

Pension Board

Date: 23rd August 2016

Classification: General Release

Title: Surrey Pension Administration Performance

Report of: Jo Meagher
Head of Operational People Services

Wards Involved: All

Policy Context: Service Delivery

Financial Summary: Limited

1. Executive Summary

- 1.1 As requested by the Pension Board, this report sets out details of the current performance of the pension administrators, Surrey County Council (SCC).
- 1.2 The aim of People Services is to ensure that our pension administration standards are consistently high. That data is accurately maintained, that information is provided to members in a timely fashion and that payments are made promptly.

2. Current Position

- 2.1 Westminster People Services are responsible for managing the pension administration service, which is provided for our pension fund by SCC under a partnership 101 agreement. The agreement should maintain a high level of service provision whilst limiting costs due to the fact that the service is provided on a cost neutral basis with no shareholder profit for the administrator to account for in its charging.
- 2.2 The Pensions Officer had been aware that service standards by (SCC) Pensions administration had fallen during 2015/ 2016 due to an increasing number of complaints.
- 2.3 There were some external factors that influenced this that were beyond the control of SCC. One major issue is that WCC went live on 1st April 2015 with its

Managed Service Programme (MSP) a combined HR / Payroll and Finance contract provided for all of TriBorough, WCC, LBHF and RBKC. There were a number of problems with the MSP programme in 2015 / 2016 with a number of staff paid incorrectly or having pension deductions either being calculated incorrectly or not being deducted on all qualifying earnings. BT were unable to cope with the number of pension queries in the first six months of the new contract and this then spilled over to staff contacting Surrey and distracting from the work that they had to do. BT were also slow or unable to provide information to Surrey for member queries and this also slowed general response times down.

- 2.4 In addition the pensions interface that uploads information for starters in the scheme was not working throughout the year which again meant that the administrators were relying on manual updates of information which slowed the response to all members as more resource was needed to set up the records on the pension system
- 2.5 There were other problems for the Pensions Team at SCC. They had a number of staff members off on long term sickness. One of those staff worked in the technical team who help run the altair pensions system which maintains everyone's pension records and calculates benefits for members. Replacing staff with this technical knowledge on a temporary basis is very difficult.
- 2.6 In addition SSC took on bi borough work from LBHF and RBKC in September 2015 from their previous administrator Capita. SSC inherited no staff from Capita and the data for bi borough was not complete and this again stretched SSC resources and helped to reduce the service that people who contributed to the WCC fund received.
- 2.7 The Pensions Officer is aware that members found it very difficult to contact SCC in April 2016 and that processing some case types in particular retirements were often slow and not within our agreed turnaround times.
- 2.8 The Pensions Officer has made Surrey aware that improvement is necessary. They have now implemented a new phone system and access does seem to have improved. Surrey have had an internal re-organisation and they have recently recruited more staff to help maintain the level of service to all their clients going forward.
- 2.9 Surrey have provided the Pensions Officer with Key Performance Indicators as attached for the first 4 months of the current financial year. Although small numbers are involved overall it's clear that people retiring are too often not having their option form sent out on time only 67% meeting the KPI in May and in addition once the forms are returned the retirement benefit maybe processed late.
- 2.10 The Council Auditor Grant Thornton is due to audit the pension fund administration service in August / September 2016 and they have been asked to include a review of case management focussing in part on retirements.

2.11 In addition The Pension Officer will be visiting SCC to review some cases independently of the data that they provide.

3. Summary

3.1 Peoples Services will work with both BT and Surrey County Council to improve the pension service to members going forward and will keep the board informed of progress.