

ABERDEEN CITY COUNCIL

COMMITTEE	Pensions Committee
DATE	26 March 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Administration Review
REPORT NUMBER	PC/MAR21/ADMIN
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Gary Gray
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 To provide Committee with details of an administration review carried out by the scheme actuary (Mercer) and the North East Scotland Pension Fund (the Fund) to gain efficiencies and improve member outcomes.

2. RECOMMENDATION

- 2.1 That the Committee consider the outcome of the review and note the recommendations set out in section 3.6 of the report which will be taken forward over the next 12 to 18 months.

3. BACKGROUND

Reasons for review

- 3.1 Increasing workload, impact of regulatory change, McCloud age discrimination as well as continuing challenges of homeworking because of Covid-19, details provided in Appendix I.

Review approach

- 3.2 Scope for the administration review was prepared by Mercer following consideration of a paper provided by the Fund and a meeting with officers on 28 October 2020. Fieldwork was to be carried out remotely with review samples provided by the Fund via a secure portal.
- 3.3 The review was broken down into 4 key areas:
- *Process (weighted at 80%) – the review sample included a range of the most common administration tasks performed by the team between February and September 2020.*

- *Management information – the review sample included a range of quantitative and qualitative information provided by the NESPF Team Managers.*
- *People – the sample included a variety of job roles, internal communications and related documents provided by NESPF. It also included output from 2 Officer meetings and 1 Assistant Officer meeting as well as other information provided during the Team Manager meetings and process walkthroughs.*
- *Capacity analysis – the analysis was derived from data contained within task completed reports, task created reports and from a list of estimated task completed times.*

3.4 Following 18 Teams calls and 140 document uploads the final report with recommendations was produced by Mercer on 18 December 2020.

Areas of strength

3.5 Mercer observed the following areas of strength during the review:

- *The Fund's common and conditional data scores were very strong, indicating high data quality.*
- *The Altair calculation automation is accurate and efficient for the majority of processes.*
- *The document production routines within Altair for leaver deferred and refund letters are efficient.*
- *I-Connect is an efficient and effective tool for obtaining member data from employers in relation to CARE service and loading this to member Altair records.*
- *The Fund is able to produce strong management information and reports that can provide estimates of effort, staff utilisation and provide an indication of process efficiency.*

Key recommendations

3.6 The following recommendations contained in the review will be implemented by the Fund:

- Work with employers to improve final pay provision through monthly I-Connect interface or a new cessation template.
- Create and maintain a calculation matrix to reduce amount of manual checking by officers of system output which is accurate and efficient.

- Implement bulk processing of deferred leavers and refunds when programs become available and investigate bulk deferred retirals using existing functionality.
- Review processes highlighted in report with a view to simplifying the procedures and reducing the number of chasers where appropriate.
- Reduce manual processes and task creation following automated I-Connect updates for new joiners.
- Review how documentation is uploaded, scanned and retained in Altair.
- Investigate internal and external options for centralised printing to avoid backlogs accumulating if homeworking continues or becomes a requirement for any other reason in the future.
- Create online surveys attached to processes that will encourage members to provide feedback whilst viewing uploaded documentation.
- Investigate ways of measuring work activity other than casework to provide management information for process improvement in other areas.
- Create a formal process for staff to suggest change that will be reviewed at same time as ideas submitted by other funds on system providers ideas portal.
- Set targets for processing any backlog accumulating because of increasing workload and homeworking.
- Carry out a review of system generated documentation and consider moving to Microsoft Word integration.
- Continue to convert manual worksheets to excel templates with built in formula.
- Continue to move processes online with transfer out quotations for deferred members a priority.
- Decide on best way for work allocation going forward taking account of changes made last year and findings of the review.
- Report the number of accesses across all processes quarterly and review steps showing an increase in the average number of accesses to see if the process can be improved.

3.7 The recommendations mentioned are not an exhaustive list of all changes the Fund will make following the findings of the review and work is already underway as part of a project that will take around 12 to 18 months to deliver.

Capacity analysis

- 3.8 A way to measure resource requirement for the Benefits Administration team because of increasing workload was requested as part of the review.
- 3.9 The solution was to compare time taken for processes (tasks) created and completed during a reporting period to determine resource requirement using estimated allocated time for each process.
- 3.10 Mercer provided a spreadsheet calculator and the results for two reporting periods contained in Appendix II show a requirement for 3 additional posts.

4. FINANCIAL IMPLICATIONS

- 4.1 The performance of the Fund over the long term can impact on the Fund's funding level and therefore the ability to meet its long-term liabilities.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendation in this report.

6. MANAGEMENT OF RISK

- 6.1 The Pension Fund maintains its own Risk Management Policy and regularly updates its Risk Register in line with change. This is reported quarterly to the Pensions Committee.

7. OUTCOMES

The proposals in this report have no impact on the Council Delivery Plan.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix I, Increasing workload
Appendix II, Capacity analysis

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