

<b>Subject</b>	<b>Update on Pensions Administration Improvement Plan</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	14 March 2024
<b>Report of</b>	Assistant Director - Pensions		
<b>Equality Impact Assessment</b>	Not Required	Attached	
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## 1 Purpose of the Report

- 1.1 To update the Board on the Pensions Administration Improvement Plan.

## 2 Recommendations

- 2.1 Members are recommended to:
- a. **Note and comment on the plans for Administration improvement that are being put in place.**

## 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.

### **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.

### **Valuing and engaging our Employees**

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

## 4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report seek to address operational risks around data quality and backlogs in work (O2 and O6) and the people risks around vacancy levels and single points of failure (P1 and P2). The key mitigants of these risks identified are the plan to address backlogs on a systematic basis and the recruitment to new roles approved by the Authority which will increase the resilience of the team and ensure that there are sufficient resources to handle incoming work.

## 5 Background and Options

- 5.1 The Assistant Director Pensions took up role in November 2023. A revised Pension Administration structure has been agreed and the latest Corporate Plan introduced an Administration Improvement Plan. The Plan is a series of interlinked activities, intended to address long standing issues, which have affected the underlying performance of the administration service, and to place the service on a stable and sustainable basis. The plan was influenced by;

- Changes in the nature of the scheme caused by regulatory changes which will require the recalculation of benefits in payment and entitlements for a sizeable proportion of scheme members.
- The need to address the long-standing backlogs and process issues within the administration service.
- Developments within the Local Government Pension Scheme and the wider pensions industry such as the Pensions Dashboard.
- Technological developments.
- Feedback from stakeholder groups, including scheme members, employers and our staff.

This programme of work incorporates the need also to address things over which the Authority has no choice, such as the need to implement the changes in the pension regulations arising from various legal challenges related to discrimination based on either age or gender. These plans represent a significant volume of work for the team over a number of years and must not be underestimated.

- 5.2 The Administration Improvement Plan is to deliver:
- A1 – Improvements in Data Quality
  - A2 – Recruit to the Pensions Administration structure approved at the end of 2023.
  - A3 – System Improvements to ensure that the Authority is making the best use of technology.
  - A4 – Clear backlogs
  - A5 – Implement the McCloud Remedy
  - A6 – Successfully link SYPA to the Pensions Dashboards
- 5.3 The Plan is currently being shaped and is in its infancy. Future Board reports will include monitoring updates. Actions taken since December 2023 on each area of improvement include the following.

5.4 A1 - Improvements in Data Quality

The Pension Regulator (TPR) data scores were provided in the TPR Annual return in January 2024. The scores had improved since last reported;

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

A Data Improvement Plan is being drawn up. This will focus on overall data improvements not just TPR scores. Future priority areas are still to be identified but for 2024 the current priority is to complete the GMP reconciliation and rectification project. The Data Improvement Plan will be reported to Board at a future meeting.

5.5 A2- Recruit to the Pensions Administration structure approved at the end of 2023.

The recruitment campaign has commenced. Currently advertisements are live for the 2 vacant Service Manager posts, Employer Services Manager and Technical Support Manager. A training plan will then be arranged, and the new Benefits operation team recruited to over the summer.

5.8 A3 – System Improvements - ensure Authority is making the best use of technology.

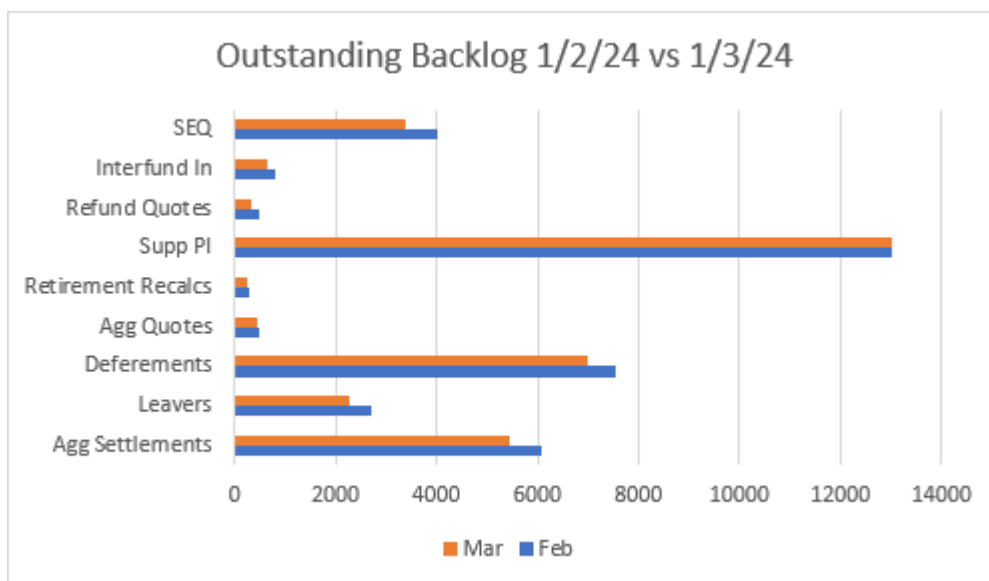
An audit of how the Authority uses the Civica, UPM Administration system has been organised. It is scheduled to be undertaken across March 2024. The audit outcome will help shape a System Improvement Plan along with a review of the operational workflows and an overhaul of performance reporting. Team plans are being put in place for all 4 Teams across Pensions to ensure improvements are delivered along with the improvements.

5.9 A4 – Clear backlogs.

A plan was introduced during February and monitoring has shown a 7.4% reduction in the backlog in this first month. Close monitoring will keep track on current workloads. There is a risk that these increase backlogs prior to the recruitment drive in 5.5 above. It is hoped that the outstanding supplemental Pension Increase payments may not have to be done completely manually. Options are being investigated. SEQ in the chart below, are Standard Employer Queries. This is where information is missing from the employer which means the team have been unable to close the record correctly. Internal guidance is being written for the Team, to enable them to calculate the missing piece of information where possible i.e. Final pensionable pay, leaving date, and calculate the correct benefit and close the record. Progress will be reported to Board on a quarterly basis going forward.

Examples of reporting monitoring;

1 Feb 24-29 Feb 24	Est Hours	Act Hours	Differe nce	Est Vol	Act Vol	Differe nce	O/S Feb	O/S Mar	Differ ence
<b>Agg Settlements</b>	540	373	<b>-167</b>	1080	600	<b>-480</b>	6059	5459	<b>-600</b>
<b>Leavers</b>	30	78	<b>48</b>	600	426	<b>-174</b>	2692	2266	<b>-426</b>
<b>Deferments</b>	30	28	<b>-2</b>	200	558	<b>358</b>	7536	6978	<b>-558</b>
<b>Agg Quotes</b>	30	44	<b>14</b>	82	56	<b>-26</b>	508	452	<b>-56</b>
<b>Ret Recalc</b>	30	23	<b>-7</b>	90	29	<b>-61</b>	287	258	<b>-29</b>
<b>Supp PI</b>	0	0	<b>0</b>	0	0	<b>0</b>	13000	13000	<b>0</b>
<b>Refund Quotes</b>	30	28	<b>-2</b>	95	158	<b>63</b>	471	313	<b>-158</b>
<b>Interfund In</b>	30	4	<b>-26</b>	120	163	<b>43</b>	822	659	<b>-163</b>
<b>SEQ</b>	0	0	<b>0</b>	0	627	<b>627</b>	4001	3374	<b>-627</b>
<b>Total</b>	<b>720</b>	<b>578</b>	<b>-142</b>	<b>2267</b>	<b>2617</b>	<b>350</b>	<b>35376</b>	<b>32759</b>	<b>-2617</b>



#### 5.10 A5 – Implement the McCloud Remedy.

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. 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.

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 include more detail to ensure it is consistently applied to all members. The Authority will need to include information about underpin protection for all qualifying members in Annual Benefit statements (ABS) from 2025.

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.

5.11 A6 - Successfully link SYPA to the Pensions Dashboards.

Awaiting a demonstration from Administration software provider of their offer, prior to testing the market for suppliers. 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.

## 6 Implications

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

Financial	The costs from the improvements being implement have been included in the Authorities approved budget. The cost of overtime is being monitored on a monthly basis. Procuring an ISP to connect SYPA to Pensions Dashboards will increase costs.
Human Resources	The recruitment to the agreed revised structure may lead to further recruitment requirements. All new recruits will also require training.
ICT	None
Legal	None
Procurement	An ISP provider will need to be procured to connect to the Pensions Dashboards programme.

**Debbie Sharp**  
Assistant Director Pensions

Background papers	
Document	Place of Inspection
None	