

ITEM No ...6.....

**REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE
& PENSION BOARD – 9 DECEMBER 2019**

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 413-2019

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 are asked to note the contents of the report, and in particular note to the submission to The Pensions Regulator at 6.2.

3. FINANCIAL IMPLICATIONS

There are no financial implications.

4. BACKGROUND

Reference is made to Article VIII of the minute of meeting of this Committee and Board of 6 June 2016, wherein details were given of the review undertaken by AON Hewitt following the retirement of the Pensions & Payroll Manager, the Sub-Committee and Board members requested a quarterly update report to inform of key issues identified and achievements in the previous quarter and to maintain an operational understanding of service levels, demands and constraints.

In April 2018, the Altair Pension Administration System workflow functionality was introduced to analyse performance, allowing for further statistics on the range, volume and duration of individual tasks carried out.

Following the recent appointment of an IT Systems and Process Analyst in October 2019, a review of processes and reporting is currently underway which will result in more relevant information being available and as a result, revised reporting will be available by the Sub-Committee of March 2020.

5. SERVICE SUMMARY

5.1. Pensions Brought Into Payment

Over the quarter to 30th Sept 2019, there was a 13% decrease in volume since previous quarter. The number of preserved into payment has increased in this quarter due to the change in regulation allowing those aged 55 to elect to have their benefits paid without requiring their former employers consent.

Actual Pensions Brought into Payment in Quarter	Jan - Mar	Apr - Jun	Jul-Sept
Efficiency/Redundancy	7	16	8
Ill Health	14	20	11
Flexible	16	16	15
Preserved into Payment	68	54	88
Voluntary (inc Employers consent)	68	89	69
Voluntary Age 65	15	14	24
Total Pensions Brought into Payment	188	209	182

5.2. Estimates

This quarter saw a continuation in the rise of requests from individuals who are over age 55 who no longer require employer consent.

Estimates - VER Exercises & Operational since last report	Jan - Mar	Apr - Jun	Jul-Sept
VER DCC	14	1	1
VER Other	14	26	13
Total Estimates Received	131	202	107
Total Estimates Completed	27	176	284

5.3. Other Pension Events

The quarter saw an expected seasonal reduction in death benefits.

Other Pension Events	Jan - Mar	Apr - Jun	Jul - Sept
Deaths	157	133	105
Survivors Pensions	83	85	67

6. OPERATIONS

6.1. Task Measurement

Full tasks measurement functionality is in implementation phase, and revised reporting will be provided in the next quarter's report.

Appendix A details the performance in terms of average time taken to complete tasks undertaken by the pension administration team as well as the volumes processed within the quarter.

During the quarter to 30th Sept, the following summarises key performance areas:

- Volumes of estimates processed decreased by 19% in this period, and the average process time also decreased caused in part due to 22 cases being closed within this period which had been open for approximately 3 months awaiting information required for processing.
- Volumes of clerical tasks undertaken decreased by 10%, however average processing time increased slightly from process start to end.
- Task volumes of refunds, and divorces reduced by 41% overall, and average processing times in the 2 areas also declined from the previous quarter, although it should be noted that within both categories a number of cases were closed which had been outstanding for significant periods of time awaiting required information.
- There was a 13% decrease in volume of retirements, but a significant decrease in processing time has been achieved in this period.
- Death grants reduced by 1 over the quarter, and due to 3 complex cases being closed, average processing time decreased from process start to end.

6.2. Compliance & Reporting

- Following advice from the Executive Director of Corporate Services and the Head of Legal & Democratic services, a report was submitted to the Pensions Regulator informing of the failure to issue deferred benefit entitlement and options notifications in 1788 cases within the 2 month statutory timescale. The cause of breach was due to the prioritisation of other tasks thus creating backlogs in this process in a recurring cycle until process has become

systematically outwith deadline. This has been exacerbated by staff turnover and large scale voluntary and early retirement initiatives being undertaken by all larger employers.

An improvement plan is in place following an operational review undertaken with the assistance of another Scottish LGPS to ensure that sufficient resources are allocated to meet statutory requirements and prevent recurrence. Reorganisation and prioritisation of tasks have been actioned in house, with 3rd party provider support for a caseload of the 5 largest employers to undertake 1440 cases outwith the statutory timescales. The remaining caseload from the reported breach have been prioritised and are now incorporated into scheduled operations to ensure completion of backlog exercise by end of January as well as maintaining statutory compliance going forward. To date 119 cases have been calculated. The report to the Pensions Regulator informs that the issue will be fully resolved by 31st January 2020.

The fund are also in discussions with system providers to actively investigate enhanced automation and the fund's IT Systems and Process Analyst will work with the team to implement any enhancements available within other tasks to assist in accommodating these priorities.

- Improved compliance reporting has been introduced with the introduction of a Breach Log, and this is maintained and reported on a case by case basis to the Executive Director of Corporate Services, and discussed at regular meetings with the fund's operational management.
- A full review of internal performance information has been undertaken and revised to ensure that key information is being reported.

6.3. Training

- A training needs analysis has been undertaken in order to address the skills and knowledge gap caused by the large staff turnover over the recent year, and the fund have been provided with support from another Scottish LGPS fund who have provided on-the-job training for both system functionality and more complex pension administration tasks. An in-house training regime has also been introduced, and the pension systems provider's online training facilities are being assessed for suitability.
- Bespoke training is being discussed with Dundee City Council's Customer Services to provide assistance in call handling and customer care.
- A formalised staff training and development programme will be introduced to ensure that skills and knowledge gaps are identified and addressed in the future, and this will form a key control for review by the Fund's senior management.

6.4. Operations

- An operational analysis has been undertaken which has resulted in the introduction of specified teams to undertake specified task types in order to meet statutory requirements. This is a more targeted approach matching resources with key priorities and associated tasks.
- More regular staff briefings are being held to ensure that all staff have full awareness of the Fund's priorities.

6.5. Queries & Complaints

- Approximately 2833 e-mail queries were received during the period, which is an average of 43 queries responded per working day. This is an increase of over 18% on the previous quarter, and is largely attributable to the issue of annual benefit statements in August.
- All counter visits were accommodated within 10 minutes of arrival
- 2 complaints were received during the quarter, both were investigated and upheld. Changes to process have been made to prevent further issues.

6.6. Recruitment & Outsourcing

- Recruitment completed for IT Systems/Process Analyst post
- JLT continue to provide support having being granted direct access to the Altair system which enables cases to be completed directly onto the system.

6.7. Communications

On 28th June 2019 changes were made to the Local Government Pension scheme (SSI 2019/161). In response to this a news article was added to the Tayside Pension Fund website and an email issued to all employers advising them of the changes and specifically advising them of the amendments required regarding authorised absences breaks.

6.8. Employer Issues

Two instances of late payment of contributions were noted within this period. The employers advised that this was caused by a problem with online banking and annual leave within organisation.

6.9. Large Exercises

- GMP Reconciliation – The scheme is now 99% reconciled. The exercise is now in the rectification phase, with Equiniti (external service provider) having been provided with payroll data and are now assessing under / overpayment for pensions in payment.
- Annual Benefit Statements – System upload failures resulted in 22% of the 15,296 annual benefits statements were not issued within the required timescales. An immediate exercise was undertaken with the assistance of another Scottish LGPS, and this was reduced to under 1% within a period of 2 weeks. This breach was logged, but as immediate action taken, no further reporting was undertaken. An exercise is now underway to complete the remainder of annual benefit statements by 31st December 2019. These cases are largely complex in nature, and require significant attention.

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

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EXECUTIVE DIRECTOR OF CORPORATE SERVICES

Task being measured	No. cases processed in quarter		Volume increase / decrease	Description	Notes	Average process days		Performance improvement / decline (average days)
	April - June	Jul - Sep				Apr - Jun	Jul - Sep	
CLERICAL TASKS	660	466	42%	Nominations Forms Changes of address (both Altair and Resource link) Changes of bank details DWP Forms to be completed and returned Recording Power of Attorney documents.	During this period 536 tasks were opened and fully processed, 20 cases closed within this period had been opened for a significant period of time awaiting return of vital information.	18.38	19.17	0.79
DEATH GRANT	26	26	0%	Collating information and issuing documentation to Trustees/and making payment to beneficiaries.	16 cases were opened and fully processed during this quarter. 7 cases from previous quarters were also completed during this quarter. 3 cases closed in this quarter had been complex cases that had been open for approx. 6 months awaiting response.	37.35	36.23	-1.12
DIVORCE	10	16	-38%	Issue of CETV (Quote) to Member/Solicitor / Implementation of Pension Sharing Order (including setting up of pension credit records or payment of transfer out and letters to all interested parties)	4 out of 10 cases were opened and fully processed during this quarter.	28.1	32.63	4.53
ESTIMATES	350	204	72%	(Estimates processed from employers (VER/VSS, flexible, Ill Health and employer consent retiral) along with estimate requests received from individual members.	176 cases opened and fully processed during this quarter and an increase in processing time has also been achieved during this quarter.	38.58	41.82	3.24

MISC PAYROLL	71	139	-49%	This includes the processing of balances of pension, responding to queries, age 75 reviews, age 18 & age 23 reviews for dependent children's pensions.	32 cases opened and fully processed during this quarter and an increase in processing time achieved during this quarter.	47.46	74.36	26.9
REFUND	56	75	-25%	Process includes the Issue of letter/form to member (NB - for those leaving active service the form cannot be signed until one calendar month has elapsed) and including payment of refund being processed to member.	30 cases opened and fully processed during this quarter. Several cases have been awaiting reply from members and this affected the overall processing time. For example 1 case closed was over 1 year from the date of leaving.	30.63	50.81	20.18
RETIRALS	209	188	11%	Process includes issue of initial calculation to the member along with essential forms for completion, and may also include queries raised with the employer on the information issued. On receipt of all paperwork includes the further calculation of benefits via Altair, the creation of the Resource link payroll record and the payment of the lump sum via the Sundry system and the issue of final letter to member.	88 cases opened and fully processed during this quarter. 16 cases closed in this period which had been open for a period of at least 6 months awaiting return of documentation from members and this has affected the average working days shown.	69.11	50.68	-18.43