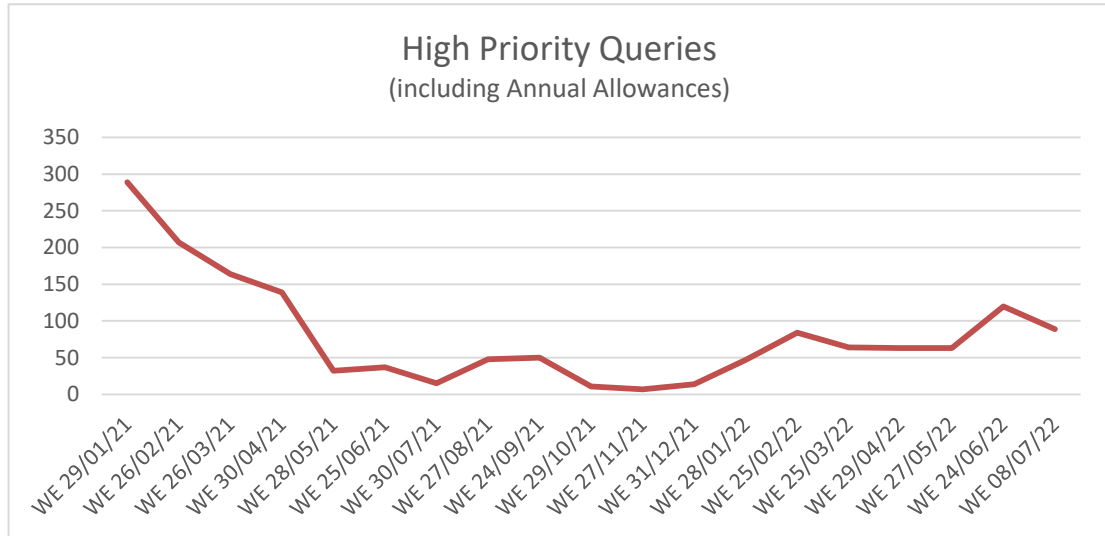
<h1>BRIEFING</h1>	TO:	South Yorkshire Pensions Authority Board
	DATE:	4 th August 2022
	LEAD OFFICER:	Lee Mann <i>Assistant Director, HR & OD</i> Alan Rodgers <i>HR Service Centre Manager</i>
	TITLE:	RMBC Pension Query Recovery Plan
1. Background		
1.1	<p>This briefing note has been prepared to provide an update in relation to Rotherham Metropolitan Borough Council's (RMBC's) administrative performance levels (with particular focus on work tray query volumes) and is to be presented to the SYPA Board on the 4th of August 2022.</p> <p>In addition to their own employees, RMBC also provide transactional HR & Payroll services (including Pension administration) for Doncaster Metropolitan Borough Council (DMBC), Doncaster Children's Services Trust (DCST), St Leger Homes Doncaster (SLHD) and a range of Rotherham and Doncaster Academies, who are admitted bodies in the SYPA scheme.</p> <p>A good working relationship has existed between RMBC and SYPA for many years, with RMBC historically topping SYPA's performance reporting year on year.</p> <p>This performance however was affected by several factors between late 2018 and early 2020, culminating in SYPA formally raising their concerns in April of 2020.</p> <p>The concerns raised at this point were split into three discreet areas:</p> <ol style="list-style-type: none"> I. Individual Member Queries II. Monthly Data Collection (MDC) File Submission III. Payment Discrepancies <p>As a result of this contact, an investigation to better understand the root causes of any issues and to identify and document the required solutions was instigated, along with an increase in the frequency and level of interaction between the two organisations.</p> <p>The findings of the investigation (completed August 2020) pointed to two main causes for the reduction in reported administrative performance levels:</p> <ul style="list-style-type: none"> • Lost MDC interface functionality, and general disruption, caused by the implementation of a new HR & Payroll system at RMBC. • The transfer of five key activity strands from SYPA to RMBC. 	

<p>1.2</p>	<p>A programme of work to address the identified issues was agreed, with both SYPA and RMBC investing significant time and resource to tackle them; coupled with a regular review process to monitor and feedback on progress. Substantial progress has been achieved during the last two years, with two of the three areas of concern fully addressed, and key aspects of the third progressed. However, there remains a backlog of individual member queries to be cleared for RMBC.</p> <p>Monthly Data Collection (MDC) File Submission</p> <p>The failure by the supplier of the new HR & Payroll system to adequately build and deliver the specified MDC interface, resulted in the transmission of late and poor-quality submissions, between June 2019 and March 2020.</p> <p>A complete re-write of the MDC solution by internal RMBC staff was required to deliver a 'fit for purpose' solution, however, because of the elapsed time, a backlog of load files and a significant number of individual member queries was generated.</p> <p>The MDC file load backlog, which impacted on the delivery of the 19/20 Annual Benefit Statements, was subsequently cleared and a monthly review process implemented to ensure any potential file load delays are flagged in a timely manner.</p> <p>Monthly submissions are now of a very high quality, submitted well in advance of the tightened deadlines introduced with the move to direct debit payments, and are subject to the ongoing process improvement review activity between SYPA and RMBC to continually seek further enhancements.</p>
<p>1.3</p>	<p>Payment Discrepancies</p> <p>The underlying cause of the payment discrepancies was initially hard to pinpoint due to the MDC file issues, however, once the file quality improved, the root cause was traced back to the transition to direct debit payments.</p> <p>Previously the calculation for payment was driven by the employer, based on the employee and employer contributions processed through the payroll, however the revised process calculates the employers' contributions directly from the reported pensionable pay, rather than employer contributions as an output of payroll.</p> <p>An additional quality assurance step has now been added to the monthly payroll cycle, to ensure that the relationship between pensionable pay and employer contributions is always maintained.</p> <p>There remains the potential for small variances between the direct debit value and the value processed through payroll, due to the differing calculation levels (total employer pay vs individual, position and period pay), however these differences are not material.</p>

<p>1.4</p>	<p>Individual Member Queries</p> <p>The most complex and difficult issue to resolve has been the backlog of individual member queries, this is a 'live' rather than static backlog, with incoming queries impacting on the numbers as the older queries are cleared.</p> <p>The volume of queries has been affected by the problems with the MDC files, the configuration and familiarisation issues with the new HR & payroll system, problems with the transition to work trays, SYPA system issues, academisation of schools, and the transfer of tasks from SYPA to RMBC.</p> <p>Activity to tackle the underlying causes of the queries, to remove duplicate queries, and to focus resource on the most important queries, to date, has been successful:</p> <ul style="list-style-type: none"> • The volume of queries generated following the monthly submission of MDC files has reduced significantly. • System improvements and staff/manager training in relation to the RMBC HR & Payroll system has cut the number of resulting queries. • Following initial teething issues, most of the work tray issues have been resolved. • Several of the SYPA system issues have been addressed, with ongoing work between SYPA and their system supplier to address the remaining issues. • Training and joint working between RMBC and SYPA has helped to reduce the impact of the transferred work, however there will always be a resulting workload impact from the change. • High priority queries have been prioritised, with this subset of queries now managed in an acceptable manner.
<p>2. Key Actions</p>	
<p>2.1</p>	<p>Based on the resolution of most of the underlying query causes, and the addition of resource to the Pensions Team, the original expectation was that the query backlog would be worked down over a period of 6 to 12 months.</p>
<p>2.2</p>	<p>Individual Member Queries Backlog</p> <p>The planned clearance of the query backlog has not yet been delivered due to a number of factors. The progress made and the factors that have impacted on the clearance are detailed below.</p>

2.3 High Priority Queries (HPs)

Queries identified by SYPA as high priority were given resource priority by RMBC, with the chart below highlighting the good progress made particularly during the period January to July 2021.

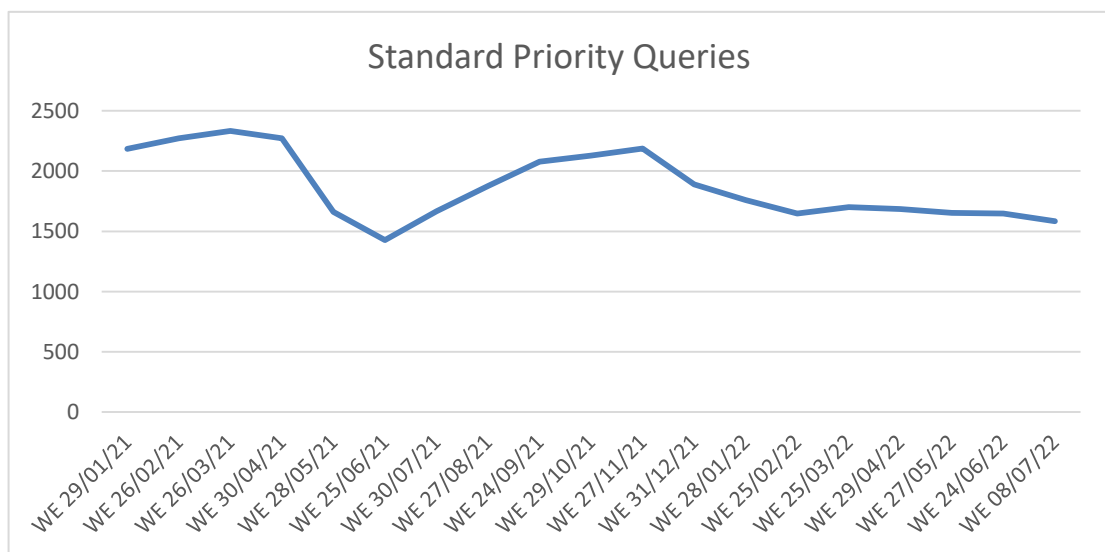


The number of active HPs are now being managed month on month at an acceptable level, with the Annual Allowance (AA) queries (that sit in this category, but with greater flexibility for completion) accounting for the vast majority of the HP queries.

The true number of active HPs, once the AA's are stripped out, is now in single digits, with an agreed plan to work through the incoming AA queries.

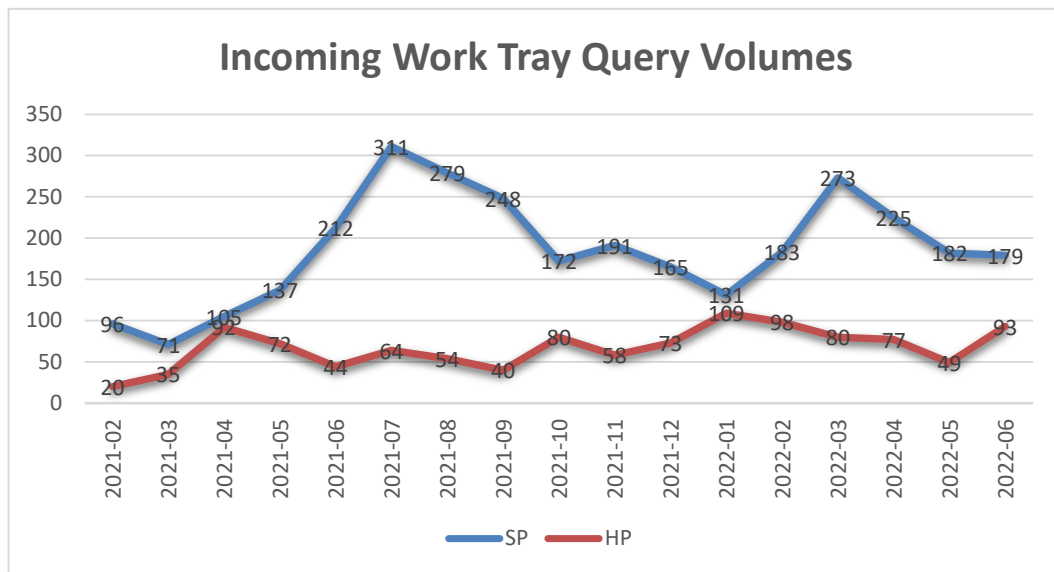
2.4 Standard Priority Queries (SPs)

The SP queries account for the bulk of the backlog, with a range of query types that may take between 10 minutes and several days per query to resolve.



	<p>Following the root cause analysis and resolution work, good progress was made between March and June 2021, however this momentum was lost, and the overall number crept back up between July and November 2021. There have been several factors that have impacted on the clearance rates, these have been detailed below for context.</p> <p>Since November 2021 there has been gradual progress in clearing the backlog, however the current rate of clearance is not acceptable, and it is acknowledged that further intervention is now required.</p>
2.5	<p>Teachers MCR Project (June 2021 - July 2022)</p> <p>The introduction of Monthly Data Reconciliation by Teachers' Pensions has been a complicated and time consuming process which has adversely impacted capacity across the Pensions Team.</p> <p>The complexity of the requirement has caught many employers and software suppliers off guard, with failure to deliver across the sector.</p> <p>RMBC were able to take the learning from building the SYPA solution in-house and utilise this to deliver an appropriate solution for Teachers' Pensions.</p> <p>This obviously impacted on capacity, and despite the engagement of additional resource (via Agency), the project pulled on operational and management resource that would have otherwise been focused on the SYPA backlog.</p> <p>The TP MCR solution is now fully live, subject to any teething issues, with a contracted individual added to the Pensions Team to manage the ongoing activity, so there is no impact on the SYPA dedicated capacity within the team.</p>
2.6	<p>Team Capacity</p> <p>The Pensions Team, which is relatively small, has faced some unique challenges which have affected capacity over recent months.</p> <p>Like other Local Authorities and the wider public sector, budgets remain a challenge and therefore deploying experienced resource from elsewhere into this priority work has been the first option. However, it is clear that additional capacity and investment will be required to address the current issue.</p>
2.7	<p>Plan for Clearance of the Individual Member Queries</p> <p>To realistically forecast clearance rates, we need to consider the likely volume of new incoming queries, the time taken to clear each query, and the available resources to work on them.</p>
2.8	<p>Incoming Queries</p>

The chart below details the historical monthly volume of HP and SP queries submitted to RMBC via the SYPA work trays.



This historical data may help to forecast pinch points, where monthly volumes will be higher, however it is most likely skewed by queries resulting from the delayed MDC file loads and other activities.

Based on this and local knowledge, it is anticipated that there will be peaks between July to September (school leavers) and March to April (year-end).

The average number of queries over this period was 67 HPs per month and 186 SPs per month.

2.9 Time to Process Each Query

This aspect of the calculation is very challenging, as until each work tray item is opened and reviewed, it is not possible to accurately classify it or forecast the effort required to resolve it.

Linked into the resource review, RMBC (potentially with input/support from SYPA) plan to perform a process of triaging the work tray items, to better understand the task and allocate it to the most appropriate resource.

Following this triage activity, it is anticipated that more scientific monitoring and forecasting of progress will be possible.

Based on our understanding of the queries, it is also anticipated that as the backlog is cleared and more recent queries are worked on, that the time to process each will decrease.

3. Key issues and relevant timelines

<p>3.1</p>	<p>Increases to existing resourcing levels, through the working of additional hours and overtime, and the appointment of additional staff, have to some degree being successful; with good progress made in many areas.</p> <p>Based on current backlog clearance rates however, it would appear that additional resource is required to expedite this process.</p> <p>Budgetary approval has now been given to recruit to two additional temporary posts (12 months) within the Pensions Team, with a sole focus on the SYPA backlog.</p> <p>Subject to being able to appoint to these roles and providing the appropriate training (which may need SYPA input), a marked increase in the clearance rate will be possible.</p>
<p>3.2</p>	<p>Clearance Plan</p> <p>Based on a desire to reduce the current SP query volume (1,584) to a manageable level (150 – or 10% of current volume) before the end of the current financial year (8 months), we would need to be clearing circa 180 more queries than received each month.</p> <p>The proposed additional resource, current resource freed up following the completion of the TP MCR work, ongoing improvements to SYPA systems and processes, and process-review work to streamline activities, should combine to support this.</p> <p>This is a challenging target that will require monitoring as activity is progressed, however with continued joint working between SYPA and RMBC and dedicated additional resource, RMBC is confident the target will be met within the proposed timeframe.</p>