

Pensions
Administration
Performance
Update
Quarter 1 2024/25
8 August 2024

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Highlights and Recommendations

Highlights over the quarter to the end of June 2024 include:

- An increase in the volume of incoming work processed.
- A reduction in the backlog of outstanding casework of 30%
- Improvement in the level of customer satisfaction

The Local Pension Board are recommended to:

- a. Note the contents of this report.**
- b. Read through the contents and provide any feedback regarding the new format of this report**

Background

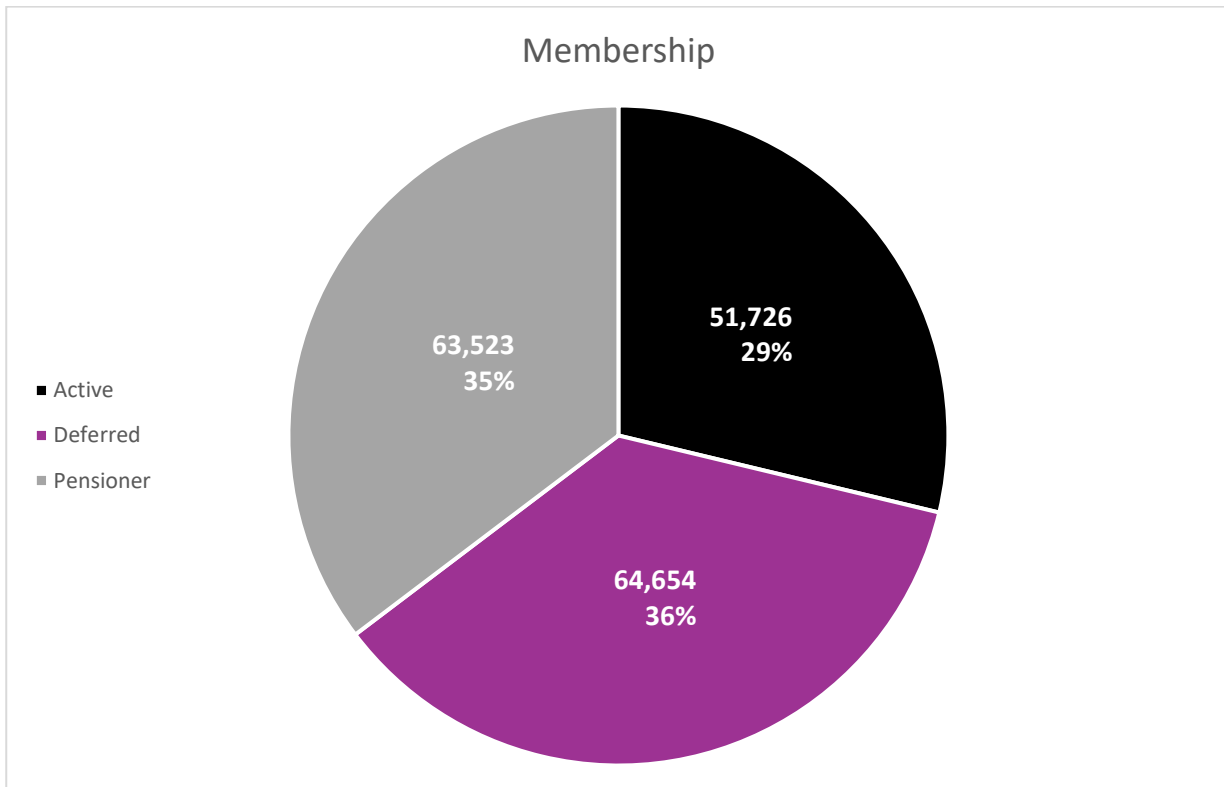
The Pensions Administration Service is the Authority’s largest outward facing service managing the organisation’s relationship with our nearly 180,000 scheme members and nearly 600 employers. The success of the Administration Service is crucial to the success of the organisation and this report aims to set out for the most recent quarter and the financial year to date:

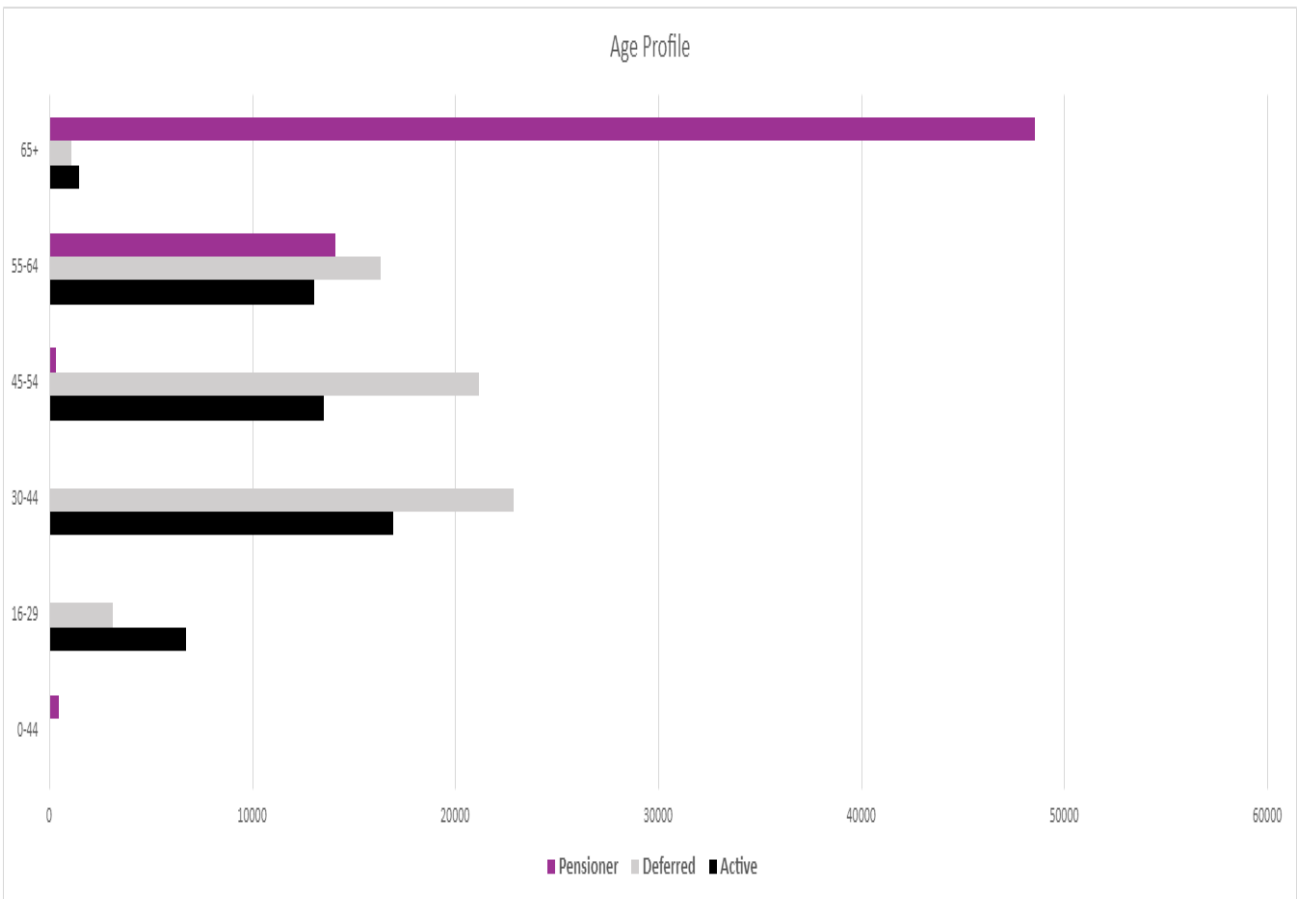
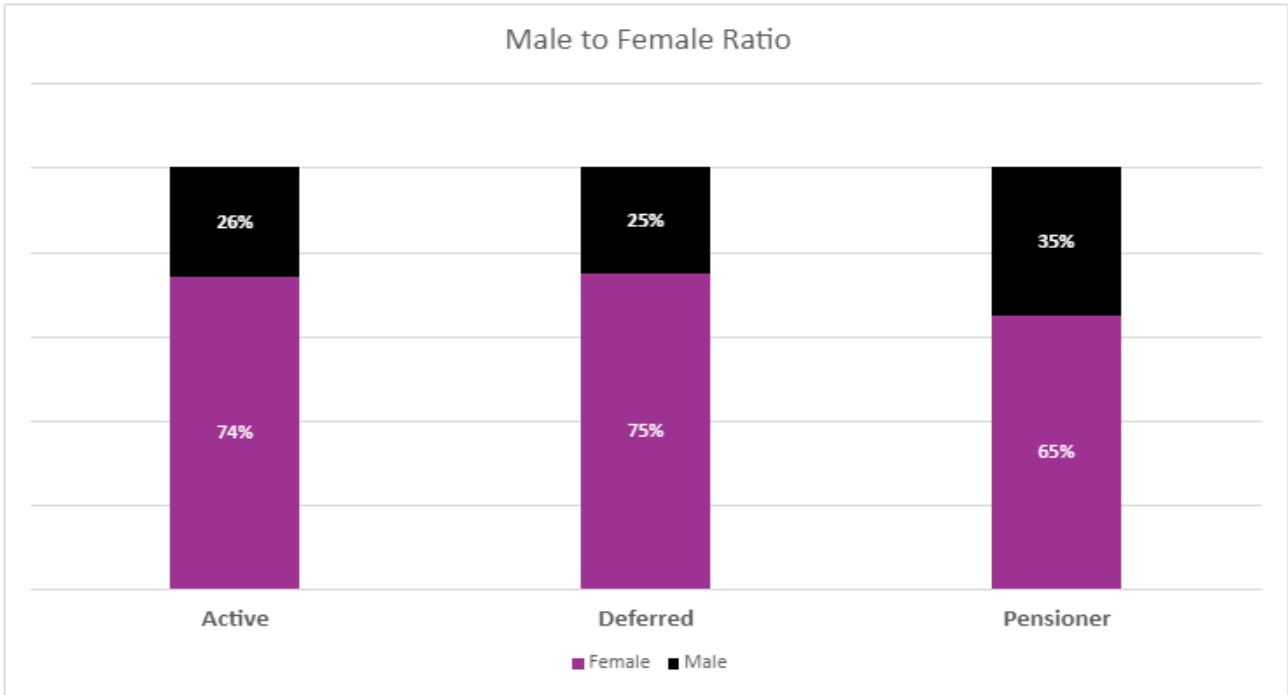
- Levels of activity related to both scheme member and employer activity.
- Levels of performance against the agreed standards
- Progress on delivering key projects and major cyclical activity
- Emerging policy issues and their implications for the Authority.

This report, like other performance information, is published on the Authority’s website as well as being considered at meetings of the Local Pension Board.

Membership at 31 March 2024

Active	51,726
Deferred	64,654
Pensioner	63,523
Total	179,903

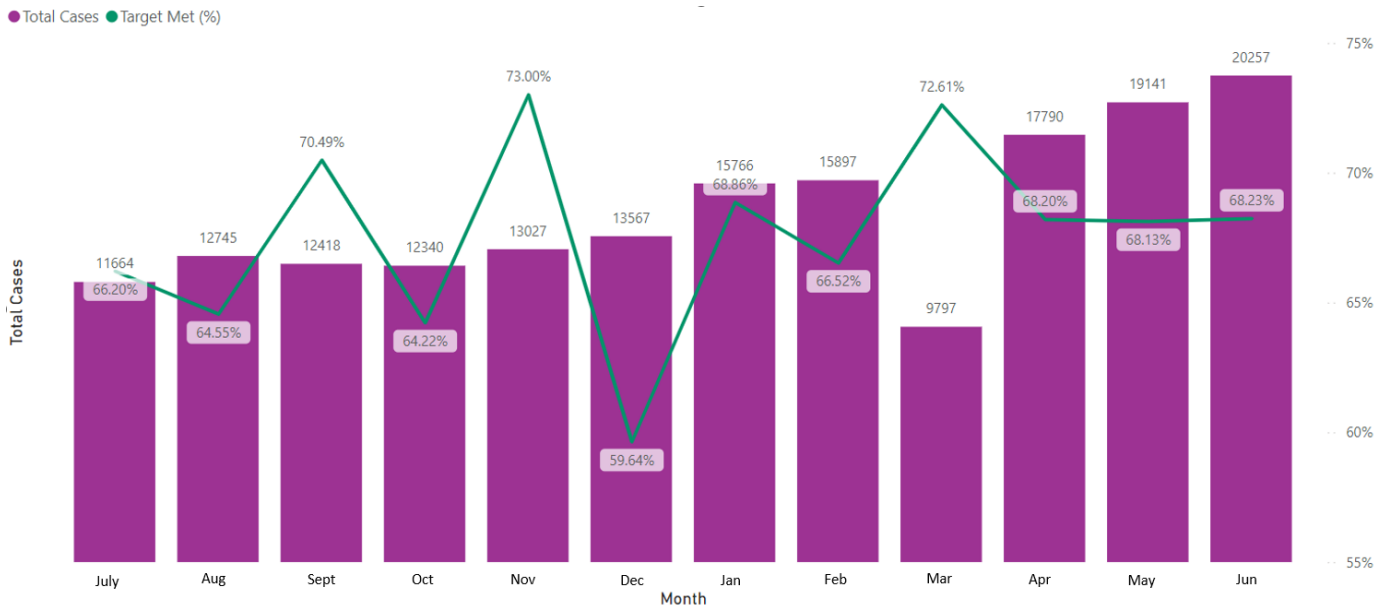




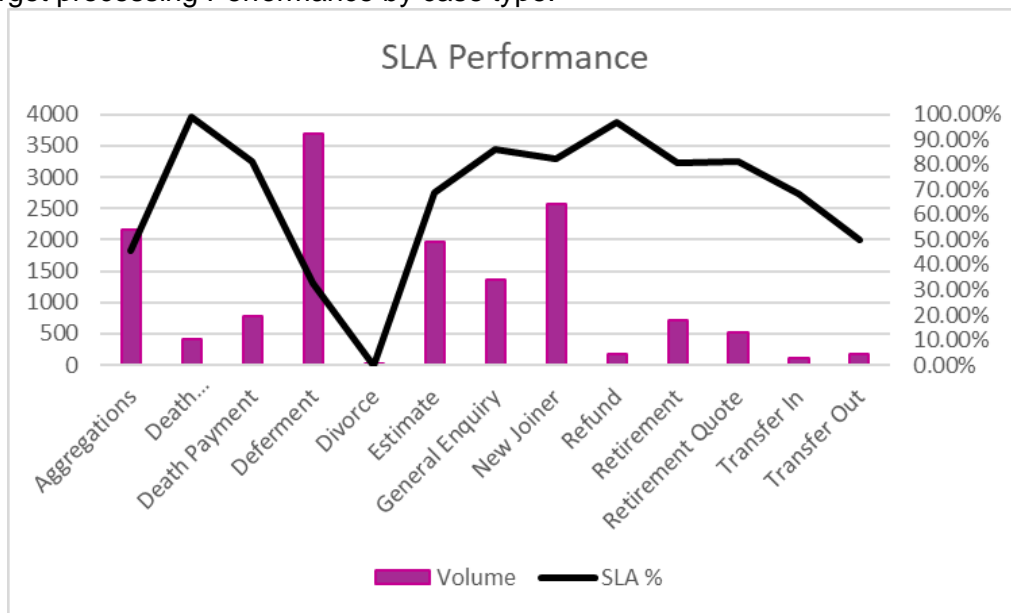
Casework Processing

This section of the report deals with the level of casework processing activity being undertaken and performance against agreed targets. Processing backlog work continues to impact non-priority performance targets as older deferrals, leaver & aggregation cases are completed. The team continue to find the volume of casework challenging and this is expected to continue until all vacancies are filled and the staff are trained.

Month on month completed casework volumes Jul 2023 – Jun 2024



Q1 24/25 target processing Performance by case type:





Customer Feedback

The Authority carries out rolling surveys of customer satisfaction. These can highlight areas for improvements across the teams.

Customer Satisfaction – Retirement Survey – February 2024 to April 2024

Survey sent to 586 members with an email address. Of those 118 responded. 20% return rate.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	47%	Down 4%	
Satisfied	43%		
Dissatisfied	7%	Up 4%	
Very Dissatisfied	3%		
Total Number of Respondents	118 out of 586		



Comments from dissatisfied members were around a lack of communication and not being kept up to date. Delays were either related to AVCs or awaiting information from the employer.

Action:

Identified some inconsistencies with employer procedures supplying flexible retirement and redundancy quotes. Employer Services Team will review the current processes and work with employers and staff to look to improve this area.

Customer Centre – Telephone Calls – February 2024 to April 2024

Survey sent to 4,143 members (with an email address) 469 responded. Just over 11% return rate.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	63%	Up 1%	
Satisfied	28%		
Dissatisfied	6%	Down 1%	
Very Dissatisfied	3%		
Total Number of Respondents	469 out of 4,143		

The following suggestions were received:



- Improve the login procedure - very complicated.
- I do think this field is difficult to understand for the layman - I am trying to make a decision about retirement, and it is a complicated system at times to navigate.

Action:

- This is a known area of weakness. Exploring options with software provider to simplify the registration process for mypension online account.
- Members are encouraged to use the online portal where possible and help is available to run quotes from the Customer Services Team. In addition, the portal has help guidance and videos available and in-person mypension sessions for all categories of membership are offered but do need prior booking. If a member does request a paper quote, the Benefits Team will provide one.



Scheme Member Engagement – Customer Centre Emails

Email Customer Centre Emails – “click face” Survey February to April 2024 8,442 emails issued – 67 responses received. 0.8% response rate.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Excellent	52%	Up 2%	
Good	18%		
Ok	12%	Down 2%	
Poor	18%		
Total Number of Respondents	67 out of 8,442 emails sent		

Scheme Member Engagement – New Joiner Survey

New Joiner Survey – December 2023 to February 2024 1,333 members were surveyed. The new joiner survey specifically asks about the welcome email/letter, including registration of the online portal. 39 completed surveys received. Just under 3% response rate.

Q. Overall, how satisfied are you with the service you receive from us?		Compared to last quarter	
Very Satisfied	23%	up 10%	
Satisfied	54%		
Dissatisfied	20%	Down 10%	
Very Dissatisfied	3%		
Total Number of Respondents	39 out of 1,333 emails issued		

Comment from the Survey:

Far too complicated. I felt drowned by the volume of information and found it and difficult to understand. I would have liked it simplified and maybe some examples of how things would work out. I would have benefitted from a face-to-face meeting so that I could have asked questions.

Action:

Recently introduced ***Understanding Your Pension*** a presentation aimed at new joiners. Members can attend both in person or online.

Member Engagement – online portal

All scheme members (regardless of status) are encouraged to sign up to the online portal. There was a total of 1,571 new registrations in the quarter to the end of June 2024. Total registrations, 94,771 approx. 52% of the total membership. Increase most likely attributable to Pensioners accessing their P60 online.

	31 March 2024	Registrations to 30 June 2024	% increase
Active	32,588	32,640	0.16%
Deferred	33,908	34,205	0.88%
Pensioner & Beneficiary	26,704	27,926	4.58%
Total	93,200	94,771	1.69%

Appeals Breaches and Complaints

The Authority deals with a few appeals, breaches & complaints each quarter. Below is a summary of the cases that have been dealt with or that are currently outstanding. The on-going column includes any appeals that are still been investigated from previous quarters.

General Appeals raised with the authority, one was related to a transfer in and the other is regarding a benefit calculation:

Stage	Received	Rejected	Upheld	Not Upheld	On-going
1	1	1	0	0	1
2	0	0		0	1
Total	1	1	0	0	2

Ill-Health Appeals: these are generally in relation to the level of ill health pension awarded by the employer. Stage 1 appeals in relation to ill health matters are dealt with by the relevant employer.

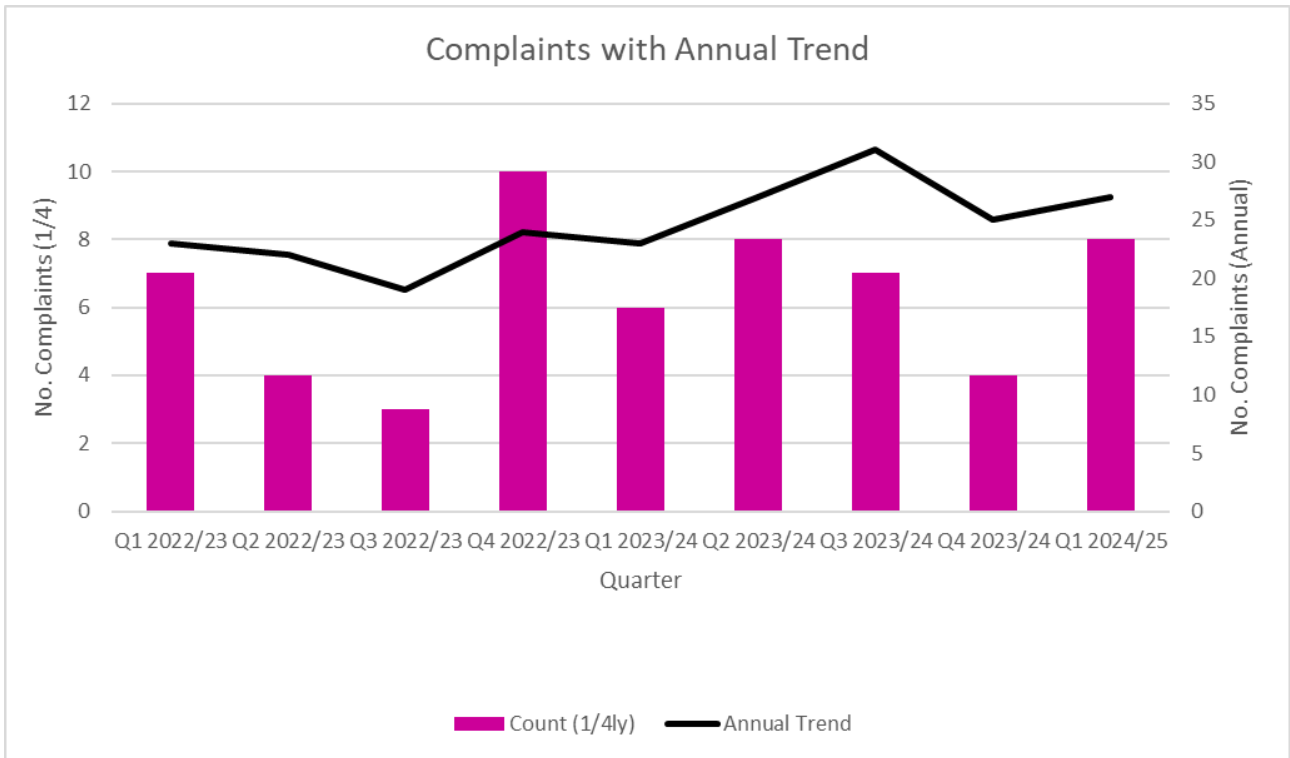
Stage	Received	Rejected	Upheld	Not Upheld	On-going
1	0	0	0	0	0
2	9	0	6	3	0
Total	9	0	6	3	0

Breaches:

No breaches to report

Complaints: Most complaints this quarter are where the authority is either waiting for information from the Employer, which has caused a delay, or where the member wants something that the scheme rules do not permit e.g. transfer out within 12 months of Normal Retirement Date.

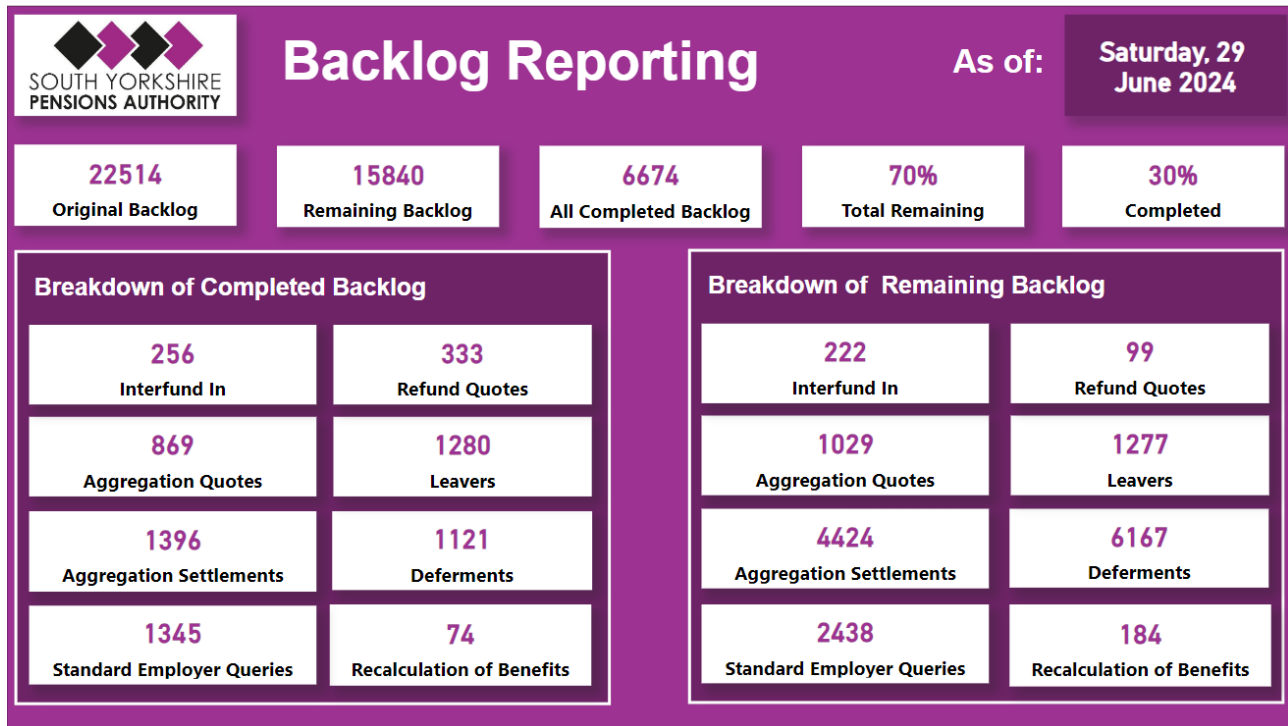
Type	Scheme Rules	Employer	SYPA	Previous Fund	Member	Total
Retirement	1	1	0	0	0	2
Service	0	3	0	1	0	4
Transfer	1	0	0	0	1	2
Total	2	4	0	1	1	8



Progress on Delivering the Administration Improvement Plan

This section of the report deals with the progress being made on addressing the historical challenges facing the administration service.

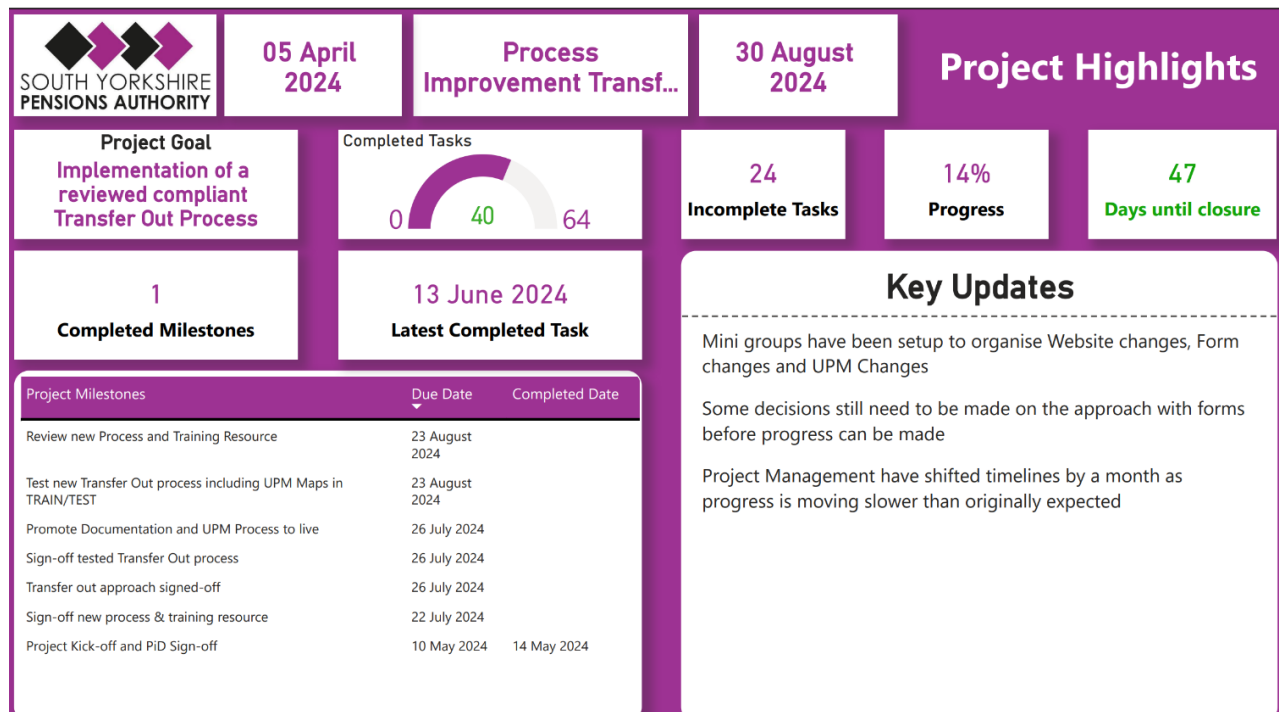
Backlog



The Project Team, within the Benefits Team, had been focusing on completing backlog work however during Q1 of this year their time was needed in preparation for the annual Care roll-up and Annual Benefit Statements. There was also a decrease in overtime uptake due to holidays. A full review of how the backlog has reduced and what other steps can be put in place to tackle it will be carried out in August. Feedback from team members confirms that some of the work within the backlog can take much longer to process than new case work of the same type. The new Pension Officers recruited recently are due to start in late August. Training will initially target deferment and leaver work to try and stop new backlog work building will be targeted earlier and not allowed to build up further.

Process Improvements

This is an area that is not progressing at the pace needed. Steps are to be taken to address the concerns.



Organisational Improvements

Attraction and retention of talent has been highlighted as a primary HR concern for LGPS administering authorities. This focus has put comprehensive scheme workforce planning into the spotlight. The Authority has introduced innovative ways to address pay and other staff concerns, and as well as the increase in staff to appropriately structure roles within the Pension Team the pay structure was adjusted too.

The 2 newly appointed service managers that took up their roles in May 2024 have hit the ground running and have already advertised and appointed to vacant roles within their teams. New roles have been grade assessed and they will be advertised later in August. In the additional team within the Benefits team, all roles have been advertised and all appointments made. It is hoped that all new staff will take up their positions before the end of August. There was 1 role, Temporary Team Leader within the Technical and Training team that has not been able to be recruited to, so this role is being re assessed.

The Employer Services Team has now been formed and is already using both employer data and Engagement collaborations to identify Employer Training and Staff Training needs.

Making Best Use of Technology

Civica have undertaken an Audit of the day-to-day use of UPM, the Pensions Administration Software. A report was provided highlighting improvements that can be made by either Civica or the Authority. There is a plan for many quick wins to be implemented over the next 3 months. The report

did highlight that in many areas the team were demonstrating best practice, which was a good morale boost for the staff.

Improve Data Quality

The team resource available is currently involved with the GMP reconciliation and rectification project which will improve data.

Major Projects

This section of the report deals with the progress being made on the various major projects with the service is undertaking in particular:

McCloud

The McCloud regulations came into force on 1 October 2023, and they required that eligible members who had their final underpin date or died before that date should have their benefit recalculated “without undue delay”. There was much debate over what exactly was meant by that phrase, particularly given that retrospective McCloud data collection was still underway for many, and software providers had been given little time to update administration systems. DLUHC (now MHCLG) issued McCloud implementation statutory guidance in June, and at the beginning of July the Government Actuary’s Department (GAD) issued further guidance.

The Authority’s capability to progress on McCloud is limited by the lack of software development. It is worrying that the ability to rectify leavers since 2014 is not likely to be available until the end of March 2025. This raises a big risk to the Authority in complying with legislation.

The McCloud remedy statutory guidance for the LGPS in England and Wales has now been published. [202406McCloud.pdf \(lgpslibrary.org\)](#) The guidance aims to achieve a consistent application of the remedy across the LGPS and provide additional guidance on certain technical issues. Statutory guidance highlights the deadline for implementation as 1 August 2025. By this date all retrospective changes to benefits for most members should have been made, data should be up to date, and annual benefit statements (ABSs) for 2025 should reflect the McCloud remedy.

After this phase McCloud will become part of business as usual. However, for this Authority this will be driven by developments by the software provider. The guidance says that legislation may allow an administering authority to determine that the McCloud implementation phase shall be regarded as extending to 31st August 2026 for specific members or classes of members. Whilst such cases have yet to be determined, and the detail of this legislation known, this will be welcomed considering the software development delays.

In determining who qualifies for underpin protection, not only will the Fund have to write to members who could qualify for the remedy should they have membership in another LGPS or public service pension scheme and will also have to re-verify the protection status for some members (those who have other pension entitlements whose status could affect eligibility) when they eventually take their benefits. The guidance provides further information about data collection, the payment of compensation and interest, transfers, multiple sets of underpin figures, unpaid additional contributions, and what to do if the member has passed away. The guidance also formalises the order of prioritisation which was circulated in draft form some time ago.

On 4 July, GAD published further McCloud guidance for the LGPS in England and Wales, covering the application of actuarial guidance on the McCloud remedy to retrospective cases (before 1 October 2023). The guidance covers:

- Eligible members who had a relevant benefit event before 1 October 2023.
- Retirement recalculations, setting out which early and late retirement guidance notes should be used.
- Transfer top-up payments, excluding bulk and Club transfers – essentially the guidance says that only the value of any extra pension due to the underpin needs to be recalculated, original transfer values do not need to be recalculated.


- Trivial commutation top-up payments, setting out the guidance which should be used to recalculate the benefits.
- Scheme pays pension offset, covering how any previous scheme pays offsets should be recalculated to exclude any original underpin.

Guidance on cash equivalents for divorce, pension credits, and pension debits will be added in due course. The guidance does not cover interest or tax issues.

Additionally, GAD issued the following guidance notes on 3 July, which have been updated to show the additional calculations needed where a statutory underpin applies:

- Individual Incoming & Outgoing Transfers
- Pension Sharing Following Divorce
- Application of a pension debit for divorced members (transfer date from 1 April 2014)

The final sections of the LGA’s McCloud remedy administrator guide is now awaited, which will cover “other calculations affected by underpin” and “revisiting past calculations”.



**SOUTH YORKSHIRE
PENSIONS AUTHORITY**

**09 January
2024**

McCloud Remedy


**30 August
2024**

Project Highlights

Project Goal

**Phase 1 UPM Drops
accepted as a BAU**

Completed Tasks



0 44 59

15

Incomplete Tasks

33%

Progress

47

Days until closure

1

Completed Milestones

13 June 2024

Latest Completed Task

Key Updates

New Calcs have been installed into TRAIN on the 24th June

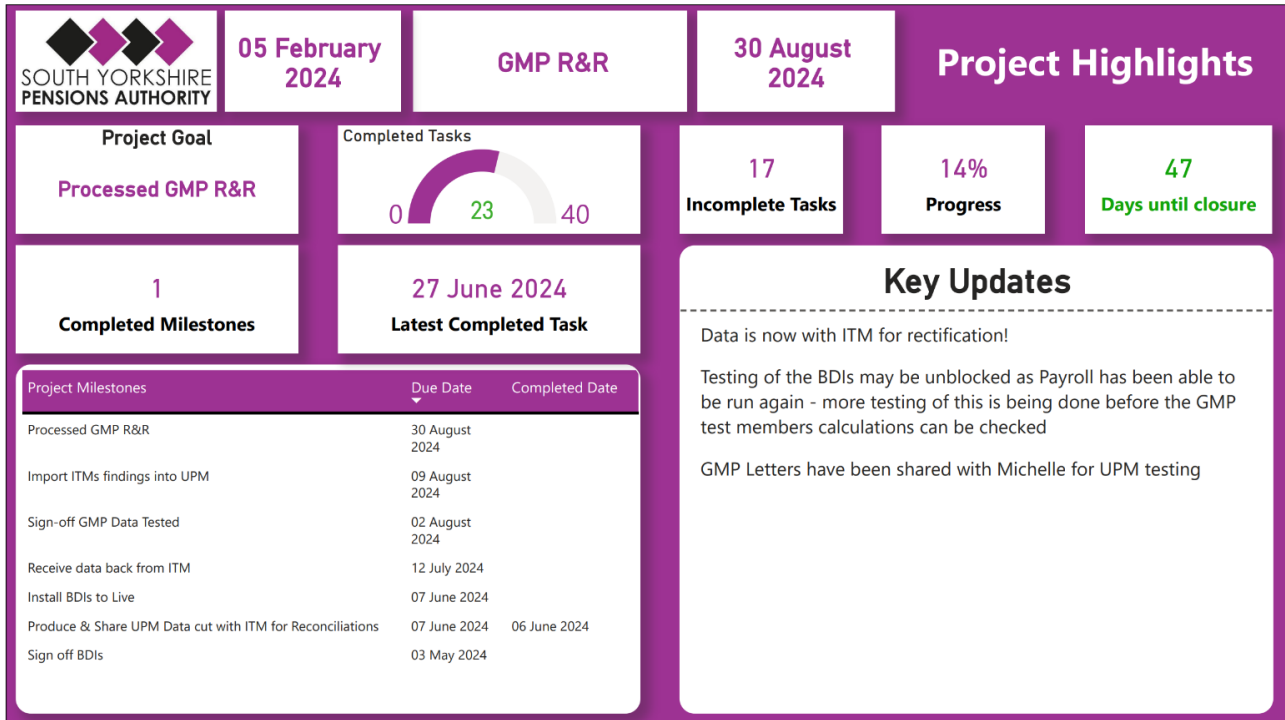
Install into LIVE is scheduled for the 9th July

Dave and Lindsay have gone through some further examples of McCloud in UPM with benefits team leaders

Project Milestones	Due Date	Completed Date
Phase 1 UPM Drops accepted as a BAU	30 August 2024	
April McCloud Release	12 July 2024	
Install up to and including DROP 3 to LIVE	23 February 2024	05 March 2024

GMP Reconciliation and Rectification

Still working to an implementation date of rectifications to benefits in payment of 31 August 2024.



Dashboards

The Authority is still to decide on its preferred integrated service provider (ISP). On 30 April 2024, the Pensions Dashboards Programme (PDP) published version 1.2. of its Data Standards. The data standards cover the data requirements for ‘finding’ and ‘viewing’ pensions information and are mandatory for providers and schemes connecting to the ecosystem. They are there to build a common set of message handling tools to receive and reply with data. The Authority will connect to the ecosystem via a third party - an (ISP). The I S P will use their processes to meet the data standards. However, as the standards apply to administering authorities, the Authority will remain responsible for compliance.

Authority Officers are due to make decisions on an ISP in the Autumn and initiate a Project to comply with connection, which is by October 2025.

Data cleansing is most important to providing accurate data through to the dashboards, so the Authority is prioritising this aspect at present.

Cyclical Activity

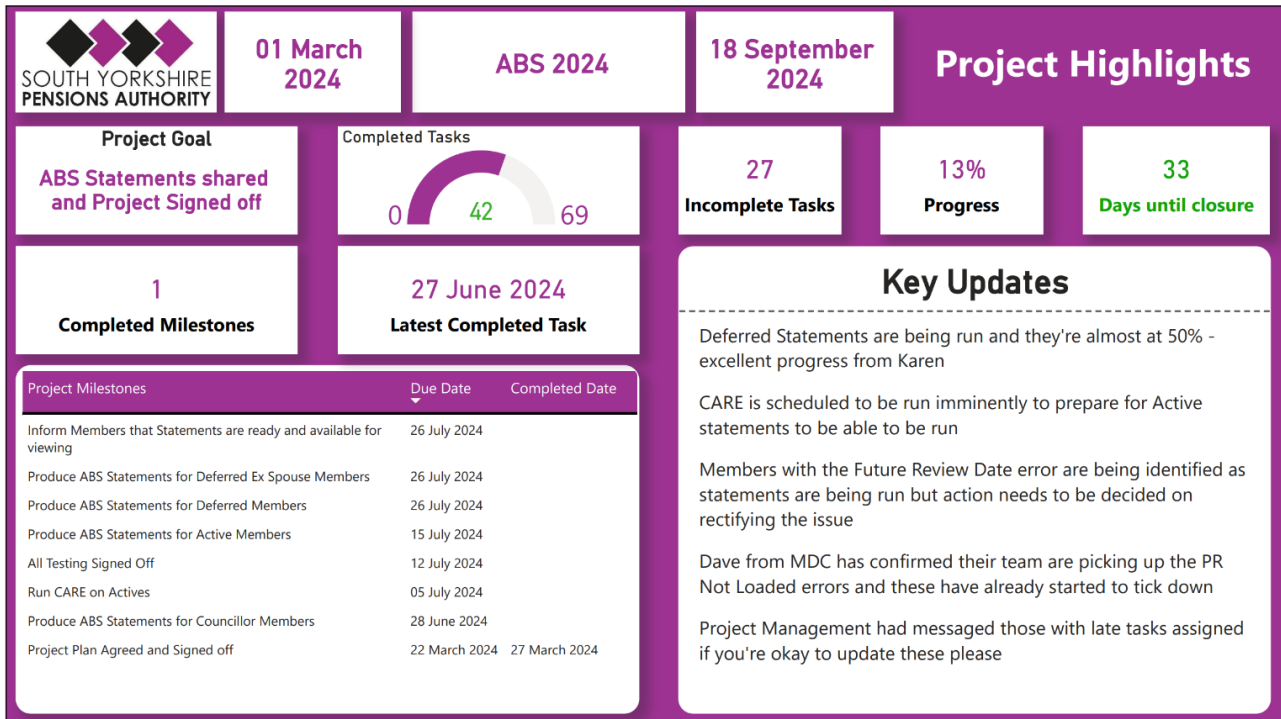
This section focuses on progress with significant cyclical projects including:

Pensions Increase

Deferred and Pensioners in payment were increased on time by the end of April. Pensions Increase was 6.7%.

There is an outstanding piece of work to pay the supplemental Pensions Increase to pensioners who drew their deferred benefit during 2023 – 2024. There are a couple of issues with the software that are being ironed out with the software provider. It is expected that this will have been sorted in time for the next report. Once this has been sorted for the 2024 PI there is a backlog of similar cases, going back for several years, that will then be tackled.

Annual Benefits Statements (ABS)



Technically, now that the McCloud remedy legislation is in force, this year’s ABSs should reflect the underpin. However, government accepts that this is unlikely to be possible so soon, and the statutory guidance confirms that the requirement won’t come in until the 2024/25 ABS runs. This does require legislation to exempt this year’s statements, but this had been delayed by the election. It is hoped that legislation will be put through before the deadline for ABSs on 31 August 2024 but if not, it is hoped that The Pensions Regulator will be understanding of funds not reflecting the remedy in this year’s statements as the Fund will be in breach of the legislation and have to report itself, as the software has not been developed to include the underpin detail for members.

Pension Savings Statements

The Authority has cleared all outstanding historical cases. Training has been given to Benefits team members who will be undertaking checking and releasing this year's cases once they have been run through the software system. This cannot take place until all annual Benefit statements have been run as this data is required to assess the annual Growth across 2023-24. It is hoped that the high Pensions increase in 2023 of 10.1% and the increased annual growth allowance of £60K will mean that there are less members this year breaching the annual allowance. The Authority intends to adhere to the statutory date of 6th October for all statements to have been issued.

Valuation

Initial meetings have been undertaken with the Actuary and plans are being agreed for the 2025 Valuation. A Project group will be identified, and full project monitoring will be put in place.

Employer Activity

Fund Employers

Employers as at 31 March 2024	566
New Admission Bodies	3
New Academies	3
Employers leaving – terminations	3
Employers as at 30 June 2024	569

Timeliness of Employer data submissions

Month	% of Monthly data submissions by deadline date
April	82.9%
May	95.8%
June	97.8%

Employer performance - in dealing with queries

See **Appendix A**

Wider engagement activity with employers

- Quarterly Newsletter for Employers provides updates on current issues and awareness of future changes. Issue 16 (July) has been issued on time.
- Regular Meetings with large Employers/Payroll Providers to build rapport and ensure compliance.
- Monthly Data Collection 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. Recently issued a penalty notice to an employer, who has now changed their payroll provider due to non-compliance. Improvement up by 4% points from 22/23 yearly average 88% to 23/24 average 92% monthly data received on time.
- All Employer online help Videos have been completed and will be attached to Employer Hub when it replaces Employer Web.
- Successfully tested Employer Hub processes and 'how to' videos are complete.
- Employer Focus Group preparations for September have commenced.
- Employer Forum has been booked for 15 November at the Holiday Inn. Agenda items and presentations to be worked on over the summer.
- Employer Survey results were positive and any negative feedback were probed further for improvements. The response rate for employer surveys is historically low but is sufficient to be

useful. The largest area for comment amongst employers is the employer area of the Website and the Employer Web Portal. This is not unexpected and is something the Authority is working to improve within the limitations of the underlying software. It was pleasing to see there were no dissatisfactions received with the Monthly Data Collection (MDC) process. This is testament to the effort the team has put in to improve this process.



Training / Presentations

- 12 Training Sessions
- 3 Employee Presentations – Virtual
- 2 Employee Presentations – In Person
- 2 x full day (16 people) Employer based 1:1 Sessions and 4 individual Virtual/Civic Offices 1:1 Sessions
- Audit day – Independent Registered Medical Practitioners. Time was spent with the 3 registered professionals assessing complex cases over the last year.

Policy Developments

This section of the report summarises recent policy developments.

Scheme Advisory Board publishes 2023 Scheme Annual Report

The Scheme Advisory Board (England & Wales) has published the scheme annual report for 2023, [LGPS Scheme Advisory Board - Foreword \(lgpsboard.org\)](https://lgpsboard.org) pulling together information from the 86 separate fund annual reports as at 31 March 2023. Key highlights are:

- Total scheme membership increased by 1.6% to 6.49m members.
- Total assets decreased by 2.6% to £354bn.
- Investment return across the LGPS (E&W) was -1.8%
- Total investment management costs decreased by £141m (7.6%), and this was primarily due to a net decrease in performance fees.
- Total administration and governance costs increased by £28m.

ICAEW LGPS guide

The Institute of Chartered Accountants in England and Wales (ICAEW) along with the Scheme Advisory Board (SAB) have produced a helpful informer document for employers and their auditors which sets out the timeline and information flow for the triennial valuation as well as to support the annual pensions accounting process. [ICAEW LGPS informer FINAL June2024.pdf \(lgpsboard.org\)](https://lgpsboard.org)

It sets out key information about the LGPS, and how information flows between the various stakeholders involved in the production of employer accounting disclosures. It also explains key accounting requirements under the IAS19 and FRS102 accounting standards. In addition, ICAEW and SAB have also created a short video on the informer document. The key aim for this document is it helps employers, and their auditors, understand the processes involved and therefore both focus their audit checks on the critical areas and reduce the risk that auditors are not able to sign off employer accounts. It also aims to limit the number of questions directed at those involved in producing the figures, to make the process more efficient and cost-effective. Ideally as a result of this general summary queries will then be limited to specifics of the calculation approach taken by a particular actuary and evidence of their internal controls.

Opt out survey – Fund Employers

On 20 May 2024, the Scheme Advisory Board (SAB) issued a short survey to local government employers with the aim of improving understanding of the LGPS membership and why some people choose to opt out. The Board is interested in what data these employers hold, their experience of staff opting out and the value placed on offering a high-quality defined benefit scheme like the LGPS in recruitment and retention. The survey closed on 7 June 2024. There were 53 responses. A paper outlining the main findings and suggesting next steps for action has been submitted to the Cost Management, Benefit Design and Administration Committee for its meeting on 1 July 2024. It is hoped the data collected can improve understanding of the membership of the LGPS and why some people choose to opt out.

[01072024_Item6PaperC_OptOutSurvey_.pdf \(lgpsboard.org\)](https://lgpsboard.org)

‘Check your State Pension Forecast’ Service

On 29 April 2024, the UK Government launched the 'Check your State Pension Forecast' digital service. This is designed to make it easier for individuals to check for and fill any gaps in their National Insurance record to help increase their State Pension. Links to the service were sent to all fund employers to share with their staff. [Online voluntary National Insurance payments service launches - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/online-voluntary-national-insurance-payments-service-launches)