

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

04 MARCH 2022

BUSINESS PLAN, BUDGET AND CASHFLOW PROJECTION

Report of the Treasurer

1. Purpose of the Report

- 1.1. To report on the progress made against the key business plan activities identified for 2021/22.
- 1.2. To approve the draft Business Plan for 2022/23 - 2024/25.
- 1.3. To approve the draft 2022/23 Budget.
- 1.4. To report on the cashflow projection for the Fund.

2. Progress Update

- 2.1. In the 2021/22 Business Plan twelve key actions for the year were identified and approved by Members in the March 2021 Committee meeting. It was agreed that officers would provide a progress report against these key actions. This progress report is attached as **Appendix 1**.

3. Draft 2022/23 Business Plan

- 3.1. The draft 2022/23 Business Plan is attached at **Appendix 2**. It sets out the purpose and strategy of the Fund with activities for the next 3 years to support the Committee in managing the Fund. It sets out the key initiatives of the Fund with delivery dates to enable tracking of progress. The plan has been refreshed to cover the period 2022/23 to 2024/25. Any outstanding actions from 2021/22 have been rolled forward to 2022/23 where appropriate and some new actions have been identified. A plan on a page which provides a summary of the business plan has also been attached as **Appendix 3**.

- **Investment Strategy** – a review of the strategy will be required, once the outcome of the Valuation is known. As a detailed review was carried out in 2021 so this review is expected to be relatively light touch. It will reflect on the funding level, the market outlook and investment options through Border to Coast.
- **Online Monthly Employer Returns** – the phased-roll out of the online employer portal for submitting the monthly members data is still ongoing. This is now expected to be complete by the end of 2022-23.
- **Integrated Payroll Enhancements** – Following the implementation of the integrated payroll, further system enhancements have been provided which will further reduce manual intervention and reduce the risk of incorrect payments to a minimal level. This is expected to be completed by the end of Q2 2022/23.
- **Pooling** – the transition of assets into the Pool is continuing. Border to Coast's global property fund is expected to be launched in 2022, and the UK property fund in 2023, both of which are likely to be of interest to the Committee. The Fund is working with Border to Coast to ensure that they meet the needs of the Fund.

- **McCloud remedy** – the data collection phase of this project is nearing completion. Analysis of the data received is underway and the next phase will be to validate the data provided and load it onto the member records. It is expected the initial recalculation of benefits will be completed by end of Q4 2022/23 but this is reliant on the software provider providing us with the functionality to do this.

4. 2022/23 Budget

- 4.1. The draft 2022/23 budget for the cost of running the Fund is presented in **Appendix 4** and totals £38.7m. It is based on the 2021/22 budget and the actual costs incurred during the year, and is on an accruals basis.
- 4.2. The total 2022/23 budget has increased by £4.7m compared with the 2021/22 budget. This increase is mainly due to management fees payable (£4.4m) as a result of the growth in asset values in 2021/22.
- 4.3. The other notable change to the budget figures compared to 2021/22 is that the Administration Expenses budget has been increased by £400k. This reflects the proposed increase in headcount by five full time equivalent posts, subject to approval by the Committee. The detail supporting the increase is included in **Appendix 5**. In addition, the annual charges for the new pension administration system Altair will be higher next year as a result of its full-year effect.
- 4.4. In line with normal practice, the Budget may be revised during the year if there are material changes, subject to approval by the Committee.

5. Cashflow Projection

- 5.1. The cash position of the Fund is presented in **Appendix 6**. The table shows the projected cashflows of the Fund in the current year and over the next 3 years.
- 5.2. The main inflow and outflow of the Fund are the contribution income from employers and active members and benefits payments to retired members respectively. Together they effectively determine when the Fund will turn cashflow negative.
- 5.3. The forecasts of both items are sensitive to the estimate of future inflation, which continues to be a subject of active debate among economists. The assumptions for inflation and other key factors impacting cashflow such as the Valuation will be periodically reassessed and incorporated into future updates.
- 5.4. The Scheme Surplus or Deficit figures reflect the position in relation to the Fund's non-investment operations and are the relevant figures when assessing whether the Fund is in a cash surplus or deficit position.
- 5.5. The Surplus or Deficit After Investment Activities figures reflect the cash movements to or from investments, required to maintain a stable cash balance. In 2021/22 action was taken to reduce the high cash balance and redeploy it into other investments. The intention has been to maintain cash at or below 0.5% of the value of the Fund. Going forward, occasional divestments may be required to maintain this consistent level of cash. This is quite normal for a maturing pension fund.

6. Recommendations

- 6.1. Note the progress made against the 2021/22 Business Plan.
- 6.2. That the following be referred to the Chief Executive Officer for consideration under his emergency delegated powers to:-

6.2.1. Approve the draft 2022/23 Business Plan.

6.2.2. Approve the draft 2022/23 Budget.

6.3. Note the 3 year cashflow projection for the Fund.

Gary Fielding
Treasurer of North Yorkshire Pension Fund
NYCC
County Hall
Northallerton

23 February 2022

NYPF 2021/2024 Business Plan Update March 2022

Appendix 1

RAG rating:

Green – completed or not yet due

Orange – ongoing, carried forward to 2022/23

Red – outstanding, overdue

Key Activity			Resource
Effective and efficient member administration			Head of Pensions Administration
Action	Timescale	Progress Update	
Business process re-engineering	Q3 2021/22	On hold – Unable to resource further work on this at present. Key processes for integrated payroll have been developed and are in use. Will be rescheduled for summer/autumn 2022	
Key Activity			Resource
Improve Data Quality			Head of Pensions Administration
Action	Timescale	Progress Update	
Complete roll out of online monthly employer returns	Q4 2021/22	In progress – Roll out has been impacted by resources working on year-end processing. Work will continue throughout 2022/23 until onboarding is completed.	
McCloud remedy data collection	Q4 2021/22	In progress – Data collection under way, remaining employers who have not responded to be contacted. Data analysis and uploading to be completed in 2022/23.	
Key Activity			Resource
Excellent Customer Service			Head of Pensions Administration/Senior Accountant
Action	Timescale	Progress Update	
Improve self-service functionality	Q4 2021/22	In progress – Further targeted communications to be undertaken to increase take up. New functionality to be reviewed and implemented where deemed suitable.	
Complete website re-development – employer area	Q3 2021/22	In progress – Provider appointed and development work underway.	

NYPF 2021/2024 Business Plan Update March 2022
Continued

Key Activity			Resource
Effective Investment Strategy			Pension Fund Committee/ Treasurer/ Head of Investments
Action	Timescale	Progress Update	
Undertake fresh strategy review alongside the 2022 Valuation	Q4 2022/23	This review is expected to take place towards the end of 2022/23, once the 2022 Valuation position outcome is clear.	
Key Activity			Resource
Pooling			Pension Fund Committee/ Treasurer/ Head of Investments
Action	Timescale	Progress Update	
Effective management of multi-asset credit transition	Q3 2021/22	This slipped into Q4 and was completed successfully, without any significant issues.	
Key Activity			Resource
Financial Information			Head of Investments/ Senior Accountant
Action	Timescale	Progress Update	
Improve 3 year cashflow forecast accuracy	Q1 2021/22	This was pushed back due to the amount of time the external audit had taken up. An interim update was presented to the PFC on 10 th September 2021 and a more comprehensive forecast presented on 26 th November 2021. The improvement work is now complete, but we will continue to review and update assumptions around the key factors as part of the Business As Usual.	
Key Activity			Resource
Effective Fund Governance			Head of Investments/ Head of Pensions Administration
Action	Timescale	Progress Update	
Committee and Board training plan	Q2 2021/22	In progress – Hymans online training module procured to provide bite size training in line with CIPFA requirements. To be reviewed in light of potential changes to PFC membership following elections in May 2022.	
Delivery of identified training	Q4 2021/22	In progress – Hymans online training module procured.	

North Yorkshire Pension Fund



Business Plan 2022/23 – 2024/25



If you require this information in an alternative language or another format such as large type, audio cassette or Braille, please contact the Pensions Help & Information Line on 01609 536335

Contents

1. About the NYPF	3
2. How the fund is run.....	3
3. Principal responsibilities.....	4
4. Purpose of the business plan.....	4
5. Overall goal.....	4
6. Objectives.....	5
7. Resources	5
8. Key Activities	6

This business plan explains how the North Yorkshire Pension Fund (NYPF) intends to develop and improve its services.

It enables the fund to focus on achieving agreed targets and helps staff see how they contribute to the overall success of the NYPF.

1. About the NYPF

The NYPF is one of 101 funds that make up the Local Government Pension Scheme (LGPS).

North Yorkshire County Council (NYCC) is the statutory administering authority for the NYPF; it administers the benefits and invests the assets of the Fund.

The purpose of the Fund is to provide retirement benefits specified by the LGPS regulations for staff working for local authority employers, and other employers admitted by agreement, in the North Yorkshire area.

Scheme membership as at 31 March 2021

Active Members (Contributors)	32,029
Deferred Members	38,732
Pensioners	25,743
Total Membership	96,504

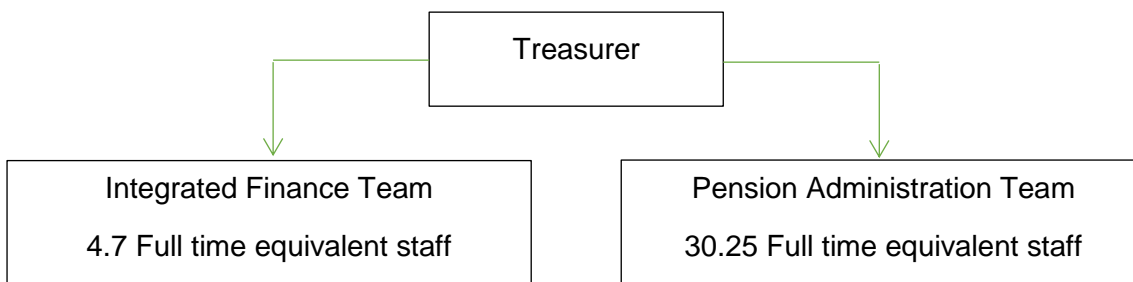
2. How the fund is run

All aspects of the Fund’s management and administration, including investment matters, are overseen by the Pension Fund Committee (PFC), which is a committee of the NYCC.

The day to day running of the Fund is delegated to the Treasurer who is the Corporate Director – Strategic Resources of the NYCC and is responsible for implementing the decisions made by the PFC.

Supporting him is a team of staff split into two sections. The Pension Administration team administers all aspects of member records, pension benefits etc. and the Integrated Finance team looks after the accounting and management information requirements of the Fund. All aspects of the day to day management of investment funds are undertaken by external fund managers.

Current structure:



The local Pension Board was established on 1 April 2015 under the requirements of the Public Service Pensions Act 2013. It has an oversight/assisting role with NYCC to ensure compliance with regulations and ensuring effective and efficient governance and administration of the NYPF.

The Scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016

The main systems used in the running of the Fund are Oracle, a third party finance and accounting system provided by the Oracle Corporation, Altair a third party pensions administration system provided by Heywood and i-Connect a third party online employer portal also provided by Heywood.

This business plan should be read in conjunction with the administration strategy and the investment strategy statement; these are the key documents that set out the principles of the running of the Fund.

These can be found on our website at <https://www.nypf.org.uk/nypf/policiesandstrategies.shtml>

3. Principal responsibilities

These responsibilities include:

- Meeting all statutory requirements in the running and operation of the fund.
- Pension administration services including calculating and paying benefits.
- To ensure the accuracy of the member database in partnership with all stakeholders.
- Providing information and guidance on pension issues to members, employers and others.
- Implementation of the funding strategy to ensure the fund assets are sufficient to meet the pension liabilities as they fall due.
- Investing fund assets, implementing investment strategy and managing external investment managers.
- Internal management of assets and promoting responsible investment.
- Safekeeping and accounting of fund assets.
- Preparing the fund's annual report and accounts.

4. Purpose of the business plan

As part of its programme of improving the standards of governance across all pension schemes the Pensions Regulator recommends that each scheme should have a business plan in place which sets out a clear purpose and strategy.

This plan will be used to manage the delivery of the key activities identified to deliver continuous service improvement whilst ensuring due regard is given to the delivery of the day to day business as usual activities. Having a business plan helps the PFC to plan ahead and enables them to comply with legal requirements.

This plan will be reviewed annually and objectives and key actions revised accordingly. Progress reviews will be undertaken every six months and progress reported to the PFC.

5. Overall goal

To continuously develop and improve our services to ensure sufficient assets and resources are available to pay the right pension benefits at the right time.

6. Objectives

The objectives set out below will enable the Fund to achieve its long term vision.

The Fund will aim to:

- Maximise investment returns
- Manage scheme funding
- Provide excellent customer care
- Ensure effective fund governance

7. Resources

The following resources have been identified as key to ensuring delivery of the objectives identified:

- Systems and technology which are fit for purpose
- People
 - Focussed on customers' needs
 - Highly skilled and knowledgeable
- The right information and data
 - Financial
 - Performance
 - Benchmarking
 - Membership data
- Third party service providers
 - Actuary
 - Legal Advisers
 - Custodian
 - Fund Managers
 - Investment Consultants
 - Software provider
 - Borders to Coast Pensions Partnership (BCPP)

These key activities are recorded and scheduled to ensure that the appropriate actions are taken to deliver the business plan.

8. Key Activities

The following key activities have been identified:

			2022/2023				2023/2024				2024/2025			
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funding														
2022 Valuation	Head of Investments / Head of Pensions Administration / Senior Accountant	Agree assumptions and approach Provide membership, employer & cashflow data Respond to actuarial queries Distribute results to employers Organise valuation sessions for PFC and employers				●								
Funding Strategy Statement		Review and update Funding Strategy Statement alongside 2022 Valuation Issue to employers for consultation Publish final version				●								
Income Monitoring		Expand the use of employer online portal for monthly contribution returns					●							
Investment														
Investment strategy review	Head of Investments	A light touch review, after the results of the 2022 Valuation are known Identify changes to implementation through Border to Coast funds				●								
Responsible Investment		Prepare for TCFD (Task Force for Climate related Financial Disclosures) reporting Obtain FRC approval of the new Stewardship Code report Review reporting of responsible investment issues and voting activity to the PFC Commence TCFD reporting		●		●		●						

			2022/2023				2023/2024				2024/2025			
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pooling		Consider the suitability of the two global property funds			●		●							
Operations		Consider the suitability of the UK property fund Bed in the new arrangements for custody, accounting and performance measurement		●										
Governance														
SAB Good governance project	Head of Investments / Head of Pensions Administration	Await DLUHC's response to SAB's Action Plan Gap analysis of the Action Plan against existing policies and procedures Draft new policies and procedures Await outcome of formal consultation on new statutory guidance Implement new requirements				●								
TPR Single Code of Practice		Gap analysis of the draft New Code (specific to the LGPS) against existing policies and procedures Create a checklist of policies, practices and procedures required by the New Code Draft new policies and procedures Ensure compliance against the New Code		●										
PFC & Pension Board (PB) Member training		Induct new PFC members following the elections in May 2022 Induct new PB members following changes from LGR Undertake skills review Develop training plan and schedule Deliver training as scheduled Provide access to training via the Hymans LGPS Online Learning Academy				●								

			2022/2023				2023/2024				2024/2025				
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Administration															
Pension scams	Head of Pensions Administration	Ensure statutory requirements to alert members to pension scams are met Sign up to the Pensions Regulator's Pledge to combat pension scams Create dedicated page on website Include scam information in all transfer literature		●											
McCloud remedy		Load data received, check and resolve issues Recalculate benefits for affected members Implement uplifts across all affected members Implement an industry recommended solution where data not obtained Communicate changes to affected members				●									
Cyber security		Undertake full review of cyber security measures at NYCC Develop reporting for PB and PFC in conjunction with NYCC's Technology and Change		●											
Pensions Dashboard		Engage with pensions dashboard process Ensure data requirements are met Ensure data ready for on-boarding						●							
Data quality improvement		Undertake program of data quality improvement to ensure data is dashboard ready Identify sources of data issues and develop solutions to prevent issues recurring									●				
Backlogs		Reduce backlog to be within last 6 months Develop strategies to ensure backlogs remain controlled							●						

			2022/2023				2023/2024				2024/2025			
Key Activity	Responsible Officer	Action Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Business Improvement														
Enhanced payroll functionality	Head of Pensions Administration	Implement enhanced payroll functionality Amend processes to new functionality Train team		●										
Business process review		Undertake full member administration process review Start process review project Deliver process improvements fully utilising system capabilities									●			
Complete rollout of employer portal		On-board all outstanding employers to portal for monthly returns Improve data controls and validations Implement new functionality as it's released by the supplier Provide training and support to employers				●								
Improve self-service functionality		Implement new functionality as it's released by the supplier Issue targeted communications to promote take up									●			
Complete website redevelopment		Complete rebranding of website Complete migration of content to new platform Complete development of employer area Commence member content review, rebrand and development				●								
Administration service review		Undertake review of workload vs resource Review team structure Make changes as necessary to enable delivery of excellent customer service	●											

North Yorkshire Pension Fund



Business Plan 2022/23 - 2024/25

Vision

To continuously develop and improve our services to ensure sufficient assets and resources are available to pay the right pension benefits at the right time

Objectives

Maximise investment returns, manage scheme funding, provide excellent customer care and ensure effective fund governance

Key Activities

Those additional activities identified as essential in the next 3 years to enable delivery of our vision and objectives.

Funding

2022 Valuation
Funding Strategy
Statement
Income monitoring

Investment

Investment Strategy
review alongside 2022
Valuation
Responsible Investment
Pooling
Operations

Governance

SAB Good Governance
project
TPR Single Code of
Practice
PFC & PB Member
training

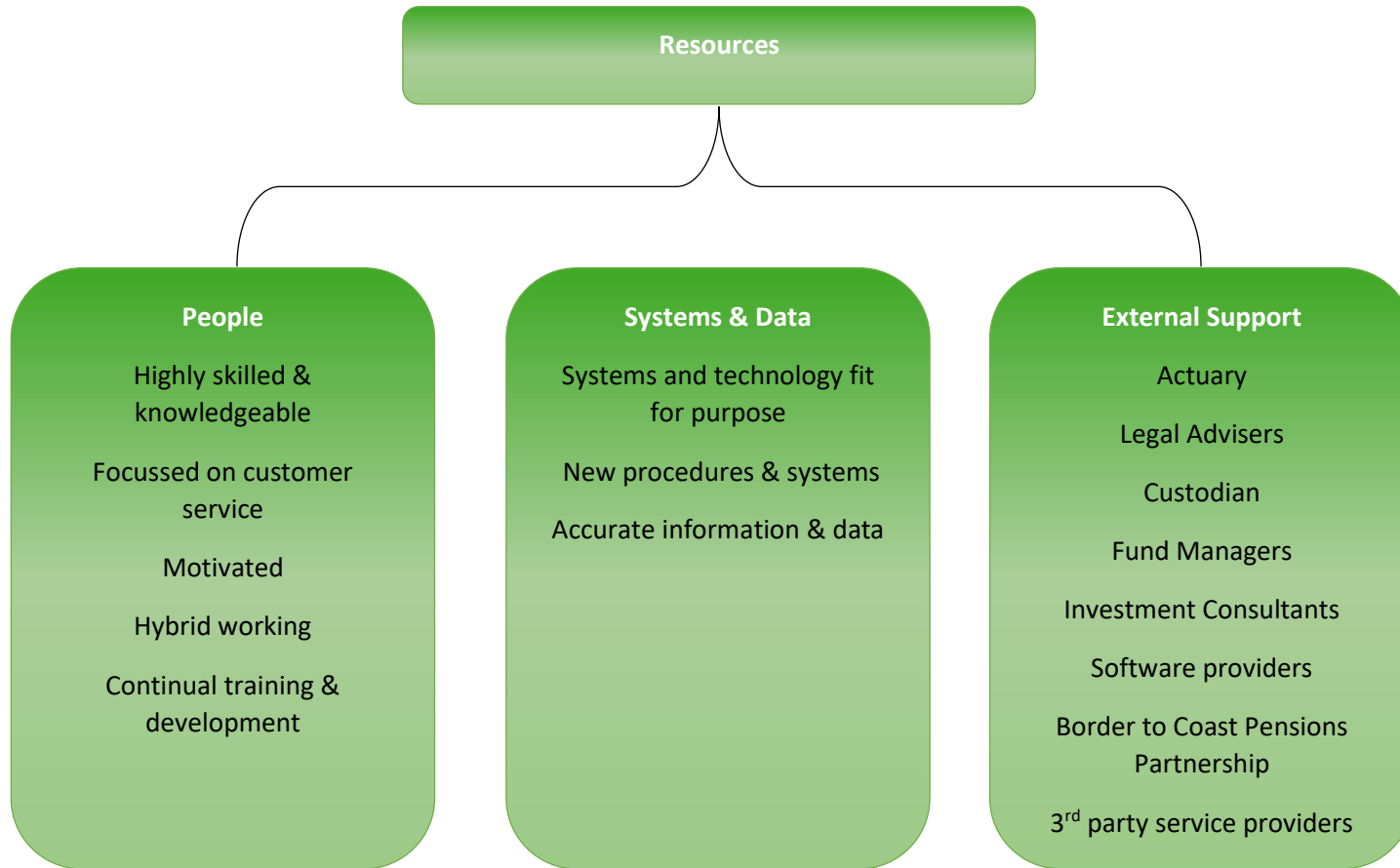
Administration

Pension scams
McCloud remedy
Cyber security
Pensions Dashboard
Data quality
improvement
Backlogs

Business Improvement

Enhanced payroll
functionality
Business process review
Complete rollout of
employer portal
Improve self-service
functionality
Complete website
redevelopment
Administration service
review

[Type here]



North Yorkshire Pension Fund - Proposed 2022/2023 Budget

	Budget 2021/2022 £k	Proposed Budget 2022/2023 £k
EXPENDITURE		
<u>Admin Expenses</u>		
Finance and Central Services	440	453
Provision of Pensioner Payroll (ESS)	90	93
Pensions Administration Team	1,120	1,371
McCloud	80	50
Other Admin Expenses	510	678
Total Admin Expenses	2,240	2,645
<u>Oversight and Governance</u>		
Actuarial Fees	20	90
Custodian Fees	50	86
Investment Consultant Fees	200	140
Pooling: Governance & Projects	776	709
Other O & G Expenses	100	100
Total Oversight and Governance	1,146	1,125
<u>Investment Fees</u>		
Performance Fees	2,820	3,208
Base Fees	27,700	31,739
Total Investment Fees	30,520	34,947
TOTAL	33,906	38,717

North Yorkshire County Council**Pension Fund Committee****10 February 2022****Pensions Team Structure and Staffing Proposal****Purpose of the Report**

To request approval for an increase to the headcount within the pensions administration team and subsequent increase in the annual budget.

Proposal Summary

- To increase the headcount within pensions administration by 5, from 34 to 39.
- Recruit a new Administration Team Leader now to enable robust succession planning and enable the team to drive forward with planned changes and developments.
- Replacement posts will be full time giving 36.25 full time equivalent (FTE) (currently have 31.25 FTE).
- Re-grade Processes Team Leader role.
- Retain the 3 team structure, Employer Relationship, Processes and Member Administration.
- Increase the number of activity based administration sections from 4 to 5.
- Increase the number of staff on both the employer relationship and processes teams in light of the increased demand and complexity of the work in these areas.

Background

The member administration team is not keeping up with the volume of requests and enquires being received, staff are under increasing pressure and demand remains high. Pension scheme members are becoming more demanding – requiring more information and services as they become more aware of their benefits than ever before. Staff are struggling to provide the level of customer service expected and also meet statutory and agreed service targets.

The backlog has increased month on month since the start of 2021 and there is no spare capacity to undertake required activities like valuations, data cleansing, McCloud data checking, pensions dashboard preparation, increased demand expected as a result of LGR and benefit recalculations created by backdated pay awards. Resource has to be allocated to these projects from existing headcount leaving the core administration function short staffed.

Cases have increased year on year by an average of 6% over the last 3 years with an increase of 9% in 2021. I believe this hike in demand has been created by the pandemic as people become more focussed on mortality and the desire to have more leisure time. Because of the increased awareness of pension members generally, more information is being requested meaning more and more complex options and variables are having to be provided. I can only describe it as the covid effect.

The system changes made to date have significantly reduced the risk of incorrect payments being made. However because of all the extra information members are requesting the complexity is greater and cases do still sometimes require manual intervention.

Increased complexity is also being encountered within both the employer relationship and processes teams and it is important that we build greater resilience across the whole team, especially for the more specialist types of work, alongside developing a robust succession planning program.

Whilst the new administration system modules already purchased have assisted with improving efficiency the increase in demand has outstripped any benefit gained to date. There are further system enhancements scheduled for release in 2022 which will help the position and the system provider continues to develop their offering. The nature of the processes team's roles will also change significantly as i-Connect is rolled out across all of our employers and they will no longer be stuck in the 8 month year end and annual benefit statement cycle.

By increasing the number of staff on the processes team we can ensure there is capacity to fully utilise and implement new functionality as it is released by the software supplier. There is no point paying for a system and not then being able to fully utilise it. By ensuring we keep up with and fully utilise the capabilities of the system future efficiencies can be realised thus freeing up resource for better service provision or potentially reducing headcount by natural wastage.

Our objective is to provide a first class service to all of our pension scheme members, we don't want to be delivering a minimum standard. Whilst the pension fund's investment performance is so successful it is hard to reconcile not being able to match that within the administration service.

A review of the staffing within the pensions team has been completed alongside analysis of the volume of member casework received, completed and subsequently outstanding. A review of the activities for each section has also been completed to ensure the right activities are sitting in the right team.

Proposal

It is proposed that the 3 main sub teams remain in place as they are working well and have already improved processes and relationships in many areas. The sub teams are Employer Relationship, Processes and Member Administration, which is broken down further into smaller activity based teams.

Headcount within the pension team is currently 34 which equates to 31.25 FTE. In order to deliver the service required, meet legislative requirements, clear the backlog and maintain that position alongside meeting known additional activities such as McCloud, Goodwin, Valuation, LGR and pensions dashboard I believe the pension team should be staffed to 36 FTE.

As vacancies arise in future, when efficiencies have been achieved and the workload is under control, the opportunity will be taken to review staffing levels and if deemed appropriate vacancies may not be filled, effectively 'cashing in' the efficiency gained at that point.

The 5 vacancies are as follows:

- 1 (Grade K) Pensions Administration Team Leader
- 1 (Grade H) Pensions Training Officer
- 2 (Grade H) Senior Pensions Administration Officers
- 1 (Grade F/G) Pensions Processes Officer

See **Appendix 1**, Structure Diagram and **Appendix 2**, Proposed changes in detail for further information.

All vacancies will be advertised and applications will be encouraged from within the team.

Assessment undertaken

To help inform the analysis of how many full time equivalent (FTE) roles may be required to complete key administration tasks, I have looked at case load data for the year ending 31 December 2021. I have then established an average processing time for each case type based on:

- Average timescales from a 3rd party administrator taken from five of the largest schemes they administer
- Processing timescales from specialist LGPS projects undertaken by the 3rd party in recent years
- Judgement from the NYPF administration team
- Past administration experience

Processing time per case

Below is a list of the main case types undertaken by the Member Administration section of the team and the average, estimated time each case type takes. These estimates are very much a ballpark estimation to enable us to get a sense of how long work takes and what headroom there is. In practice, the actual time taken will depend on a number of factors including the complexity of the cases, system capability and the skill of officers undertaking the work.

Case Type	Annual case load	Ave time in minutes to complete	Total time needed per year (hrs)
Transfer In quotes	398	30	199
Transfer Out quotes	1,119	60	1,119
Employer estimates	481	45	361
Employee estimates	1,590	45	1,193
Retirement quotes	4,567	50	3,806
Preserved benefits	7,120	30	3,560
Death in payment or in service	902	70	1053
Refunds	2,157	30	1,079
Actual retirement procedure	4,589	90	6,884
Interfund transfers	1,551	40	1,034
Aggregate member records	3,885	90	5,828
Other misc case types	9,062	30	4,531
Phone calls	10,362	10	1,727
Emails rec'd into Pensions Inbox	19,787	15	4,947
Total man hours required per year			37,321

By multiplying the annual case load by hours per case we can estimate the overall expected time commitment across the Member Administration section to perform these tasks.

Required man hours

Each FTE is contracted to work 37 hrs per week however, it is not realistic to assume that each member of staff is 100% productive, 100% of the time. Typically each person will have annual leave of 30 days, 8 bank holidays, up to 15 days flexi leave, 2 Christmas close down days, sick leave, training, etc.

Taking account of the various leave outlined above we have 204 working days each year per FTE. Based on this a realistic assessment of productive man hours is 1,500 per FTE per year.

Existing staff working in the Member Administration section of the team are 21.79 FTE giving a total of 32,685 available man hours.

Based on these calculations and actual experience there are currently not enough staff within this section to handle the existing demand and this has resulted in an increase in our backlog. Discussions have taken place with a 3rd party to seek assistance in clearing the backlog but they have advised they are unable to assist us.

Two of the five vacancies are within the pure administration section providing an additional 3,000 man hours. This is not enough in itself to cover the day to day demand however, by recruiting a specific pensions training officer and an additional processes officer an additional 2 FTE will be freed up providing a further 3,000 man hours.

This will provide a total of 38,685 per annum available man hours within the administration function. This is currently only a very small margin however, as previously explained by providing the processes team with capacity to fully utilise and implement new functionality, as it is released by the software supplier, future efficiencies can be realised. Thus freeing up resource for better service provision.

Alongside this a full root and branch review of the way we process each case type will be undertaken to establish best practice and ensure the most efficient processing is being followed. We need to ensure we are processing the majority of the cases in bulk and only needing to manually intervene and add value to those cases outside of the norm.

Administration by exception is the goal.

Cost

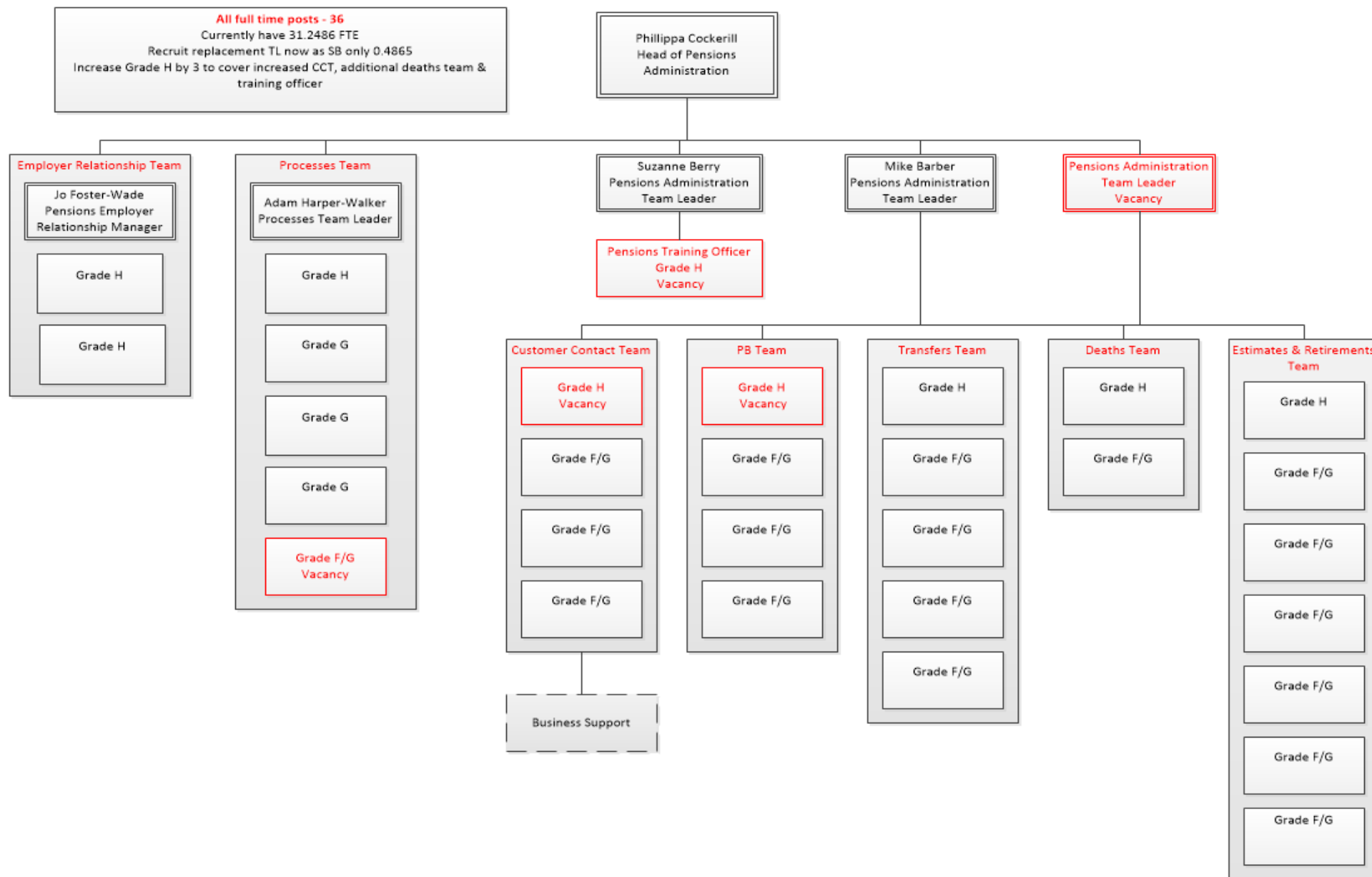
Pay scale information is:

Position	Pay scale range	Pay range
1 x Team Leader	29 - 32	£35,633 - £38,945
2 x Senior Pensions Administration Officer	18 - 23	£26,877 - £30,243
1 x Pensions Training Officer	18 - 23	£26,877 - £30,243
1 x Pensions Processes Officer	8 - 18	£22,049 - £26,877

The above pay ranges include assumed increases of 2% for 2021 and 3% for 2022.

In theory the total cost of the additional posts will be £138,313 to £156,551 per annum plus on costs. However it is anticipated the Team Leader, the two Senior Pensions Administration Officers and the Pensions Training Officer posts will be filled internally and back filled by Pensions Administration Officers on the lower pay scale of £22,049 to £26,877. This would result in a smaller overall increase in the staffing costs of the pension fund.

Structure Diagram



Proposed Changes in Detail**Team Changes****Employer Relationship Team**

Proposal:

- Increase the number on this team to 3.
- Currently officially 2 but have an additional person seconded to assist with website development (currently not backfilled within administration).

Justification:

- Increasing complexity with employer related activities, improve resilience and start succession planning.
- Website development and maintenance will be added to this team's responsibilities.
- Governance overview will be added to this team's responsibilities.
- See Appendix 2 for list of tasks sitting within this team.

Processes Team

Proposal:

- Re-grading of Processes Team Leader role.
- Increase the number on this team to 6 (currently 5).

Justification:

- Team leader role needs to be regraded to acknowledge the increased breadth, complexity and responsibility of the role. This uplift in grade will also bring it into line with the other team leaders.
- Increasing responsibility for oversight and management of monthly employer submissions through i-Connect.
- Creation of capacity to fully utilise and implement new functionality as it is released by the software supplier, enabling whole team to realise efficiencies and improve service offering.
- Supervision of ad-hoc special project teams to undertake additional activities such as McCloud remedy work, pensions' dashboard preparation and data cleansing activities.
- See Appendix 2 for list of tasks sitting within this team.

Member administration Team

Proposal:

- To change the split of the work types and increase the number of activity based teams from 4 to 5.
- To increase the number of purely member administration staff to 22 split across 5 teams.
- To introduce a dedicated pensions training officer working with the part time team leader to provide consistent technical training and support so the team continues to develop its skills and knowledge.
- See Appendix 1, Structure Diagram.

Justification:

- To meet known and anticipated future demands.
- To enable clearing of existing backlog and then maintenance of working position going forwards.
- To enable smarter more focussed working to achieve the highest efficiency and knowledge sharing across the whole team.
- To free up administration time by having training delivered by a dedicated resource.
- See Appendix 2 for list of tasks sitting within each activity based team.

Individual Staff Changes

Pensions Administration Team Leader

Proposal:

- Increase administration team leaders to 2.5 (currently 1.5).

Justification:

- To start robust succession planning and handover of duties.
- To enable next stage of team development to push forward and changes to be made to existing ways of working.
- To provide full team leader cover for absences.
- To enable head of team to step back from day to day administration and undertake more effective strategic planning.

The 0.5 team leader currently in post would be utilised fully in the induction of new staff, training planning and delivery, developing skills matrix to identify training needs, training toolkit and developing and updating administration guides. Would also be responsible for the development of the Grade H Pensions Training Officer.

Pensions Processes Team Leader

Proposal:

- Re-grade of role.

Justification:

- To acknowledge the increased breadth, complexity and responsibility of the role due to the introduction of i-connect.
- Requirement for role to take on responsibility for project managing small project teams.
- Responsibility for delivery of McCloud rectification, pensions dashboard, data quality improvement, etc.
- Increase in team size to provide capacity to deliver new functionality as it is made available by the 3rd party supplier.

Pensions Training Officer

Proposal:

- Create new pensions specific training position.

Justification:

- To provide consistent pensions specific training to new and existing staff.
- Develop and maintain training material, user guides and processing checklists.
- Work with team leader to develop skills matrix and develop a targeted training plan from the knowledge gaps identified.
- To relieve pressure on other staff to provide training so they can fully focus on processing work.
- To become a PMI assessor so we can offer the PMI qualifications and apprenticeships which will aid retention and engagement of staff.

Senior Pensions Administration Officer

Proposal:

- To increase the number to enable each activity based administration team to be managed by this grade and also provide a pensions specialist to the Processes team.

Justification:

- Increasing the number of activity based teams enables the workload to be divided up more fairly and ensures every work type is actioned in a timely manner.
- There are currently too few activity based teams meaning a large amount of work is not being actioned effectively. We currently undertake this type of work on a Wednesday but are increasingly using this day to tackle other high demand areas of work. This has resulted in an increase in our backlog.

- The current customer contact team (CCT) is not lead by a senior however when this team is increased in size and it becomes responsible for more work it is unfair to expect a lower grade to manage the team when other teams are led by a senior.

Pensions Processes Officer

Proposal:

- To increase the number to 4.

Justification:

- The nature of the team's work is changing as i-Connect is rolled out and more emphasis will be on ensuring monthly monitoring is undertaken and employers are supported and chased as appropriate.
- To enable more qualitative work to be completed such as data cleansing, identification and creation of solutions for processing issues.
- To enable future system enhancements to be effectively utilised in order to move the whole pensions team forward.
- To enable future projects and developments like process reengineering and letter enhancements to be realised.
- To enable specific project teams to be created from across the whole pensions section and managed by the Processes team to deliver such things as McCloud recalculations, pensions dashboard, etc.

Pensions Administration Officer

Proposal:

- To increase the number by 1. It is anticipated this level will be the backfill for all 5 vacancies.

Justification:

- To enable the increase in number of activity based teams to be delivered effectively.
- To meet the demand into the team.
- To clear the backlog and maintain the position.
- To enable delivery of system enhancements, future projects and development of the team as a whole.

Team Activities

Appendix 3

<p>Employer Relationship Team</p> <ul style="list-style-type: none"> Admissions Terminations Academy Conversions Er mergers Er support & training Er interventions i-Connect – on boarding of new Ers online submissions Website – development Website – content maintenance Procurement support TUPE process – management Governance – legislation/regulation changes Governance – LGPS bulletins actions Governance – document review Annual event reporting to HMRC Valuation – er communications Valuation – Actuary liaison & assumption agreement Authorised signatories Invoices received Set up, maintain & monitor contracts NYPFOG – er meetings Er presentations Representation at regional and national user groups Primary contact for legal issues 	<p>Processes Team</p> <ul style="list-style-type: none"> i-Connect – rollout i-Connect – on boarding of new ers file upload i-Connect – submission monitoring, support & intervention i-Connect – roll out of new functionality Altair – user support incl raising errors with supplier via Sostenuto Altair - roll out of new functionality Valuation – triennial data extract Valuations – adhoc for TUPE/Academy conversions/Er exits Annual Benefit Statement production Pension Increases CARE annual revaluation Annual Allowance calculation Pension Savings Statement production Part year revaluation Disaster recovery & business continuity co-ordinator Supplemental pension increase Factor maintenance Version release co-ordinator Mortality screening Member tracing Letter development delivery Process change development delivery Common and conditional data scores CIPFA annual return TPR annual return Occupational Pension Scheme Surveys SF3 annual return NYPF website & MSS maintenance FOI requests NI Database - user maintenance and monthly data upload Tell Us Once - user maintenance Newsletter production & distribution Word and ADP document archiving within Altair Data improvement schedule (data cleansing) PFC - performance and membership statistics Weekly identification and reporting of employer strain costs to Finance Weekly welcome pack production SNAP feedback collation Calculation spreadsheet maintenance IMP Payroll closedown and end of year roll over BACS calendar maintenance Scheduled and ADHOC database reporting <p>Data/Special Projects – Project teams to be formed from across whole section</p> <ul style="list-style-type: none"> TUPE – data amends Bulk transfers in & out Valuation – bulk data cleansing & query responses Pensions dashboard McCloud – data load, cleanse and benefit recalculation Goodwin
---	--

<p>Deaths Team</p> <p>Death – active, deferred, pensioner, widow, dependant TUO Purchasing copy certificates Mortality Screening results Preparation of PFC reports for death grant payments Payment of death grants Payment of dependants pensions</p>	<p>Customer Contact Team</p> <p>Incoming calls – hunt group 1 Pensions inbox DWP letter forwarding Daily Indexing Triage incoming post – chasing outstanding items Name changes Address changes Nomination updates Gone Away tracing Power of Attorney New starters Opt Outs</p>
<p>Transfers Team</p> <p>Transfer In Interfund In Divorce Interfund Out Transfer Out Monies received list – reconciliation & chasing</p>	<p>Support and manage Bus Support resource</p> <p>Opening post Scanning post Scan batch management Returning certificates Activation keys New starters</p>
<p>Estimates & Retirements Team</p> <p>Member estimates Er estimates PBs into payment – monthly report action Retirement – normal, early, late Ill Health retirements – active, deferred Trivial commutations Payment of retirement lump sums Payment of pensions Modification Orders Children’s pension reviews Ill Health Tier 3 reviews Life Certificate exercises</p>	<p>PB Team</p> <p>Leavers under 55 Aggregation Refund – payment Valuation – data cleansing</p>
<p>Head of Pensions Administration</p> <p>Strategic planning Procurement – lead Disaster recovery & business continuity owner Project management & oversight Process change sign off Letter change sign off Newsletter creation Governance – legislation/regulation changes Governance – LGPS bulletins actions Governance – document review BACS stage 3 Complaints – escalation & IDR stage 1 Valuation – assumption agreement Valuation – preparation management 3rd party contract management PFC reporting PB reporting Staffing & recruitment Representation at regional and national user groups</p>	<p>Admin Team Leaders</p> <p>Staff management and development Point of technical reference Complaints responses 1st contact SNAP feedback – identifying trends & responding Throughput monitoring Rotations – plotting and management Member education Letter development Process development Monthly gross pensioner pay check BACs – stage 2 Recruitment</p> <p>Pensions Training Officer</p> <p>Skills assessment & matrix development & maintenance Training toolkit – development and maintenance Training Guides – development & maintenance PMI assessor Training Schedule Training delivery Inductions - 3 & 6 month schedule</p>

Appendix 6

North Yorkshire Pension Fund - Cash Flow

	2021/202 2 £k	2022/202 3 £k	2023/202 4 £k	2024/202 5 £k
SCHEME PAYMENTS				
Benefits				
Pensions	(100,446)	(108,481)	(116,075)	(123,040)
Lump Sums	(28,525)	(29,267)	(30,086)	(30,929)
	(128,971)	(137,748)	(146,161)	(153,968)
Transfers out	(9,175)	(13,060)	(13,060)	(13,060)
Refunds to leavers	(332)	(380)	(380)	(380)
	(9,507)	(13,440)	(13,440)	(13,440)
Operational Expenses				
Admin Expenses	(2,269)	(2,220)	(2,214)	(2,209)
Oversight and Governance	(1,378)	(1,420)	(1,448)	(1,477)
	(3,647)	(3,640)	(3,663)	(3,686)
TOTAL PAYMENTS	(142,125)	(154,828)	(163,264)	(171,094)
SCHEME RECEIPTS				
Employer and Employee Contributions	134,371	139,035	137,004	141,114
Transfers in	10,065	13,060	13,060	13,060
	144,436	152,095	150,064	154,174
TOTAL RECEIPTS	144,436	152,095	150,064	154,174
SCHEME SURPLUS/(DEFICIT)	2,311	(2,733)	(13,200)	(16,920)
CASH FLOW FROM INVESTMENT ACTIVITIES	(101,782)	3,320	11,929	18,014
SURPLUS/ (DEFICIT) AFTER INVESTMENT ACTIVITIES	(99,472)	587	(1,271)	1,094
CASH BALANCE B/F	111,848	12,376	12,963	11,692
CASH BALANCE C/F	12,376	12,963	11,692	12,787