



# Report to Pension Fund Board

**Date:** 19 October 2022

**Title:** Internal Administration Benchmarking

**Author and/or contact officer:** Sam Price, Assistant Pensions Administration Manager

**Recommendation:** The Board is asked to **NOTE** the content of this report.

## Executive summary

1.1 This report is to provide this Board with an annual comparison against measures including; staffing, scheme membership, costs & workload. These comparisons are year on year against the performance of the Buckinghamshire Pension Fund itself.

This report covers the 2021/2022 year along with the previous 2 years.

## Content of report

1.2 This report will cover the following sections

Section 1: [Staff Related Measures](#)

Section 2: [Scheme Membership](#)

Section 3: [Cost Measures](#)

Section 4: [Workload Measures](#)

## Staff Related Measures

This section covers measures relating to the analysis of staff numbers by team, salary, pensions work experience & sickness.

### Current team structure

The Pensions & Investments team structure was reviewed, and a new structure was in place from April 2019 with two functions: Pensions Administration & Investments.

The Pension Administration team is headed up by the Pensions Administration Manager & Assistant Pensions Administration Manager and then split into 4 sub-teams with one further stand-alone roles. Each of the four sub-teams are led by Senior Officers.

*Benefit Administration* – This team is responsible for the processing of all member benefits including responding to general queries, creating & maintaining member records and all calculations.

*Employer Liaison* – The Employer Liaison team are the first point of contact for all employer queries & training. The team is also responsible for checking accuracy of annual returns against member records in order to provide accurate benefit statements.

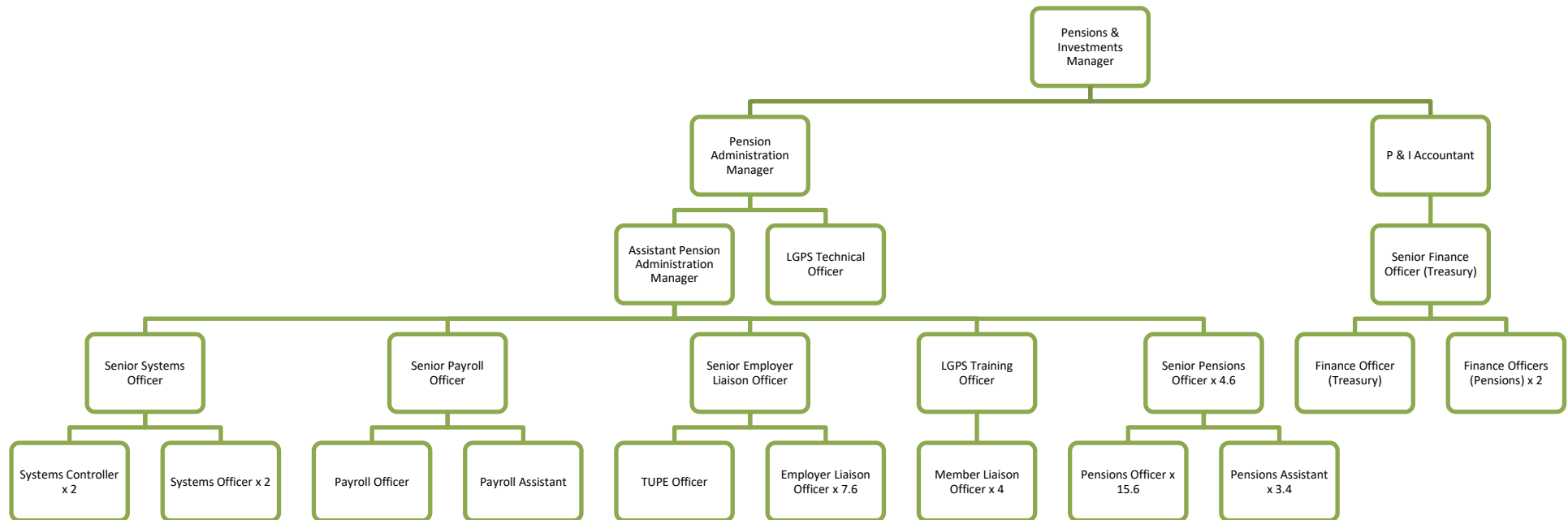
*Systems* – The systems team are responsible for the pensions software system including maintaining, updating and development. They are also heavily involved in the uploading of annual returns & triannual valuations.

*Payroll* – this sub-team is responsible for creating & processing payments including the monthly pensioner payroll & immediate payments. The payroll team also deal with any queries relating to pensions in payment as well as processing any changes.

*Stand-alone roles* – LGPS Technical Officer (formally Communications Officer)

The following page provides the current Pensions & Investment Team structure.





The following table gives a breakdown of staff FTE levels within each sub-team for the past three years'. The only change in staffing structure between 2019/20 & 2020/21 was the removal of the full time Projects Officer role & increase in FTE of the LGPS Technical Officer role (formally Communications Officer) from 0.86 FTE to full time.

In advance of the McCloud remedial action, which is expected to commence from October 2023, we added 1 Senior Pensions Officer post & 3 Pensions Officer posts to the structure and recruited to these posts over 2021/22. In addition to this, an additional 1 Pensions Officer post has been added to the structure in response to work levels. 1 further fixed term contract post was added to the structure in 2021/22 to cover maternity leave, this will be removed from the structure in 2022/23.

	2019/2020	2020/2021	2021/2022
<i>ADMIN</i>			
Management	2	2	2
Benefit Administration	23.6	23.6	29.6
Employer Liaison	7.6	7.6	7.6
Systems	5	5	5
Payroll	3	3	3
Stand-alone posts	1.86	1	1
<b>Total Admin</b>	<b>43.06</b>	<b>42.20</b>	<b>48.2</b>
<i>NON-LGPS ADMIN</i>	0.9	0.9	0.9
<b>Total</b>	<b>43.96</b>	<b>43.10</b>	<b>49.1</b>
Agency Staff			

The table below provides details of staffing changes over 2021/2022.

Vacant posts at 31 <sup>st</sup> March 2021	0
Total FTE posts in the structure at 31 <sup>st</sup> March 2021	43.10
New posts created during 2021/22	6
Posts removed during 2021/22	0
FTE changes to existing posts in the structure	0
<b>Total FTE posts in structure at 31<sup>st</sup> March 2022</b>	<b>49.10</b>
Vacant posts at 31 <sup>st</sup> March 2022	2

The following tables provide details of staffing in terms of salary, experience and sickness levels.

<b>Salary</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Less than £20,000	0	0	0
£20,000 - £25,000	21.8	22.8	16.2
£25,000 - £30,000	10.6	9.6	17.2
£30,000 - £40,000	9.46	8.6	13.6
£40,000 - £50,000	1	1	0
£50,000 - £70,000	1.1	1.1	2.1
More than £70,000	0	0	0
<b>Total</b>	<b>43.96</b>	<b>43.10</b>	<b>49.10</b>

As shown below, staff experience is on average between 1 and 5 years as a result of additional posts being added over the past few years and recruited to. This is also indicative of experience within Administering Authorities nationally. We are highly focused on staff training to increase knowledge and also ensuring staff are motivated in order to retain staff and increase staff experience in terms of the number of years within the team. It is hoped that over the next few years the average years' experience will increase.

<b>Experience</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Less 1 year	9	2	10.8
1 year – 5 years	18.8	23.8	18.4
5 years – 10 years	7	9	12.2
10 years – 15 years	5.06	3.4	2.4
More than 15 years	4.1	4.9	5.3
<b>Total</b>	<b>43.96</b>	<b>43.10</b>	<b>49.10</b>

Staff sickness levels had been a concern in previous years but have been improving over the past 3 years. The management team has continued to address any issues and manage staff sickness in line with the Buckinghamshire Council Health & Attendance policy. The result has been a decrease in the average short-term sickness which has been sustained over 2021/22.

<b>Average days per FTE</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Short-term sickness	5	2	2
Long-term sickness	5	6	5

## Scheme Membership

Three-year analysis of scheme membership

Type of Membership	2019/2020	2020/2021	2021/2022
Active	24,489	25,577	25,816
Deferred	29,936	30,881	32,192
Pensioners	17,920	18,509	19,309
Dependants	2,370	2,508	2,658
Frozen refunds*	4,330	4,690	5,241
Undecided leavers**	1,729	1,388	594
<b>Total</b>	<b>80,774</b>	<b>83,553</b>	<b>85,810</b>

\*Frozen refunds are where a member holds an entitlement to a refund, have been advised of this but a yet to claim payment

\*\*Undecided leaver is where we are aware that a member has left employment, but we are yet to receive the necessary information from the employer to calculate the deferred benefit.

The following table provides a staff to fund member ratio. The number of scheme members per FTE admin staff member reduced due to the additional posts added to the structure.

Type of Membership	2019/2020	2020/2021	2021/2022
Active	1:568	1:599	1:536
Deferred	1:836	1:866	1:789
Pensioners	1:471	1:493	1:455
<b>TOTAL</b>	<b>1:1875</b>	<b>1:1959</b>	<b>1:1780</b>

## Cost Measures

The table below provides an analysis of cost per member of administering the Local Government Pension Scheme. This is further broken down to show the costs of staff costs and Heywood (software provider) as these are the highest two costs.

Based on Administration costs (excluding investment & Oversight and Governance costs)

Type of Membership	2019/2020	2020/2021	2021/2022
<b>Total</b>	<b>£27.27</b>	<b>£26.64</b>	<b>£27.93</b>
Active	£8.27	£8.15	£8.40
Deferred	£12.15	£11.78	£12.38
Pensioners	£6.85	£6.70	£7.15

**Staffing costs** – These costs include all staff who administer the scheme including agency as well as non-admin staff from the Treasury team.

	2019/2020	2020/2021	2021/2022
<b>Total staffing costs</b>	<b>£1,496,946</b>	<b>£1,553,127</b>	<b>£1,658,010</b>
<b>Total cost per scheme member</b>	<b>£18.53</b>	<b>£18.59</b>	<b>£19.32</b>

**Heywood Costs** – Heywood costs include all costs incurred from Altair (pensions software system) including fees for maintenance, development & consultancy along with charge's for i-Connect.

	2019/2020	2020/2021	2021/2022
<b>Total pensions software system costs</b>	<b>£389,256</b>	<b>£408,237</b>	<b>£513,695</b>
<b>Total cost per scheme member</b>	<b>£4.82</b>	<b>£4.89</b>	<b>£5.99</b>

## Workload Measures

The Pension Administration team work from a workflow-based system with each piece of work being an individual workflow called a case. Cases are created on a daily basis as a result of a member request or being advised by an employer that a member is leaving/retiring. The team works through outstanding tasks on a daily basis in order to complete within the relevant turnaround times.

The following table provides an overview of all cases that were created & completed during 2021/22 in comparison to the previous two years.

	2019/2020	2020/2021	2021/2022
Cases outstanding at the beginning of the year	3,485	5,481	4,547
New cases created during the year	36,929	38,797	41,473
Cases complete in the year	34,933	39,731	43,625
Cases outstanding at the end of the year	5,481	4,547	2,395
Cases complete as a percentage of cases due	86%	90%	95%

From the information above, the number of cases created each year continues to increase year on year. The increase in cases complete will be as a result of continued successful liaison with scheme employers & also the benefits of i-Connect which allows the team to process cases quicker.

We also find it useful to keep track of the average number of cases per admin staff member. In previous years, this figure was quite high and had reduced over 2019/20 to what we feel is a more manageable level. This did increase over 2020/21 which was the basis for an additional Pensions Officer post which was added to the structure in 2021/22.

	2019/2020	2020/2021	2021/2022
Average cases per admin staff member	939	1,049	955



## **Other options considered**

1.3 N/A

## **Legal and financial implications**

1.4 N/A

1.5 N/A

## **Consultation and communication**

1.6 N/A

## **Next steps and review**

Board policies are reviewed annually.

## **Background papers**

N/A

## **Your questions and views (for key decisions)**

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email [democracy@buckinghamshire.gov.uk]

