



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Linda Welsh, Pension Scheme Manager, Ext: 77463

Item 4

23rd November 2022

Administration Update

Purpose of Report:

To update the Committee on pensions administration activity and present a summary of performance to 30th September 2022.

Recommendations:

The Committee is asked to **NOTE** the contents of this report.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

PLEASE NOTE THE FOLLOWING:

Any Ordnance Survey mapping included within this Report is provided by Glasgow City Council under licence from the Ordnance Survey in order to fulfil its public function to make available Council-held public domain information. Persons viewing this mapping should contact Ordnance Survey Copyright for advice where they wish to licence Ordnance Survey mapping/map data for their own use. The OS web site can be found at <http://www.ordnancesurvey.co.uk> "

If accessing this Report via the Internet, please note that any mapping is for illustrative purposes only and is not true to any marked scale

1 Strathclyde Pension Fund Office (SPFO)

Total staff in post at end September was 84 (FTE 76.8).

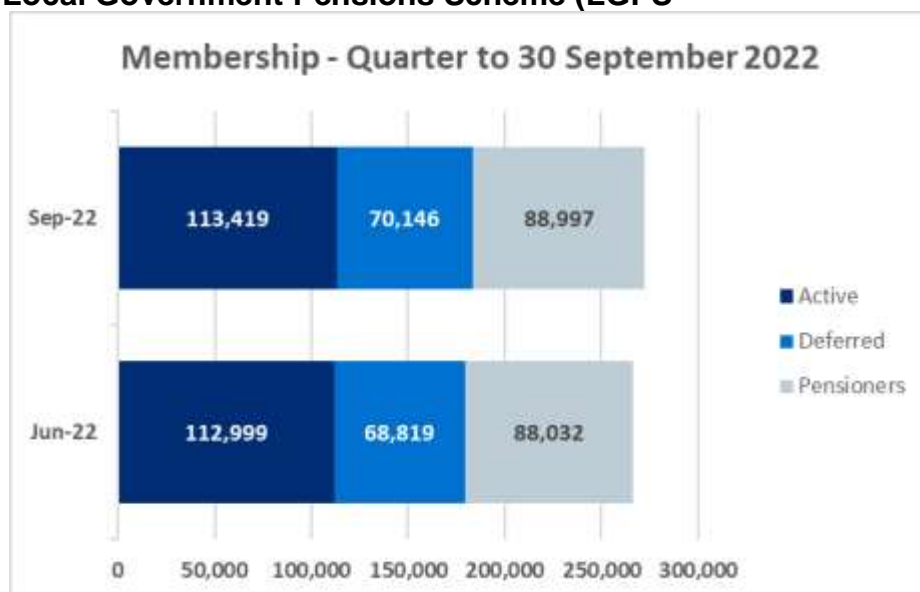
Implementation of a revised structure is ongoing: 17 posts have been filled during 2022 to date; and recruitment for a further 10 (one assistant service manager, 9 pensions officers) is planned for Dec.

SPFO is continuing with a hybrid working pilot. Current arrangement is for staff members to be in the office a minimum of two days a week.

2 Membership

Membership is summarised as follows.

2.1 Local Government Pensions Scheme (LGPS)



Total membership increased from 269,850 to 272,562 over the quarter. All categories increased.

Main changes contributing to the net increase of 2,712 were:

- **4,777** new starts (*4,324 in the same quarter 2021*)
- **844** retirements (*765 in the same quarter 2021*).
- **507** refunds (*430 in the same quarter 2021*).
- **1,627** deferred (*1,639 in the same quarter 2021*).
- **864** deaths (*834 in the same quarter 2021*).

Some additional analysis of scheme membership is set out in **Appendix 1**.

2.2 Teachers Compensation

In addition to its statutory function of administering the LGPS, SPFO also acts as a payroll agent for compensatory added years' payments to over 8,000 members of the Scottish teachers' superannuation scheme.

3 SPFO Performance

Over **44,000** processes were completed in the quarter to 30th Sept 2022 (previous quarter **42,000**).

Performance for the quarter is summarised as follows.

3.1 Payments

SPFO Payments	SPFO Target	Achieved	Last quarter
Pensions payroll run on time	100%	100%	100%
New retirals processed for due payroll date	95%	97.4%	97.6%
Retirement lump sums paid on retirement date	95%	92%	94%

3.2 Other Transactions

Transaction	Volume	SPFO			Statutory	
		Target Days	%	Actual %	Deadline	Actual %
New Starts	4,777	15	95.0	100	1 month	100
Refunds	507	7	90.0	99.4	n/a	n/a
Deferred	1,627	10	90.0	89.1	2 months	95.1
Retiral Estimates	576	20	80.0	90.6	2 months	99.3

3.3 Customer Satisfaction

	Refunds	Retirals
Forms issued	507	844
Responses	13	34
Response rate (%)	2.6	4.0
Satisfaction Rating (%)	68.3	84.8
Target	80.0	90.0
2021/22 full year (%)	85.3	90.8

A revised survey format and process was introduced towards the end of the quarter. This has resulted in a slight increase in response and satisfaction ratings. A more significant increase is expected once the changes have been in place for a full quarter.

3.4 Complaints

Category	No.	Days to Respond		Achieved (%)	Upheld (%)
		Target	Actual (Average)		
Staff Knowledge	1	5	5	100	100
Processing Delay	4	5	4.5	50	100
Processing Delay (Stage 2)	1	20	21	0	0
Quality of Information	1	5	4	100	100
*Other	5	5	3.6	80	60

The total of 12 complaints showed a slight decrease from last quarter (17).

The complaints included 2 regarding membership dates supplied by the member's employer, one death grant beneficiary dispute, one querying the amount of benefit, and one not happy with deferred documentation.

The stage 2 complaint was a result of the receiving scheme not providing bank details to allow a transfer to be paid.

3.5 Performance Commentary

Performance over the quarter was generally very good.

In particular:

- SPFO's overriding administration priority is to ensure that the monthly pensions payroll is run and payments are received on time by the 90,000+ pensioner members. Payroll was run and paid each month without incident;
- most transactions were processed in line with target, though a slight delay was experienced with deferred notifications;
- there were no material breaches of regulations requiring to be reported to the Pensions Regulator.

4 Employers

4.1 Participating Employers

The table below shows the number of employers participating in the Fund. Employers include the 12 Local Authorities in the West of Scotland, whose employees constitute around 80% of the active membership.

Total employers at 1st July 2022	158
New employers	0
Exiting employers	1
Total employers at 30th Sept 2022	157

There was 1 employer exit this quarter.

Employer	Exit Date	Status
Childcare First	13 th August 2022	Last member retired. Exit credit agreement in the process of being finalised.

4.2 Employer Payments to SPFO

Employers are required to pay contributions to SPFO by 19th of the month after they are deducted from payroll.

Local Authority Employers	Target	Actual	Last Quarter
	(%)	(%)	(%)
Contributions received by SPFO by due date	100	97	<i>100</i>

There were three instances of late payments from Local Authority employers. Reason given for all was the unexpected bank holiday for the Queen's funeral.

4.3 Employer *i-Connect* Submissions

All employers were live on the data portal, *i-Connect*, by 31st March 2022. Employers are required to submit regular electronic returns via *i-Connect* no later than 19th of the month following the reporting period. The table below summarises the number of valid returns received on time from the Fund's local authority employers.

Local Authority Employers <i>i-connect</i> submissions							
Apr	May	Jun	Total	Total Expected	Target	Achieved	Last Quarter
7	7	6	20	36	100%	56%	56%

For many employers this is still a new way of submitting member data. SPFO has been working closely with employers to establish the reasons for the late submissions. Some employers are having to do workarounds as they wait on fixes being made by their payroll providers, others have been experiencing resourcing issues. SPFO will continue to work closely with employers to ensure that the data being submitted is of an acceptable quality and submitted by the due date.

4.4 Data Completeness

Incidence of missing records as at 30th September is summarised in the table below.

	30 September 2022		30 September 2021	
	Members	(%)	Members	(%)
Record status matched	112,548	99.2	109,579	99.5
Missing new start data	33	0.04	93	0.1
Missing leaver data	838	0.76	413	0.4
Total	113,419	100	110,085	100

Data cleansing for onboarding of employers to *i-Connect* resulted in an increase in legacy missing leaver data. SPFO continues to engage with employers to clear this. The combined error rate is **0.8%**. A combined year-end target of **<0.5%** was agreed in the 2022/23 Business Plan. This should be achieved.

5 Digital Communications

Improving and increasing SPFO's digital delivery is a key priority. Digital uptake as at 30th September 2022 is summarised as follows.

Customer Engagement	2022/23		2021/22
	Actual	Target	Actual
Total signed up for SPFOnline	119,714	118,000	108,955
Weekly visits to: www.spfo.org.uk	8,610	7,400	7,333

SPFOnline is a portal which allows members to view and amend their pension records and carry out illustrative pension calculations. Increasingly, it is also being developed to provide member information and documentation, and to allow member transactions to be completed online. Recent examples include:

- **108,037** Active member Annual Benefit Statements were issued by the statutory deadline of 31st August 2022. This represents 100% of active members (*99.9% in 2021*). **59%** were delivered by email notification / SPFOnline; only **4%** were hard copy; and the remaining **37%** were issued by letter with an activation key to log into SPFOnline to view the statement.
- **1,252** Pension Savings Statements were issued by the statutory deadline of 6th Oct to members who potentially exceeded HMRC's annual allowance pensions savings limit. **83%** were issued by email notification / SPFOnline. **17%** were hard copy.

6 Scheme Developments

6.1 Pensions Increase / Consumer Prices Index (CPI)

During October, the Office for National Statistics confirmed the rate of UK CPI inflation for the year to end September 2022 as **+10.1%**. This is expected to be the basis for the April 2023 pension increase of pensions in payment, and revaluation of all career average benefits for active and deferred members. However, this needs to be formally confirmed in the Pensions Increase (Review) Order and Public Service Pensions Revaluation Order which will be made under the Pensions (Increase) Act 1971 in early in 2023.

6.2 Pension Dashboard

The Pension Dashboard is a major pensions industry development which will allow individuals to access information about all of their pensions via one online platform.

On 17 October 2022, DWP laid a draft of The Pensions Dashboard Regulations 2022 before each House of Parliament. Under the regulations, the staging deadline for the LGPS and all other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. Schemes will be expected to meet the required standards (connection, security and technical) by that date. They must also, be able to respond to "find" requests, complete matching, and provide administrative and signpost data on request. Authorities will need to be able to provide value data (accrued and projected values) by 1 April 2025.

The Pensions Dashboard will be a development priority in SPFO's 2023/24 business plan. In anticipation of this, a Change Request has been raised to allow early engagement with SPFO's software provider to deliver a technical solution, in terms of connection and security within the outlined timescales.

7 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	None
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

Council Strategic Plan: Strathclyde Pension Fund aligns with the theme of a well governed city.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021 - 25 Equalities issues are addressed in the scheme rules which are the responsibility of Scottish Government, in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment, and in the Fund's Responsible Investment strategy.

What are the potential equality impacts as a result of this report? No specific equalities impacts.

Please highlight if the policy/proposal will help address socio economic disadvantage. Not applicable.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: N/A.
Monitoring report.
Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.

What are the potential climate impacts as a result of this proposal? N/A.

Will the proposal contribute to Glasgow's net zero carbon target? N/A.

Privacy and Data Protection impacts: None

8 Recommendation

The Committee is asked to note the contents of this report.

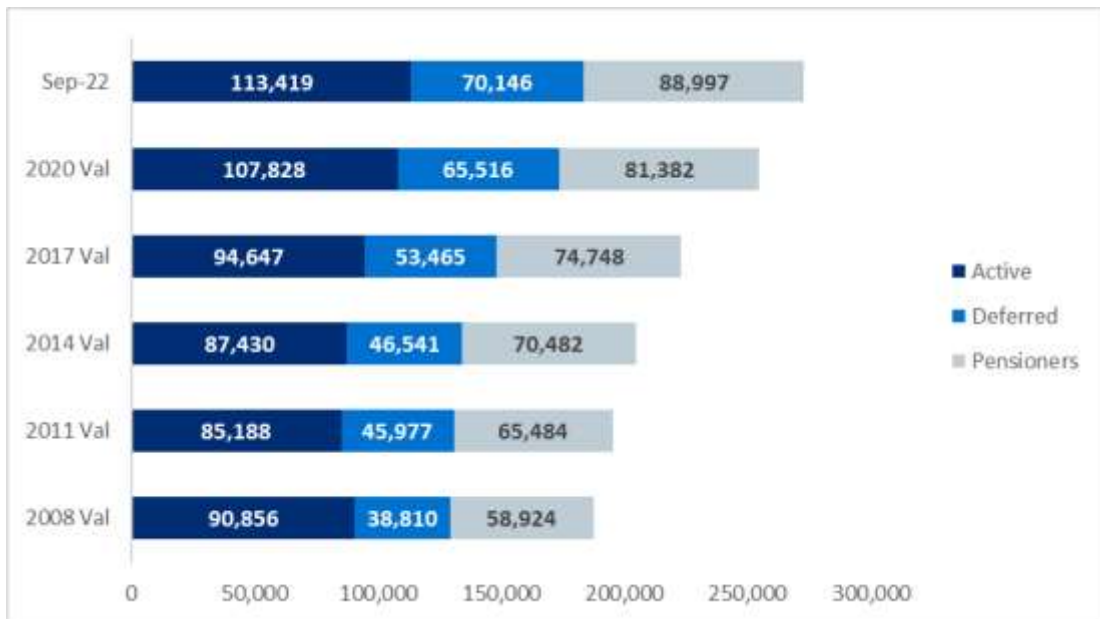
Appendices

Appendix 1 Membership – Additional Analysis

Membership – Additional Analysis

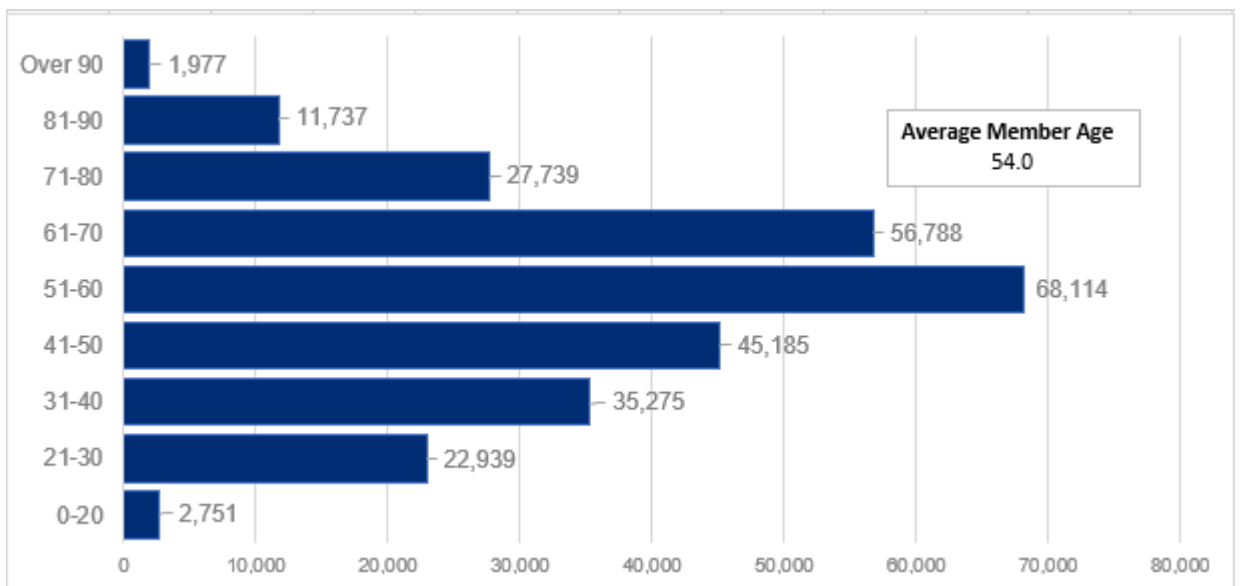
Longer Term Trends

This chart shows movement in membership since the 2008 actuarial valuation. Active membership reduced initially, but the trend has been a steady increase in all membership categories since 2011.



Total Members by Current Age

This illustrates the broad age span of SPF membership.



Average Age of Members

