Subject	Update on Pensions Administration Improvement Plan	Status	For Publication
Report to	Authority	Date	12 December 2024
Report of	Assistant Director - Pensions		
Equality Impact Assessment	Not Required		
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1 Purpose of the Report

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

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2 Recommendations

2.1   Members are recommended to:
   a. Note and comment on the 2024/2025 plans for Administration improvement that are in place.

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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.

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   Executive Summary and highlights

5.1   Further work was undertaken on improving the Authority's pension administration service in the last quarter. This was as well as producing the Annual Benefit statements by 31 August and Pension Saving Statements by 6 October, the statutory deadlines, onboarding new employers and ceasing those that no longer have active members in the Fund and collecting monthly membership data.

5.2   RAG status for Administration improvement activities;

Corporate Action	Update	On Target
A1 – Improvements in Data Quality	Priority given to ensuring the GMP reconciliation and rectification project is completed by the end of the year	Yes
A2 – Recruit to the Pensions Administration structure	Completed	Completed
A3 – System Improvements	System Audit actions have slowed due to resource issues. Work almost complete on the first process improvement. The project is now on target to complete in December.	At Risk
A4 – Clear backlogs	47% of backlog cleared by 31 October 2024. New timescale for backlog completion is Q3 2024/2025 with a focus on case types that need completing for annual valuation.	At Risk
A5 – Implement the McCloud Remedy	Dependant on Software supplier developments. Delays for phase 2 developments.	No
A6 – Successfully link SYPA to the Pensions Dashboards	Project started.	Yes

5.2   The Authority has added the McCloud Risk to the corporate risk register. The Autumn software release for McCloud has been delayed.

6   Background and Options

6.1   The 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. The improvement plan represents a significant volume of work for the team over a number of years and must not be underestimated.

6.2   The Administration Improvement Plan aims to deliver in six key areas:

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

6.3   A1 - Improvements in Data Quality

A Data Improvement Strategy, part of which will be an annual improvement plan is to be drawn up in Qrt 4. This will focus on overall data improvements not just TPR scores. Investigations have highlighted historical data issues, some of which go back to when the software system was implemented in 2014. These data issues need to be understood and categorised into whether they affect benefit calculations, communications to members or are nice to have /insignificant. The recent recruitment exercise included a post that would contribute to work undertaken in this area. The data cleansing work carried out for the Annual Benefit Statement production, the Pension Regulator's annual return as well as early work on the 2025 Triennial Valuation is being captured and will be used to shape the Authority's data improvement strategy and then the improvement plan for 2025 / 2026 at least.

The current priority regarding improving data quality is still focused on completing the GMP reconciliation and rectification project. This project is nearing completion and is expected to be completed by the end of the year. The tidy up exercise has been affected by competing priorities.

A tidy up exercise will be completed in December dealing with 12 complex cases subject to extra adjustments.

GMP R&R Project - 31.10.2024 Highlight Report
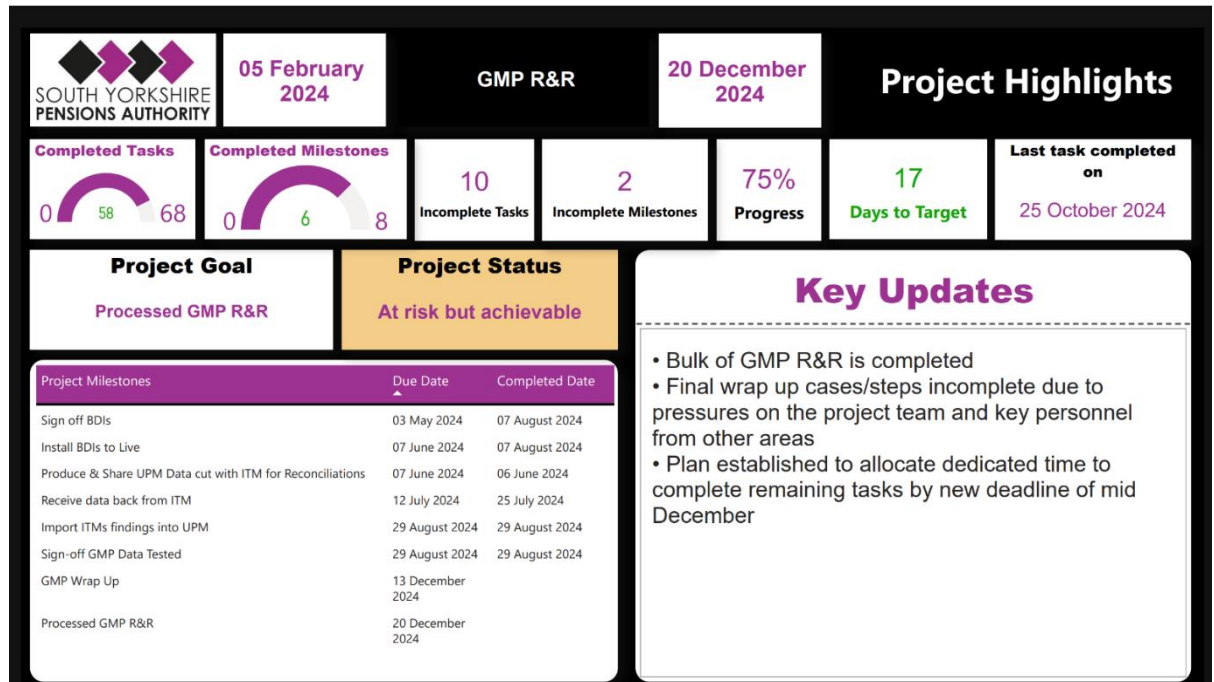
6.4   A2- Recruit to the Pensions Administration structure approved at the end of 2023.

Technical Support and Training Team

The two newly created roles within this team have now been appointed to. The Data Analyst and Complaints Resolution Officer took up their new positions on 28 October and 11 November respectively.

The Data Analyst is working collaboratively across teams recording and implementing changes that have been identified as part of the Pension Regulators Annual Return. They have also started to investigate valuation data errors. This is early data cleansing work for the 2025 triennial Valuation.

The Complaints Resolution Officer is investigating the current complaints process and has been tasked to develop this into a robust process ensuring consistency across the pensions' teams in responding to complaints and supporting the Authority's staff to improve communication with members with the aim of reducing complaints.

As a result of the unsuccessful recruitment to the Technical Training Lead the Authority is now using an HR Consultant, to review the career grade posts across the Authority.
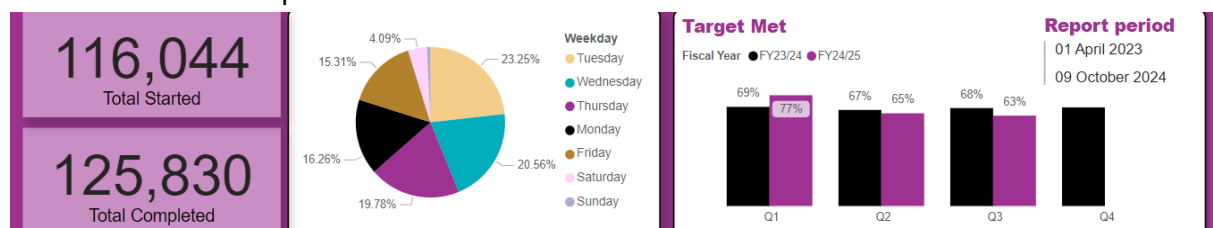
This action is now complete.

Service Area	Post	Recruited to Y/N	Internal/External
Employer Services	Service Manager	Y	Internal
	Engagement Team Leader	Y	Internal

	Engagement Officer	Y	Internal
	Engagement Officer	Y	External
	Employer Service Officer	Y	Internal
	Employer Service Officer	Y	External
Technical & Training	Service Manager	Y	Internal
	Technical Specialist	Y	Internal
	Data Analyst	Y	Internal
	Customer Resolution Officer	Y	Internal
	Technical Team Leader temp	Y	External HR Consultant
Benefits	Team Leader x 2	Y	Internal x2
	Senior Practitioner x3	2 Y 1 Y	Internal x2 Internal 6 month secondment
	Pensions Officer x 8	8Y	Internal x3 External x5
Customer Services	Business Support Officer	Y	External
	Apprenticeships x2	2Y	External

6.5 <u>A3 – System Improvements</u>

The focus in this area is to ensure Authority is making the best use of technology, review the operational workflows and an overhaul of performance reporting.

- An audit of how the Authority uses the Civica, UPM Administration system was undertaken on 5 June 2024. A report was provided highlighting improvements that could be made by either Civica or the Authority. There was a plan for many quick wins to be implemented by 30 September. Due to staff issues and other project pressures this project is currently on hold.

- UPM Steering Group is meeting quarterly.

- Pensions' Team plan is now in place. Each of the 4 individual Teams now record and monitor work across their individual teams to ensure corporate improvements are delivered along with day-to-day workloads and other one-off projects. These are reported to the Assistant Director Pensions at least monthly.

- Performance reporting – Dashboards have been introduced that are helping the Pension Team understand the Team's performance, output and workloads. Dashboard examples.

Totals
● Total Rejections ● Started ● Completed

Report period
01 July 2024
09 October 2024

| | 15,117 Started | 19,536 Completed | 1914 Rejections | 10% Rejection Ratio |

Priority All

Team All

Month performance
● Target Met ● Admin Target Met

July: 68% / 76%
August Q2: 69% / 74%
September: 59% / 62%
October Q3: 63% / 69%

Quarter performance
● UPM target ● Admin Target

Q2: 65% / 70%
Q3: 63% / 69%

Totals chart values:
July: 6,899 / 5,292
August Q2: 4,373 / 3,498
September: 7,503 / 5,149
October Q3: 2,813 / 1,778

Week performance

27 (July): 64%
28: 55%
29: 72%
30: 71%
31: 82%
31: 71%
32: 69%
33: 71%
34 (August): 66%
35: 66%
36: 61%
37: 50%
38: 65%
39: 63%
40: 55%
40 (September): 59%
41 (October): 67%

Rejections breakdown

● LG Deferment — 25.44%
● LG Refund Quote — 10.03%
● LG Retirement
● LG Retirement Quote — 5.33%
● Pre Aggregation Set... — 3.81%
● LG Death In Retirem... — 3.76%
● LG Provisional Quote
● Interfund In Load — 3.55% / 3.55%
● Aggregation Settlem...
● Deferred Retirement...
● LG Interfund In - Ori...
● Beneficiary to Update

0.52%, 0.84%, 1.1%, 1.15%, 1.2%, 1.57%, 1.78%, 1.78%, 1.99%, 2.3%, 2.4%, 2.46%, 2.56%, 2.87%, 3.13%
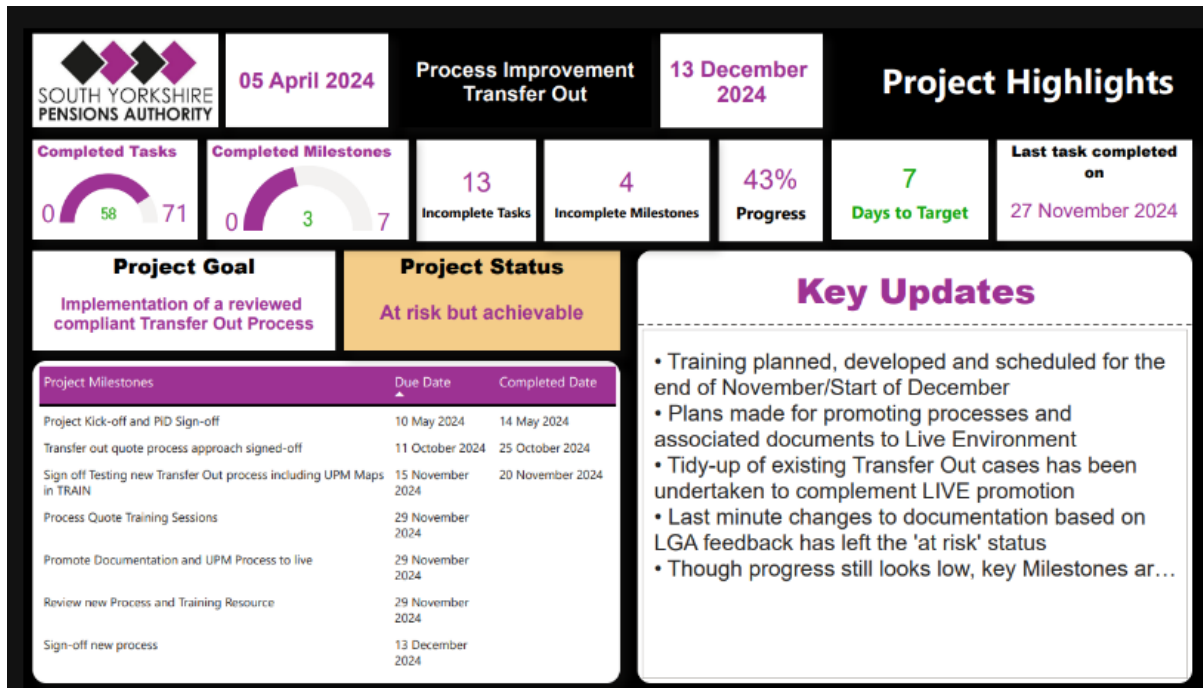
Transfer Out Process Improvement Project

Significant progress has been made on the Transfer Out Process Improvement project, to ensure compliance with overriding regulations and statutory guidance while enhancing the member experience. The revised process is scheduled to go live during the week commencing 2 December 2024. Key updates and improvements include:

- Updated Forms:
  - The team initially worked extensively to refine an early version of the LGA's revised transfer forms. The aim was to improve clarity and member understanding of risks.
  - Subsequently, the LGA provided a further revised version of their forms and visited the Authority to review our approach. They were pleased with many of the adjustments the Authority suggested and expressed interest in adopting some of these changes for the national rollout.
  - The final version of the forms are compliant with regulations and will be reviewed further to incorporate LGA feedback without delaying the go-live date.
- Streamlined Member Journey:
  - The revised quote process now requires deferred scheme members to answer a series of eligibility questions before a transfer-out quote is provided. This ensures members understand their eligibility and any associated costs, such as charges for a second quote within a 12-month period.
  - Staff feedback confirms this approach creates a smoother and more efficient experience for members while maintaining compliance.
- Proactive Form Distribution: The Authority will now send transfer-out forms directly to members, rather than directing them to source the forms independently from the website.
- Enhanced Transfer-Out Statement of Benefits:
  - Following guidance from the LGA, work was completed to include more detailed information in the transfer-out statement of benefits provided to members.

    ○ During the LGA's visit, areas where additional information is still required were highlighted. A review of the statement will be undertaken to ensure all necessary details are included in line with the latest guidance.

This project represents a significant step forward in ensuring compliance, reducing risk, and improving the member experience. Collaboration with the LGA has provided valuable insight that will continue to shape the Authority's processes.

SOUTH YORKSHIRE PENSIONS AUTHORITY | **05 April 2024** | **Process Improvement Transfer Out** | **13 December 2024** | **Project Highlights**

Completed Tasks	Completed Milestones	13 Incomplete Tasks	4 Incomplete Milestones	43% Progress	7 Days to Target	Last task completed on 27 November 2024
0 58 71	0 3 7					

Project Goal
Implementation of a reviewed compliant Transfer Out Process

Project Status
At risk but achievable

Key Updates
- Training planned, developed and scheduled for the end of November/Start of December
- Plans made for promoting processes and associated documents to Live Environment
- Tidy-up of existing Transfer Out cases has been undertaken to complement LIVE promotion
- Last minute changes to documentation based on LGA feedback has left the 'at risk' status
- Though progress still looks low, key Milestones ar…

Project Milestones	Due Date	Completed Date
Project Kick-off and PiD Sign-off	10 May 2024	14 May 2024
Transfer out quote process approach signed-off	11 October 2024	25 October 2024
Sign off Testing new Transfer Out process including UPM Maps in TRAIN	15 November 2024	20 November 2024
Process Quote Training Sessions	29 November 2024	
Promote Documentation and UPM Process to live	29 November 2024	
Review new Process and Training Resource	29 November 2024	
Sign-off new process	13 December 2024	

6.6   <u>A4 – Clear backlogs</u>.

Progress om addressing the backlog continues with several recent developments:

- New Recruits: The Pension Officers appointed in late August, because of the increased staffing resource, have been focusing on clearing entry-level work that accumulated since January 2024 due to the team being under resourced. Training continues to target deferment and leaver work to prevent new backlogs from forming.
- Aggregation Focus: There are very prescriptive complex regulations regarding what happens to pension accounts when a member leaves a job. Processes for handling all types of aggregation cases have been implemented. To support this in the short term, Aggregation Tuesdays have been introduced, dedicating focused time and resources to this area. Positive feedback has been received from the teams. The focus has helped embed the process.
- Overtime Updates: Overtime uptake continued to be limited earlier in the period and ended entirely at the end of October. A review is underway to assess how much progress has been made on clearing backlogs since overtime ceased. This is expected to also offer insight into current baseline productivity levels.
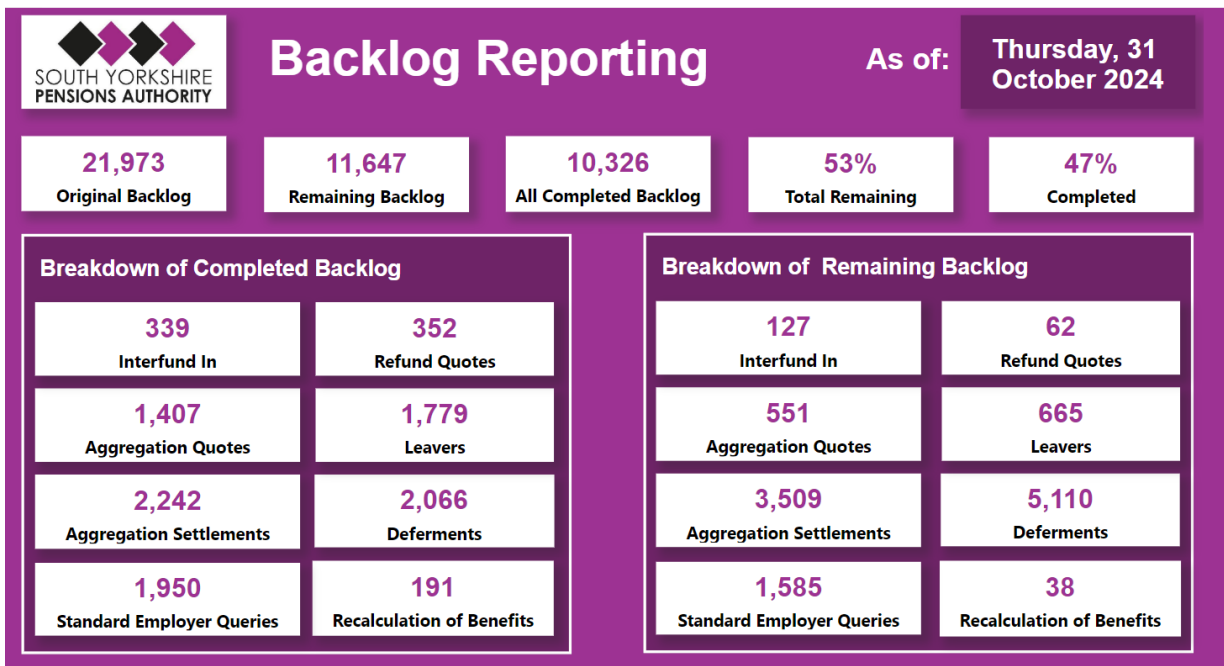
- Project Team: The Project Team has competing priorities. This team is used to focus on critical tasks. Despite this, the team have also made steady progress on backlog reduction where possible.

Next Steps

To accelerate progress further:

1. Dual-Approach Processing: Continue to address the backlog by working on older cases forwards and recent cases backwards, leveraging the mix of resources available. With an additional focus on clearing case work that improves Valuation outcomes for employers.
2. Resource Allocation: Senior resources freed from other priorities will focus on tackling more complex, older cases to ensure these are resolved effectively.
3. Review and Adjustments: A comprehensive review will be conducted to evaluate backlog reductions achieved during a 'normal month' without overtime by Mid-December, including a deeper analysis of process efficiencies and further opportunities for improvement.

The team remain committed to clearing the backlog, to reduce pressure on the team, and to improving workflows.

Backlog Reporting
As of: Thursday, 31 October 2024

21,973 Original Backlog	11,647 Remaining Backlog	10,326 All Completed Backlog	53% Total Remaining	47% Completed

Breakdown of Completed Backlog

339 Interfund In	352 Refund Quotes
1,407 Aggregation Quotes	1,779 Leavers
2,242 Aggregation Settlements	2,066 Deferments
1,950 Standard Employer Queries	191 Recalculation of Benefits

Breakdown of Remaining Backlog

127 Interfund In	62 Refund Quotes
551 Aggregation Quotes	665 Leavers
3,509 Aggregation Settlements	5,110 Deferments
1,585 Standard Employer Queries	38 Recalculation of Benefits

The chart below illustrates the volume of new work received since January 2024 (for the higher volume case types). This new work is not classified as part of the existing backlog and has been prioritised for resolution by the recently appointed team members.

Notably, the volume of aggregation cases has increased because of the completion of deferment cases. Training on aggregation processing is planned for the new recruits, which is expected to contribute to a reduction in these volumes soon.

New work from Jan 2024
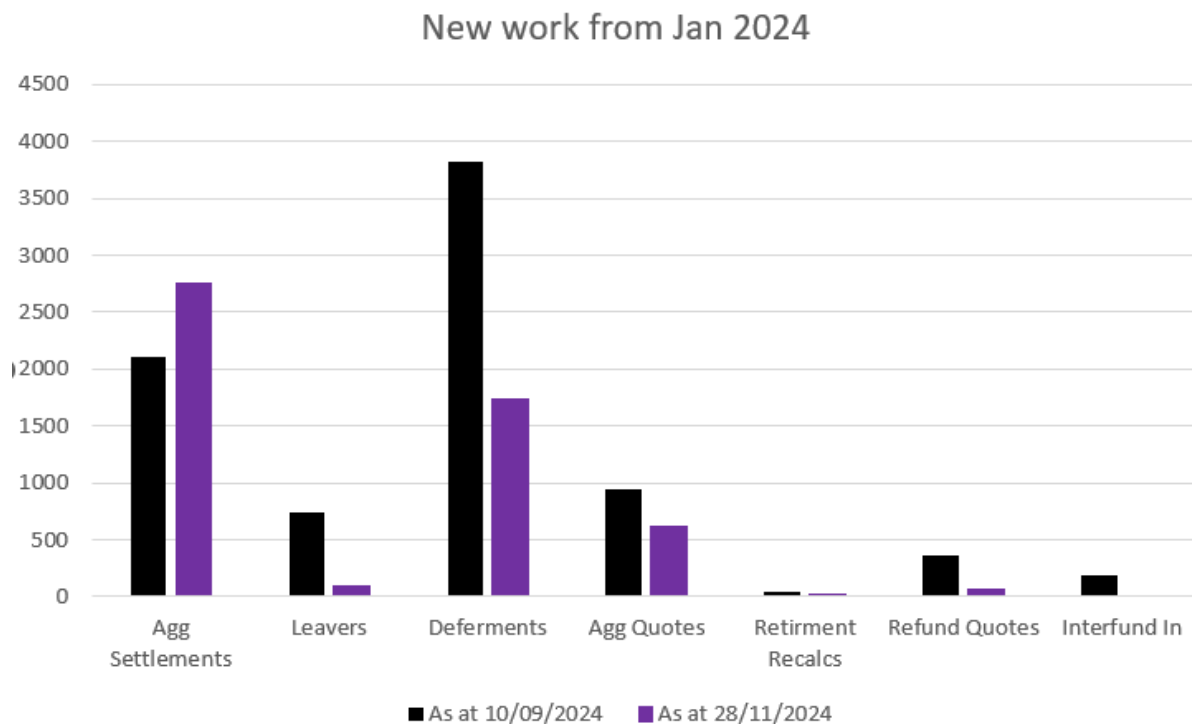
6.7 <u>A5 – Implement the McCloud Remedy</u>.

Risk of Authority not being able to implement the McCloud remedy within timescales laid down in statutory guidance due to delays in software developments has been added to the corporate risk register.

No further update.

6.8 <u>A6 - Successfully link SYPA to the Pensions Dashboards</u>.

The Authority will connect to the Pension Dashboards ecosystem via a third party - an integrated service provider (ISP).

The ISP will use their processes to meet the data standards. However, as the standards apply to administering authorities, the Authority will remain responsible for compliance. A project team has been set up and is considering providers at present. Authority Officers are due to make decisions on an ISP by the end of the year. The project team will ensure the Authority complies with its connection deadline, which is 31 October 2025.

Training on Pensions Dashboards was covered on the Members training day on 28 November.

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. A project team has being set up to comply with this obligation.

7 Implications

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

Financial	The costs from the improvements being implement have been included in the Authority's approved budget. The cost of overtime is being monitored on a monthly basis within an agreed budget. Procuring an ISP to connect SYPA to Pensions Dashboards will increase annual costs and will be reflected in future year's budgets.
Human Resources	The recruitment to the agreed revised structure may lead to further recruitment requirements due to the cascade effect of internal promotions. 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	