

Subject	Quarterly Administration Update – Quarter 3 2023-24	Status	For Publication
Report to	Local Pension Board	Date	15/02/2024
Report of	Assistant Director Pensions		
Equality Impact Assessment	Not Required	Attached	N/A
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1 Purpose of the Report

- 1.1 To update members on the administration performance, work undertaken and issues for the Period 1 September 2023 data for the period 1 October to 31 December 2023.
- 1.2 This report also includes details of appeals, breaches & complaints
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2 Recommendations

- 2.1 Members are recommended to:
- a. Accept the report with or without comment 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.

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

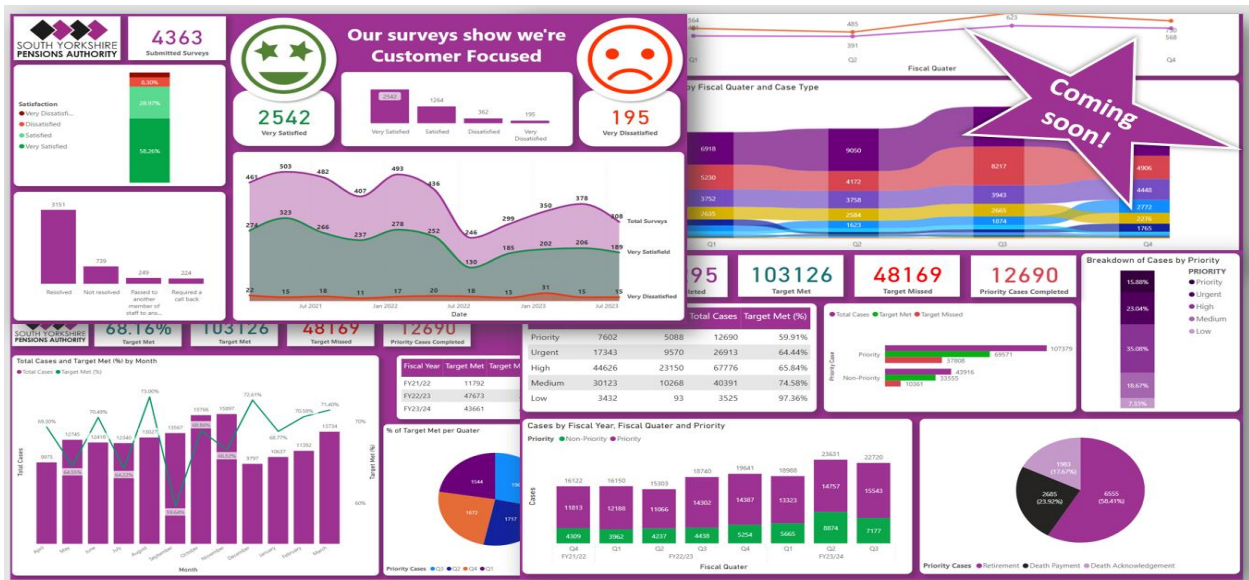
To uphold effective governance showing prudence and propriety at all times. The report includes detail on the overall administration performance to ensure Members are able to scrutinise the service being provided to our customers.

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 Performance

- 5.1 This report seeks to make Board Members aware of the main areas of administration performance and any topical issues relevant since the last report. As previously reported a review of the format and presentation of all performance reporting across the organisation is on-going.

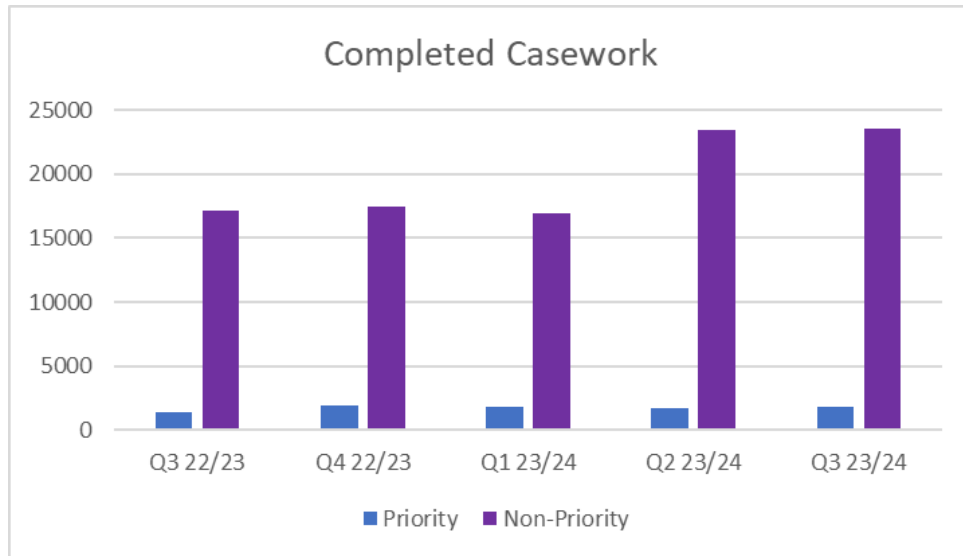


Case Work Performance

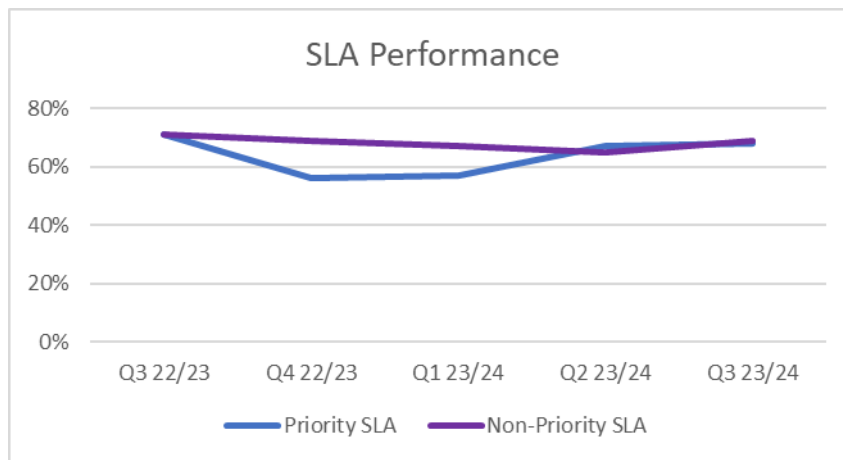
- 5.2 The reporting of performance has been updated in order that members can more easily compare like-for-like periods. Graph (i) below shows the completed casework volumes for the last three quarters, compared with the previous quarter but also compared with the last corresponding quarter for the previous year. The chart shows that targeted overtime has increase the volume of casework completed. Graph (ii) highlight the levels of performance against current service standards for both priority and non-priority casework. As backlogs are tackled this has a negative effect on performance levels.

Incoming work volumes have increased over the last year. Whilst improvement can be seen to priority casework performance levels this will be difficult to maintain until staff have been recruited to the revised structure.

Graph (i)

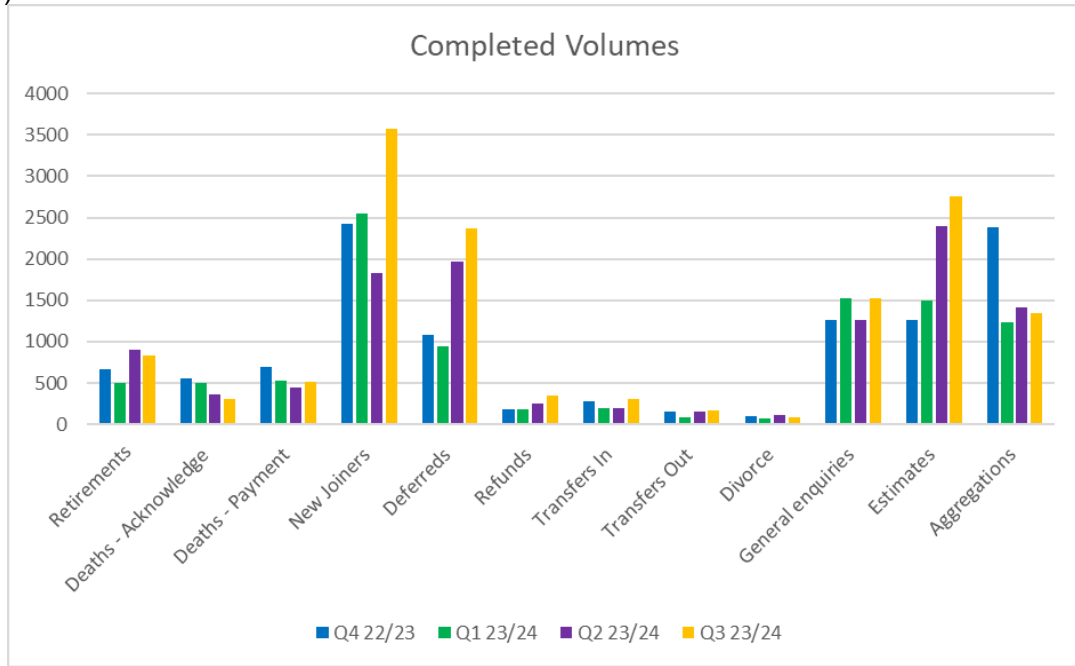


Graph (ii)

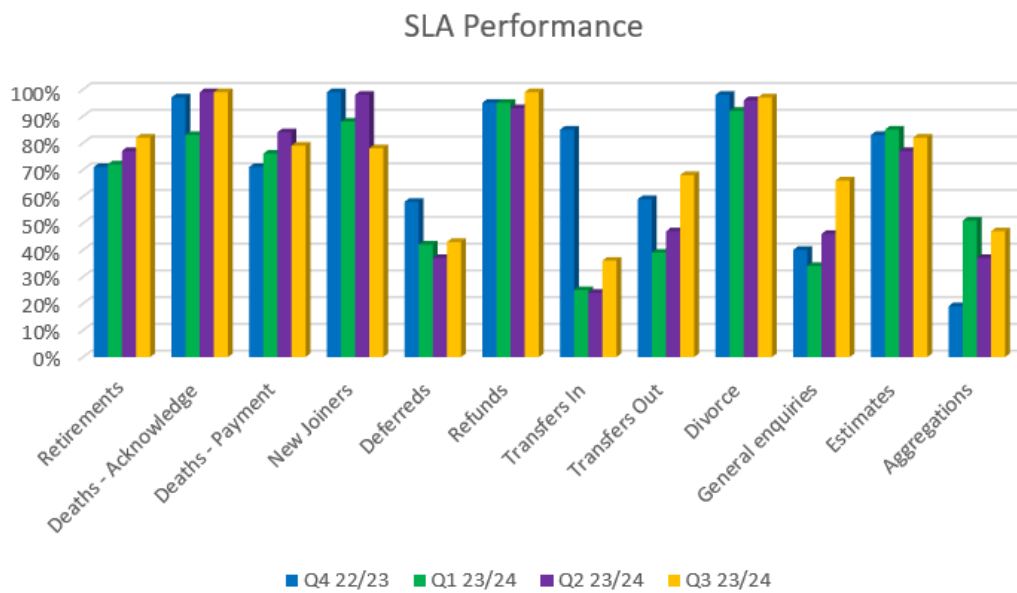


5.3 Graphs (iii & iv) provides a summary of performance across the main subject areas as previously requested by the Board. An overtime plan has been agreed with the aim to fully clear casework backlogs within 12-18 months. Progress will be monitored monthly.

Graph (iii)

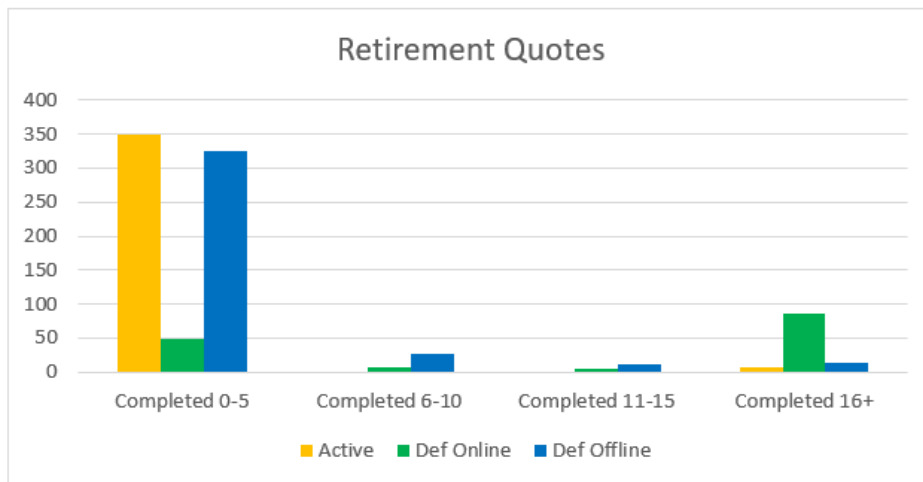


Graph (iv)



5.4 Graphs (v & vi) below provides a breakdown of retirements from Active and deferred status over Oct – Dec 2023. An improvement in the number of cases completed in 0-5 days has been seen, possibly due to a new work allocation system. Quotations for deferred members online will be investigated to see why 87 took over 16 days to complete.

Graph (v)

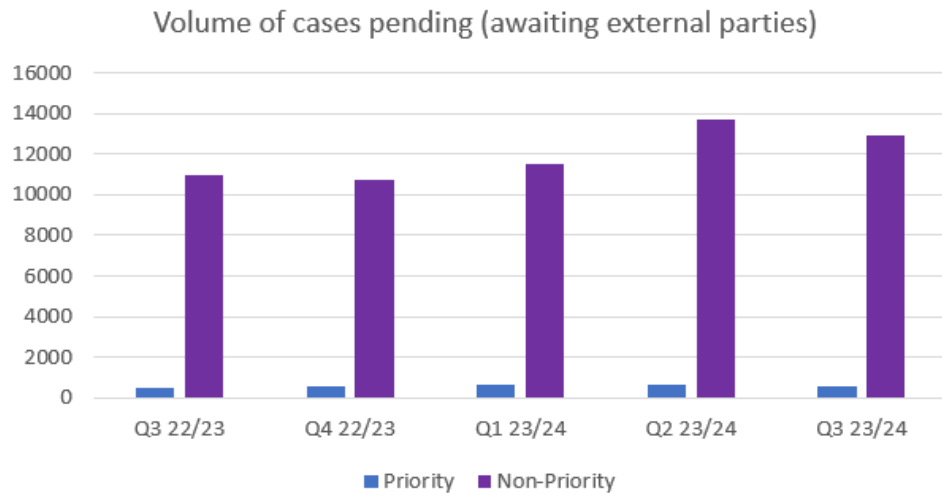


Graph (vi)

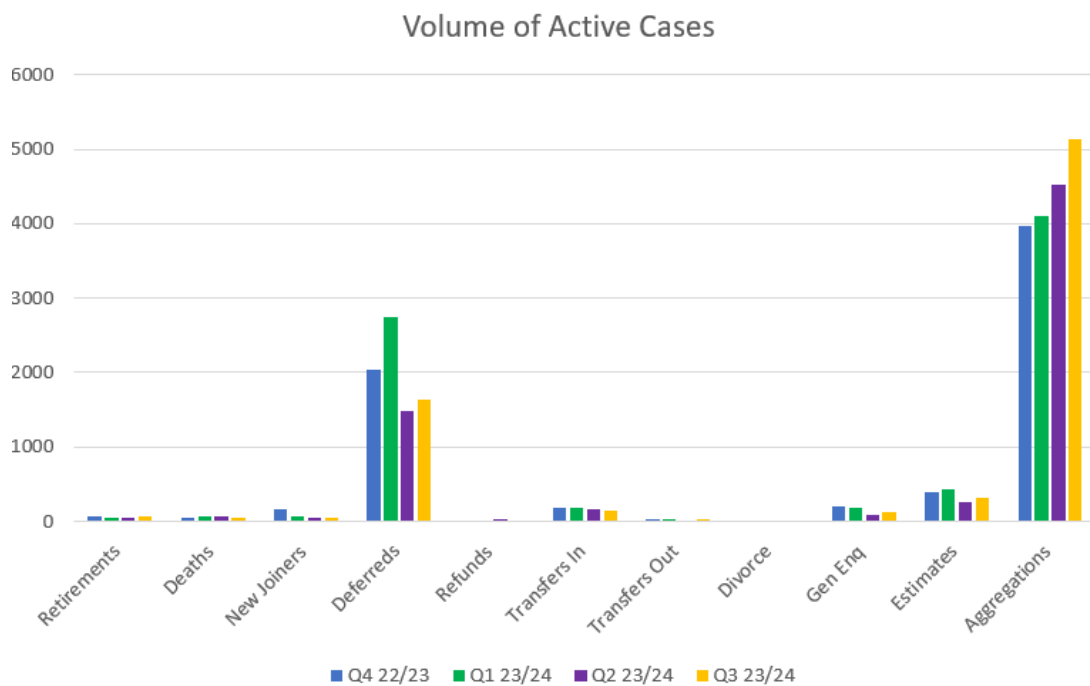


Graphs (vii) & (viii) update on cases outstanding to 31 December 2023. Graph (vii) shows cases awaiting information from third parties whilst Graph (viii) shows those ready to be processed. Most cases in pending are leavers where information is required from the employer. Graph (viii) is distorted due to the volumes of aggregations & deferments waiting to be processed

Graph (vii)



Graph (viii)



5.5 The project to introduce a means of processing leavers using automated tools or bulk processing has been delayed due to competing priorities within the Systems Team which supports the administration system. This project will be revisited after the implementation of the necessary McCloud system developments.

Customer Services – Scheme Member Engagement

5.6 Customer Satisfaction – Retirement Survey - August – October 2023

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	62%	Up 1%	▲
Satisfied	30%		
Dissatisfied	7%	Down 1%	▼
Very Dissatisfied	1%		
Total Number of Respondents	130 out of 647		

Action taken in response to comments made are summarised below.

- Changed the minimum age to request deferred benefits to be paid to age 54 with a note confirming age 55 was the earliest date they could retire. This now allows the member to give the 3 months' notice required and receive their benefits from age 55.
- Looking into developing an online upload facility for active and pensioner members. Currently only available to deferred members as part of the deferred retire online process.

5.7 Customer Centre – Telephone Calls – August – October 2023

Survey sent to 4,418 members (those with an email address),307 responded.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	62%	No change	
Satisfied	24%		
Dissatisfied	9%	No change	
Very Dissatisfied	5%		
Total Number of Respondents	307 out of 4,418		

Whilst there is no change in the overall green category this quarter, there was a welcome shift of 7% from the satisfied category to very satisfied.

Recent improvements:

- Automatic call Distribution – the survey showed that 165 members (49%) were calling about retirement. A call routing for retirements and deaths has been introduced.
- Making use of a call back facility. Members 5th and above in the queue will be automatically offered a call back. The caller will keep their position in the queue, and they will automatically receive a call back and be connected to a member of staff.

5.8 **Customer Centre Emails – “click face” Survey - August –October 2023.**

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Excellent	67%	Up 10%	▲
Good	15%		
Ok	5%	Down 10%	▼
Poor	13%		
Total Number of Respondents	55 out of 8,071 emails sent		

5.9 **New Joiner Survey – June – August 2023**

1,102 members. The new joiner survey specifically asks about the welcome email/letter, including registration of the online portal.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	12%	Down 2%	▼
Satisfied	62%		
Dissatisfied	23%	Up 2%	▲
Very Dissatisfied	3%		
Total Number of Respondents	36 out of 1,102 emails issued		

For the second quarter in a row the satisfaction rates have fallen.

Action Taken

- Customer Centre staff now have access to the new starter process tray and help with issuing welcome letters/emails to reduce delays.
- Website updated to advise it can take up to 3 months for a pension account to be set up and welcome notifications issued. The website re-assures members that this doesn't affect their commencement date in the scheme.

5.10 **Member Engagement – online portal**

All scheme members (regardless of status) are encouraged to sign up to the online portal. There was a total of **1,340** new registrations in the quarter to the end of December 2023. Total registrations now 91,721 or around 57% of the total membership. See **Appendix A** for registrations over the last year.

6 Data Quality and GMP Reconciliation and Rectification

6.1 The Authority is required to report data quality scores to the Pensions Regulator (TPR) as Part of the annual Scheme Return. The Return is usually due in the Autumn however

the 2023 return was due by 25 January 2024. The return was successfully filed by that date.

- 6.2 The Authority produces the data quality scores inhouse in accordance with National Guidance. Missing scheme member addresses persist as the greatest impact on the on the Common data score whilst Missing GMPs impact the Scheme Specific data score.

	TPR Scheme Return	TPR Scheme Return
	2022	2023 (25.01.24)
Common Data	97	97
Scheme Specific Data	94	96

- 6.3 The Authority has a data quality improvement plan that is updated annually. A report was brought to Board in April 2023. The plan has been updated. The primary focus is still the GMP Reconciliation and Rectification exercise. This has recently been resurrected and now a project team is actively working on ensuring this is completed Summer 2024.
- 6.4 Dry run data, based on 2021 data and using a £12pa trivial threshold for Underpayments and Overpayments for GMP Rectification shows 4000 records will have a GMP correction only. The number of Records with a Pension in payment adjustment is likely to be around;

GMP – Full Rectification

Data Item	Pensioners over GMP age	Dependants
Underpayment - Records	31	21
Total Change Pension PA	£4,878	£3,380
Underpayment Arrears	£36,709	£28,258
Overpayment - Records	673	116
Total Change Pension PA	£213,173	£20,768

7 Pensions Dashboards

- 7.1 Pensions dashboards are digital services that allow savers to see their pension information securely in one place, including their state pension. They will not contain any details for pensions that are already in payment. The purpose of pensions dashboards is to help members to plan better for their retirement and reconnect members with any lost pension pots. In 2019 the Money and Pensions Service (MaPS) established the Pensions Dashboard Programme to help design and deliver the central digital architecture required to make the dashboards work. It is envisaged that there will be multiple dashboards available with banks and financial institutions offering access alongside the government backed Money Helper website.
- 7.2 The Authority was previously given a staging date of September 2024. However, in March 2023 a reset to the dashboards programme was announced.
- 7.3 On 19 July 2023 the DWP laid the Pensions Dashboards (Amendment) Regulations 2023 which came into force on 9 August 2023. The amendment regulations

introduced a single 'connection deadline' of 31 October 2026 for relevant schemes to connect to pensions dashboards. The explanatory memorandum which accompanied the amendment regulations stated:

'Through this instrument, the Department for Work and Pensions is retaining the policy of compulsory connection by a set date and intends to encourage a staged approach set out in guidance, rather than mandated in Regulations. The connection timetable set out in guidance will be developed in collaboration with industry and is expected to be published in due course.'

- 7.4 On 7 November 2023 the Local Government Association (LGA) published the draft Pensions Dashboards connection guide for administering authorities. The guide sets out the steps that Funds will need to take to connect to pensions dashboards.
- 7.5 The Money and Pension Service (MaPS) are expected to publish staging date guidance which will confirm when LGPS funds should connect to the dashboards. The guidance is expected to be published in the first quarter of 2024 and the staging dates for the LGPS are estimated to be between April and September 2025.
- 7.6 There is a considerable amount of work to be completed for the Authority to prepare for dashboards, both for the initial connection to the dashboards and the ongoing business as usual once the dashboards are live.

8 McCloud

- 8.1 When the Government reformed public service pension schemes in 2014, for the Local Government Pension Scheme (LGPS), and 2015 for all other public services, transitional protections were introduced for older members. In the LGPS the transitional protections are known as the underpin.
- 8.2 In December 2018, the Court of Appeal ruled that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against because the protections did not apply to them. This ruling is called the McCloud judgment. All public service pension schemes that provided transitional protection, including the LGPS, must extend the protections to all affected by the judgment to remove the age discrimination found in the McCloud court case.
- 8.3 On 8 September 2023 the Department for Levelling Up Housing and Communities (DLUHC) laid the Local Government Pension Scheme (Amendment) (No. 3) regulations 2023. The regulations implement the McCloud remedy and change the existing underpin to ensure it works effectively and consistently for qualifying members. The regulations took effect from 1 October 2023.
- 8.4 The underpin works by assessing the benefits a qualifying member would receive in both the final salary and care scheme, and the member receives the higher amount.
- 8.5 The qualifying criteria is that the member:
 - was a member of the LGPS or any other public sector scheme before 1 April 2012;
 - was a member of the LGPS at any time between 1 April 2014 and 31 March 2022 and some or all of this was before the members final salary normal retirement (ag usually 65);

- does not have a disqualifying gap (a continuous period of more than 5 years where they were not a member of a public service pension scheme).
 - If the member has more than one period of LGPS membership, they do not have to join up or 'aggregate' these memberships to qualify for the underpin protection.
 - If the member has membership of another public service pension scheme before 1 April 2012, they do not have to transfer that membership to the LGPS to qualify for underpin protections.
- 8.6 The remedy came into force with effect from 1 October 2023. All public sector schemes now need to apply the underpin to all affected members and revisit any benefits which were calculated since 1 April 2014 to check whether they require rectification. Underpin protection only applies to pension build up in the remedy period, between 1 April 2014 and 31 March 2022. The underpin will have stopped earlier if the member left the scheme or reached their final salary normal retirement age (usually 65) before 31 March 2022. From 1 April 2022, there is no underpin protection. Pension built up after this date is based on the career average scheme only.
- 8.7 Implementing the McCloud remedy has been described as the biggest challenge to face the LGPS since the introduction of the CARE scheme in 2014. It is a multi-faceted project that will require considerable resource and it will take considerable time to complete the rectification work required as a result. The Authority must identify all qualifying members, including those who have left since 2014, and who did not qualify for the previous underpin, to recalculate their benefits. The Authority will also have to revisit those members who did qualify for the original underpin to see whether they are affected. That is because the original underpin regulations were not detailed enough to ensure all protected members received a CARE benefit which was at least as good as the final salary benefits would have been. The new underpin regulations includes more detail to ensure it is consistently applied to all members. The Authority will also need to include information about underpin protection for all qualifying members in Annual Benefit statements (ABS) from 2025.
- 8.8 The Fund will need to identify the number of qualifying members who are 'in scope' of the remedy. That is, they meet the qualifying criteria. Not all of these members will require rectification. The CARE scheme has an accrual rate of 1/49th, the majority of members are better off in this scheme, rather than the final salary scheme and therefore, the underpin will not apply. However, a sizeable number have already left the scheme and their benefits will need to be revisited.
- 8.9 To assist funds who have missing data for some members, and for when the data is unsuitable, the Scheme Advisory Board (SAB) have produced guidance called 'service data for the McCloud remedy'. The guidance has been produced to assist administering authorities to recreate a suitable history of the member's LGPS service for the McCloud remedy period. Where the Authority cannot obtain the data, or has concerns about the quality of data held, the SAB guidance will be followed.
- 8.10 The Authority is working with the administration database provider, Civica, to implement functionality for the McCloud remedy. The developments broadly cover the following 4 areas:
- Identifying 'in scope' members
 - Implementing calculation of the new underpin for all new leavers

- Implementing bulk calculations to 'rectify' benefits already processed

The Authority has been able to implement the first stage to place a flag into the database which now identifies each member that is 'in scope' of the remedy. This identifies they meet the qualifying criteria. Civica have been focusing their development initially on being able to apply the new underpin to new members leaving the scheme. Some issues were identified throughout the testing of this functionality which meant that the implementation was delayed. User acceptance testing (UAT) of this functionality has been completed and it is hoped the new functionality will be live before the end of February. This will mean the new underpin will be checked for the following calculations:

- Ordinary retirement calculations for active members
- Redundancy retirement calculations for active members
- Ill-health retirement calculations for active members
- Ordinary retirement calculations for deferred members

8.11 The database development for all other areas of administration casework affected by McCloud will be phased in over 2024. It is expected that this development will include a basic calculation of the underpin and will automatically set up processes for these records to be rectified. This applies to deferred, pensioner and deceased members' records. 37. The Fund requires the timeline and plan from Civica to inform its own rectification plan for all benefits which were calculated for the period from 1 April 2014 to 31 December 2023.

8.12 As Members will understand, managing the work required to comply with McCloud will be a significant undertaking for the Authority and may inevitably have an impact on service levels and the Authority's ability to meet existing priorities, such as clearing historic backlogs.

9 Appeals, Breaches & Complaints

9.1 Cyber Security

There were 3 genuine cyber security incidents during the quarter, all of which were phishing attacks. All were reported and contained without clicked links or response to coercion. In all cases, the sender addresses, and links (if included) were blocked, and all staff notified of the email content to highlight future attempts.

A new cyber security awareness training and cyber risk management platform was implemented during this period. Mandatory courses are assigned to all staff for monthly completion, to further improve knowledge in the area.

9.2 Breaches

Ref	Date Recorded	Category	Description	Actions	Outcome	Date Reported
71	24/10/2023	Breach of Law	Payment of refund after the 5 year cut off period	Pay the refund	Refund now paid	24/10/2023

This case is due to the drafting of the Regulations not the team.

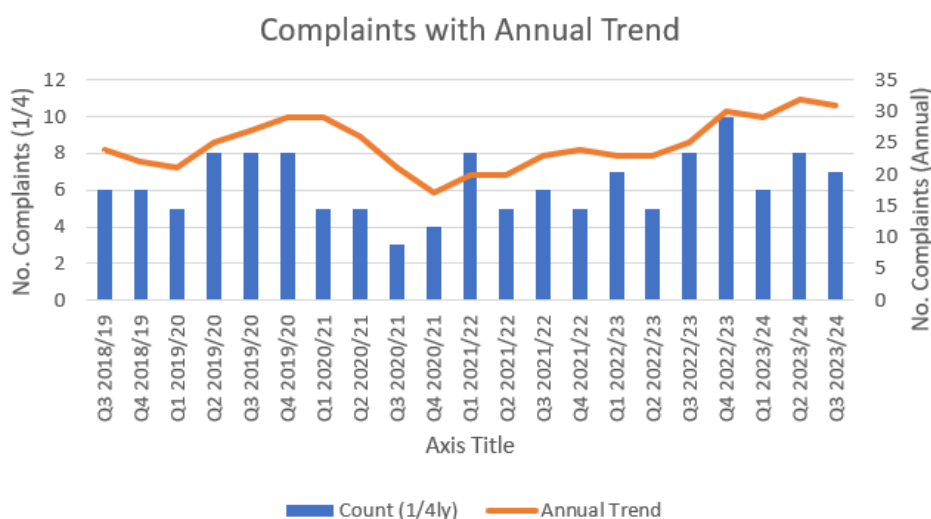
9.3 Appeals

Stage 1 raised	4
Stage 2 Raised	0
Appeals Decided	1
Appeals Upheld	0

4 stage 1 appeals received, still within regulatory timeline. 1 appeal was not upheld; however, we did pay the member £500 compensation. A new reporting procedure has been introduced which it is hoped will be used to report to the board as part of the Q4 23/24 report.

9.4 Complaints

7 complaints in the reporting period, there are no identifiable trends and only one was caused by SYPA – due to delays in annual allowance processing.



10 Employer Engagement

10.1 Improvements made or continuing to work on in the last quarter:

- Identifying Employer Training needs and offering bespoke training to ensure tailored sessions appropriate for staff.
- Quarterly Newsletter for Employers which provides updates on current issues and awareness of future changes. Issue 14 (January) has been issued on time.
- Regular Meetings with Rotherham MBC Pensions Team has produced outstanding results and significantly reduced the queries and keeps the Employer informed of latest issues.
- MDC Dashboard helps to identify Employers who are late with submissions to issue penalty notice warnings to encourage the MDC to be submitted before the deadline.
- Improvements to the current presentations utilising Canva.

- Employer Focus Group dates have been set for February; 30 Employer representatives expected to attend.
- Ill Health Retirement Process Is now in a transitional period – new process implemented in October.
- Employer Forum in November was well received.

Future Improvements:

- Working on improvements to the EPICi system to enable more effective reporting and a visualised snapshot of the Employers Status with outstanding queries.
- Employer Hub Implementation – 4 sessions have been arranged by Civica, the last one is on 24 January.
- Creating a Bulk Redundancy request template for Employers which will automatically create figures for all members over age 55, at the time of retirement, from using the MDC information on UPM.
- Create a Retirement Data Form to request Termination Forms in advance of the members retirement date – need to see if Employer Hub can help with this.
- Collaboration with the MDC Focus Team to target and improve communications with non-compliant Employers/Payroll Providers
- Working on a new Ill Health UPM Process for IRMP payments

10.2 Training & Presentations

- 13 Training Sessions
- 6 Employee Presentations – Virtual
- 2 Employee Presentations – In Person
- 7 Employee Presentations – Hybrid (2 x Planning for Retirement, 2 Understanding your Pension, 3 Mid-Life)
- 1 Employer Forum – Sessions on Ill Health, AVC Wise, McCloud, MDC Team
- 2 1:1 Sessions Virtual/Civic Offices

See **Appendix B** for outstanding employer queries

11 Implications

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

Financial	GMP Rectification and McCloud Remedy will increase Authority Cost on benefits
Human Resources	Pensions Dashboards – work resulting from the implementation of this government initiative is unknown currently.
ICT	None
Legal	A number of case processes have statutory time limits associated with them.
Procurement	None

Background Papers	
Document	Place of Inspection