

ITEM No ...6.....

**REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE
& PENSION BOARD – 20 SEPTEMBER 2021**

**REPORT ON: PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE TO
30 JUNE 2021**

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 241-2021

1. PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

4. BACKGROUND

This report focusses on statutory performance and is subject to ongoing development to provide enhanced reporting functionality to improve the quality of information on administration performance and compliance.

5. SERVICE SUMMARY

5.1. Summary of Statutory Performance Requirements

The following table summarises the performance of the fund administration against statutory requirements:

Category	B'fwd	Received		Completed		Statute Days	Average Days		C'fwd	Cases beyond statute 30/06/21
		Current	Prior	Current	Prior		Current	Prior		
New Member processing	0	79	291	0	291	60	30	30	79	0
Retiral Estimates	158	219	270	258	305	60	65	66	119	2
Issue of Pension Options	458	356	403	431	290	60	82	83	383	0
Pensions Brought into Payment	103	280	250	265	228	60	19	23	118	0
Inbound benefit transfers	86	9	55	47	39	60	68	74	48	0
Outbound benefit transfers	81	90	99	63	117	90	61	64	108	0

Deferred member processing	254	208	287	204	287	60	75	66	258	0
Process of death benefits	44	179	188	188	193	60	22	23	35	0
Payment of death grant	60	24	49	32	27	60	60	74	52	0
Dependant member processing	44	64	63	61	56	60	41	32	47	0
Divorce	16	19	15	27	8	90	48	46	8	0
Total Cases	1288	1527	1549	1576	1841				1247	2

The following provides further detail on statutory task data:

Overall Caseload:

- No material caseload beyond statute at end of period.

Covid Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**

The team continues to give priority to the payment of benefits in line with TPR priorities. Over the period the following points are relevant:

- 2.6% decrease in caseload received.
- 25.6% increase in caseload processed.
- Although an increase in processed cases was achieved during the period the case numbers remain high across this workstream in comparison with previous years.

- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**

Five additional Death Grant cases were completed over the period, but note that individual case complexity continues to result in fluctuating processing times.

Other Statutory Tasks:

- **New Member Processing:** Standard volumes of new starts were received and processed.
- **Estimates:** 18% reduction in cases completed during the quarter, average days to complete cases still remains above statute and focus will be given to this in the next quarter.
- **Deferred Member Processing:** Processing times were affected due to large volumes carried from previous quarter and staff absence. This is a key area of focus for the next quarter as growing numbers of members leaving employment continues.
- **Benefit Transfers:** Over the quarter the case processing days slightly improved, and resource will be allocated to this workstream to identify any specific issues which maybe affecting overall performance.
- **Divorces:** Case volumes received and processing times were maintained.

5.2. Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

<u>Other Pension Activities</u>	Completed in Quarter	Completed in Previous Quarter
Amendment to Account	461	377
Certificates	81	161
Admin Tasks	306	503
Other pensions processing	431	339

5.3. Employer Contributions

During the quarter, there were 3 instances of late notification of monthly contributions with 2 separate employers. Employers were contacted directly regarding this and the reasons were due to staff absence at one employer, and a change of owner for the other. These employers were reminded of the importance of contributions being paid within statutory timescales.

5.4. End of Year returns for 2020/2021.

All but three of the employers returned their initial end of year schedules by the statutory deadline. These employers' schedules were returned within one week of the deadline and as such was not deemed to be material. Over the period the balancing, uploading and where applicable return of queries to the employers was undertaken.

5.5. Annual Benefit Statements (ABS)

With all annual returns received from employers, the team spent the quarter dealing with queries requiring employer response. 169 tasks remained outstanding at the end of the quarter (largely related to one employer). At time of report, this exercise has been successfully concluded and annual benefit statements issued within statutory timescales.

5.6. Annual Allowance and Lifetime Allowance

Updated Member Information Leaflets on these topics have been published by the Local Government Pensions Committee and are available on the Tayside Pension Fund Website.

5.7. Annual Pension Increase.

The Pensions Increase (Review) Order was implemented on 12th April. The increase was 0.5%. Pensioners received a part months payment in April 2021, with the full increase being applied with effect from May. All payroll and pension fund records for pensioners and deferred members were updated to take account of this annual increase

5.8. Employers and Employee Online Portals

The I-Connect Portal, came into operation from start of this quarter to be used by employers to upload monthly information on all employees including contributions, pay details, new scheme member details and date of leaving etc. via direct upload into the Altair System, thereby allowing the instant and accurate creation of member records.

The member portal (MSS – Member Self Service) was brought online during the quarter. This module allows active, deferred and pensioner members to view their pension scheme records, and communicate changes directly with us. A soft launch of the portal was carried out during this quarter, with those emailing or contacting the team requesting simple member record amendments and estimates being issued with instructions and activation keys to utilise the MSS portal.

At time of report, all deferred and active membership groups had been contacted to provide activation keys for registering on the MSS portal, and Annual Benefit Statements have been issued online. Members have been provided with a return form to elect for a paper copy of their statement, and these have subsequently been issued.

Pensioner member access is not yet available as record upload is ongoing. This is anticipated to be complete during the next quarter.

5.9. Call Centre Functionality

Following initial meetings with DCC IT in the first quarter of the year, this exercise is now mid-way, with the call centre being created. Training will be provided to all staff in the next quarter and testing will be undertaken to ensure that a robust system will go live to provide the best experience for those members calling the team. All communications will require to be amended as no longer will direct dial numbers be used on correspondence, websites etc

5.10. Prudential AVC

Prudential performance continued to be of an unacceptable level over the quarter. The fund has provided Prudential with additional information on cases where disinvestment had been subject to in order to enable investigation, rectification and compensation. Disinvestment times have improved slightly over the period, and this will continue to be monitored. Prudential have confirmed that they have made submissions to both The Pensions Regulator and The Financial Conduct Authority to make them aware of the issues they are currently experiencing and confirm that are working on a recovery strategy.

Scheme members and pension fund team members have also identified that telephone calls to the Prudential Customer Services Team remain disappointing and unacceptable in relation to response times. In some cases, it has taken over 30 mins for calls to be answered. The Fund continue to engage with Prudential to request improvement.

5.11. Compliance

- **National Fraud Initiative:**
 - As per last quarter - 9 death in preservation cases referred for further investigation.
 - As per last quarter - 23 death in pension cases referred for further investigation.

The above cases have been investigated and payments suspended. Correspondence has been issued in all cases and responses are awaited.

- **GDPR:** During the quarter there was 1 recorded instance of a GDPR breach reported.

5.12 Queries & Complaints

- E mail volumes remained consistently high during the quarter with approximately 3,571 emails received (55 per day). Although a slight decrease of 123 on the previous quarter, this places a strain on processing times of all caseloads as staff are allocated ½ day per week working solely on the emails. Although staff recruitment is underway, additional resource may need to be considered if volumes remain at this level.
- There was 1 complaint received during the quarter. This was investigated, but was not upheld.

6 REGULATIONS

Details of regulatory matters are contained in Appendix 1.

7 POLICY IMPLICATIONS

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

8 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9 BACKGROUND PAPERS

None

ROBERT EMMOTT

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

10 September 2021

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REGULATORY COMMUNICATIONS

The Scottish Scheme Advisory Board (SAB)

SAB held a meeting on 14th April 2021 at which GAD presented their findings of the initial cost gap calculations for the LGPS (Scotland). Draft GAD Directions are due to be published in the next quarter but Sab noted that initial indications show that the cost gap has not been breached, considering McCloud costs valuations.

SAB published its fifth annual report. The report provides information on the Board's work over the year (2019/2020) and provides summaries of the membership and financial position of the Scottish Funds. The report can be viewed at <http://scotlgpsab.webdigi.co.uk/docs/SABAnnualReport201920Final.pdf>

SPPA Circulars

During the period the following circulars were issued:

Tiered Contribution Guidance version 15 was issued on 12th May 2021. This guidance provides employers with guidance and instruction on the application of employee contributions rates to be applied during 2021/22. This guidance is issued to employers in addition to the annual updated contribution deduction tables. A copy of this guidance can be found at <https://pensions.gov.scot/local-government/scheme-governance-and-legislation/circulars>.

Actuarial Guidance

Purchase of Additional Survivors Benefits – Factors & Guidance was published (effective date 1st April 2021). This guidance was in relation to the amendment of the contributions rates of existing contracts and the amount of benefits purchased on cessation of existing contracts. A copy of this guidance can be found at <https://pensions.gov.scot/local-government/employers/actuarial-guidance>.

Wider Landscape

The Supreme Court announced that it will not hear the claim against the State Pension Age (SPA) changes brought by the action group Backto60. Their claim is that the amendment to SPA for those women born in the 1950's was discriminatory. This claim has previously been dismissed by the High Court and the Court of Appeal.

Finance Act 2021 received Royal Assent. Included within this Bill is the legalisation of the Government's decision to freeze the Lifetime Allowance at £1,073,100.00 for the period 2021/22 to 2025/26. The Bill can be viewed at <https://www.legislation.gov.uk/ukpga/2021/26/contents/enacted>.

In June 2021 rollout work commenced for the Money Advise Service, the Pensions Advisory Service and Pension Wise replacement service which will be known as the Money and Pension Service (MaPS), The aim is to provide enhances customer experience and a single source of information and guidance.

The Pensions Regulator updated its automatic enrolment detailed guidance. The guidance, aimed primarily at employer's has removed out of date staging date content and post Brexit information. The guidance can be viewed at <https://www.thepensionsregulator.gov.uk/en/document-library/automatic-enrolment-detailed-guidance>

McCloud & Sergeant

The Queen's Speech was delivered on 11th May 2021 and it outlined a Public Service Pensions and Judicial Offices Bill which will introduce amendments to incorporate McCloud judgment into public service pension schemes including the LGPS.