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Classification:	General Release
Title:	Pension Administration Update
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Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Executive Summary

1.1. This report provides a summary of the performance of Surrey County Council (SCC) with the Key Performance Indicator (KPI) for the period January 2019 to March 2019. The detailed KPIs are shown in Appendix 1, There have been some performance concerns in the period outlined in section 2. This report also provides the detail of the current data cleansing projects and the progress that has been made in resolving data queries ahead of the pension fund valuation in section 3. Section 4 outlines the progress that is being made in creating a WCC end of year file with section 5 outlining the current progress on the Western Union existence check for overseas pensioners. Finally, section 6 confirms the current position with Hampshire County Council (HCC) and the insourcing of City West Homes (CWH) in April 2019.

2. Surrey County Council (SCC) Performance

- 2.1.** The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement, however they will continue to be reviewed on feedback from all parties, including committee members.
- 2.2.** This paper covers the period of January 2019 to March 2019.
- 2.3.** Surrey County Council have appointed an interim Pension Manager, Andrew Marston. The Pensions officer has attended a first quarterly contract meeting with Mr Marston on the 24th of April. Mr Marston also attended the WCC Pension AGM on the 17th of April.

- 2.4.** KPI performance in appendix 1 is summarised below:
- 2.5.** There have been a few issues identified in the KPI for the first 3 months of 2019. This appears to have originated in January 2019 with responses received from members primarily confirming that they wished to take their preserved pension not being actioned by the administration team as they were recorded as a different case type. The pension officer has raised the matter with the administration team directly in Lewes, East Sussex where our administration is carried via a visit on the 25th April. The head administration officer has confirmed that everyone has been asked to check workflow systems with managers checking daily to ensure this is not repeated.
- 2.6.** One Retirement option form was issued in late January, In addition there were 5 late payments of lump sums and 5 late payment of pension over the 3 months of the KPI period caused by the returned forms not being addressed correctly by the workflow monitoring as outlined above (section 2.5).
- 2.7.** There were 4 late refunds processed in January and February 2019. 1 dependent was written to late following a death in January 2019. 3 deferred benefit statements were sent late over the period. 1 notification to the member for the payment of a preserved pension was sent late. 1 transfer out was paid late and finally 2 responses to correspondence within 10 days were sent late during the period.

3. Data Cleansing

- 3.1** There are two data cleansing projects ongoing within the fund. Firstly, we have agreed with Surrey that we would fund an additional administration resource at a cost of £14,500 for six months to remove as many critical errors in our data, primarily in relation to membership data that is valuation impacting.
- 3.2** There were 1283 total errors across the 5 memberships groups of actives, deferred, pensioners, dependants and undecided, at the end of April 2019, this has gone down by 39%. There are 533 active level queries that appeared to be WCC employer cases. However, we have referred 185 of these records to Surrey technical team to identify the true employer as these are not WCC, leaving 348 WCC employer cases for the WCC project team to work through.
- 3.3** We have also agreed with Surrey to outsource the completion of approximately 1500 status 2 cases across the City of Westminster (CoW) pension fund to JLT at a cost of up to £19 a case. Status 2 cases are member records that the administrators believe that a member has left the pension fund, but the fund employer has not provided the leaver data to complete as a refund

or a preserved benefit, leaving the record sitting as a liability. Additionally Surrey are running the project with JLT with 4 other funds.

3.4 The status 2 project has been running since March 2019 (with additional temporary resource) in 2 parts; a) to ensure that COW pension fund employers with status 2 cases, complete and forward their leaver data. b) to produce leaver data for the 906 cases for which Westminster City Council (WCC) is the employer.

3.5 All COW pension fund employers have forwarded their completed status 2 leaver data to Surrey. The 906 WCC employer cases occurred primarily when BT was the WCC payroll / HR provider. As at the end of April 2019, 77% of cases (699 cases in total) have been completed and are with Surrey, ready to send to JLT.

4. LGPS End of Year File 18 / 19

4.1 The LGPS end of year project is ongoing at the moment. Progress has been made but resolving cases where the member had a period of absence with reduced pay have proven time consuming and complicated. The regulations require the calculation of an Assumed Pensionable Pay (APP). In these cases, because Agresso did not do this calculation correctly most of these cases involve a complete recalculation over a number of months. There are 35 cases that still require calculation at the time of writing this report. I would hope to have the WCC file ready for upload by the end of May 2019 at the latest.

4.2 People Services are also monitoring closely that the other fund employers submit their end of year files by 30th of April 2019 to ensure that pension fund valuation can proceed on time.

5. Western Union Existence Checking

5.1 The fund has started an existence checking exercise with Western Union for all of our overseas based pensioners. The existence checking will involve inviting the pensioner to attend a local WU office with identification to confirm their continued entitlement to benefit from the fund. For attending the existence check the member will be given £10 for their inconvenience but this will help the fund reduce or stop overpayments following a members death. Pensioners whom are based within the United Kingdom have their records subject to monthly mortality screening and therefore the risk of overpayment for these members is much lower.

5.2 When we started looking at the existence exercise we realised that many of our pensioner records did not hold a full name but only initials and a surname. In order to complete a full existence check, we need to hold the full name so that the Western Union agent can check the name against the members identification. 91 individuals were written to in March and asked to confirm their full name for our records. We had 36 responses with full names in the first 3 weeks plus we were notified of 4 pensioner deaths. We have then moved to

start full existence checking for 171 people that includes people we already had full name details for and the 36 people who had responded in time to be included in this years project.

- 5.3 Responses have continued to come in from those members we wrote to in March and 16 additional people have confirmed their full name and will be included in next years existence exercise. At the time of writing this report we are waiting for 35 responses for full name details. A decision has been taken to run a life certificate exercise for any record that we have not had a response for by Friday 3rd of May with pensions being suspended from July without a response.
- 5.4 The first warm up letters are due to go to pensioners in the first week of May, this letter will introduce Western Union as our partner and advise that the existence exercise will be starting the following month with details to follow. The warm up letter is to reduce the concern amongst pensioners of fraud which can occur when this exercise is first implemented.

6. Hampshire City Council (HCC) and City West Homes (CWH)

- 6.1 The new HR / Payroll contract with HCC is still in a stabilisation period. There have been a few issues setting up suppliers for payment for the first time in SAP and a few HR/ Payroll issues. The service is much improved than under the previous provider BT. In addition, we insourced 426 staff from City West Homes on the 1st of April 2019. Payroll in April was successful and the fund will have a number of people being opted into the LGPS for the first time. A number of people at CWH had previously only had access to the peoples pension which is a lower costing and benefit pension arrangement. We have a few people opt out of the LGPS from the transferred staff but also a number of people taking up the 50 / 50 option that the LGPS offers so we are pleased to note that people are considering this when they look at the additional cost of the LGPS benefit.

7. Summary

- 7.1 The Pension Administration KPIs were disappointing in the period particularly in January 2019. People services will be monitoring KPI's on a monthly basis, ensuring that the administration management understand our focus on ensuring that payments are made to people accurately and on time. Internally we have to push through the work on the LGPS end of Year file for WCC and ensure that work continues to progress on our data cleansing projects as well to ensure the data is fit for valuation purposes.