

Pension Fund Committee

Date:	23rd October 2019
Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Introduction

- 1.1. This report provides a summary of the performance of Surrey County Council (SCC) with the Key Performance Indicator (KPI) for the period May 2019 to August 2019. The detailed KPIs are shown in Appendix 1, There have been some improvements 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 current progress on the Western Union existence check for overseas pensioners.

2. Executive Summary

- 2.1. The Pension Administration KPIs for the period May to August 2019 still show room for improvement in a few areas however the KPI work is generally within our agreed timescales.
- 2.2. The data cleansing work has made significant progress since the last committee report. The data score improvements in the last year demonstrate the impact of the work that has been undertaken in the last 12 months. There is still work to be done on resolving the remaining Status 2 and Status 1 legacy cases as well as agreeing a solution with Orbis with regards to the backlog.
- 2.3. WCC have made the decision to engage directly with an external tracing company, given the issues experienced with the JLT. We will undertake our own

tracing exercise to confirm the correct address for an estimated 731 members with preserved pension records in our fund.

- 2.4. The Western Union existence project is now complete and 22 pension records will be suspended in October. We will update the committee regarding the suspensions at the next committee. This exercise is now pencilled in as an annual exercise that we will commence again next summer.
- 2.5. Finally we are notifying the committee that discussions are underway with Surrey for a new 101 agreement. That agreement will need to reflect the service that the fund requires and in particular to ensure that our data is being continuously improved and monitored going forward. The committee will be provided with details of any proposal at the next committee meeting.

3. Surrey County Council (SCC) Performance

- 3.1 This Paper covers the period May to August 2019, during this timeframe the pension administration team have had to process large amounts of data being provided from all fund employers ahead of the pension fund valuation. There have been a number of pressures on workload levels beyond other periods that have impacted the administration resource. In addition, pension fund annual benefit statements had to be produced and available online by 31st August 2019 and this period has seen the administration team have to complete a number of estimates as one of our fund employers restructures with staff over 55 leaving.

Overall the performance has improved but where concern still exists we need to reflect on the wider work the team has been covering not all of which is measured in the KPI data.

- 3.2 PI performance in appendix 1 is summarised below:

- 3.21 We are pleased to report that during this period no claim forms were sent late to dependents following a death. No deferred benefit statements were sent out late following notification of leaver forms. Notification that pension could be claimed where the member held a deferred benefit was 100% on target.
- 3.22 We are disappointed that in July 2019 we had three late retirement option forms issued, two of these were one day late but the remaining case was 9 days late. The majority of retirement options during the period were sent out on time. In June 2019 we had one retirement benefit processed for payment late by two days. All other retirement benefits were processed on time during the period.
- 3.23 The next two KPI regarding the payment of lump sum and paying the member on the next available pay run for deferred members taking

pension was consistently poor during this period with two cases late for both measures in May, June and July. It is important to note that large numbers under both these KPI's were processed on time however we do view this KPI as particularly important for the impact on our members. We are pleased that in August 2019 this KPI reverted to 100% timeliness.

- 3.24 We had one late transfer out processed in both June and July and two interfund in quotations processed in July that had been generated following backlog work. Finally, we had one late correspondence in July out of the 25 completed.
- 3.25 The pension team have advised that they do not have any complaints in progress as a result of the delays but we will review this with the team going forward.

4. Data Cleansing

- 4.1 WCC have been notified that the two measures of data quality that we need to report to the Pension Regulator have improved significantly over the last 12 months as below;

2019

Common Data Score	89.9%
Conditional (Scheme Specific) Data Score	93.1%

2018

Common Data Score	77.0%
Conditional (Scheme Specific) Data Score	71.0%

This improvement demonstrates the effectiveness of the steps that WCC has taken during the interim period to improve our data quality. This includes the Status 2 JLT project work and the Status 1 error work and working with Surrey, HCC and other fund employers to ensure ongoing queries are resolved as quickly as possible ahead of pension fund valuation. We are waiting to receive the full data quality report for 2018/19, which we will analyse and incorporate any improvements with the ongoing data improvement work to ensure the fund makes continuous progress on data quality.

- 4.2 The Status 2 project has been running since March 2019, all approximately 1500 Status 2 cases have been completed by the fund employer providing the relevant leaver information to the Surrey team. As agreed with Committee previously WCC had elected to ask a third party JLT to process our Status 2 cases due in part to the pension fund valuation and the limited resources that Surrey had available to process the data prior to valuation.

- 4.3 Westminster have agreed 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. Surrey were project managing the status 2 resolution on behalf of Westminster and a number of other funds that they provide administration services for. The processing rate that JLT worked through was not what WCC officers hoped and although it fluctuated from week to week some weeks the rate processed was as low as 6 cases.

To date 423 cases have been processed by JLT, Surrey have processed a further 61 of these cases and the remaining 183 cases that have already been sent to JLT are yet to be processed. There is also a batch of 900 status 2 cases that have not been processed and are sat with the Surrey team as a backlog. The Senior Payroll and Pension Officer has elected not to send any additional cases to JLT where the fund is obligated to pay them for processing cases given the slow response rate and following data already being sent for valuation. The Surrey team have been asked to present WCC with options as part of a data improvement plan to deal with the backlog. Discussions are ongoing at the time of writing this report. We will update the committee on any decision or recommendation at the next meeting.

- 4.4 Progress on the Status 1 errors has halted as Surrey and WCC work together to find the best solution to continue this work. Originally there were 2373 data “failures” across the 5 memberships groups; actives, deferred, pensioners, dependants and undecided. Work on this data has meant that by the end of April 2019 the number of data failures had reduced by 36%. The admin team switched focus in May and June 2019 to look at the year-end files from all employers in the Fund which also helped to improve the data scores detailed in 3.1. Additional resource that had been used by Surrey prior to the valuation to help support some of the data cleansing work has now left the service. The Senior Payroll and Pension Officer is awaiting confirmation of what resource is available to make further data improvement as part of our data improvement plan. Discussions with Surrey on the next steps will continue and we will update the committee at the next committee meeting.
- 4.5 Surrey have also identified to the Senior Payroll and Pension Officer on the 5th of August 2019 that there is a backlog of work on the team which we are assured is not currently being added to. The Senior Payroll and Pension Officer has asked Surrey management for options on this backlog as part of their data improvement plan. Dealing with this backlog of work, the Status 2 cases and the remaining Status 1 cases will be key to improving the data scores in 3.1 further in the coming year.
- 4.6 An area that WCC had elected to take a lead on outside of Surrey is in relation to address tracing for records that have a recorded address as “Gone Away”. The Senior Pension Specialist (interim) has led on a procurement process to independently appoint a tracing agency to provide address details for 731 deferred members who have not yet claimed their pension. The address tracing will help further in improving our data scores and this exercise will form part of our overall data improvement plan.

- 4.7 The Senior Pension Specialist (Interim) has been the primary driving force pushing Surrey to complete the various data streams as part of our overall data improvement work. Her role will continue to support the Senior Payroll and Pension Officer to outline and implement a data improvement plan that includes the Status 2, Status 1 and backlog work.

5. Valuation

- 5.1 Data was sent to the actuary as agreed on the 7th of August 2019 allowing Surrey to complete as much data cleansing as could practicably be achieved.

6. Western Union Existence Checking

- 6.1 The existence checking exercise was completed on 30th September 2019. At the end of the exercise 79% of individuals completed the existence check which Western Union have confirmed is normal the first time that the exercise is run. However we have been notified that 31 of our overseas pensioners have not completed the check. The details of those 31 pensioners were passed onto the Surrey administration team to suspend the pension from the October pension payroll run. Surrey have checked the details of the pensioners prior to suspension and 9 of them the Surrey team now hold some different data for including some members that have now moved back to the UK. The Surrey team have been asked to pay these members their October pension but complete a life certificate exercise for assurance. The remaining 22 cases are being suspended in October.
- 6.2 The pension payroll pays on the last working day of the month, overseas based bank accounts may credit a few days later. We are therefore expecting some members to be in contact in the first week of November. We believe that a number of the 22 people, who we will have suspended payment for, will not be living at the address we have on record for them. We have agreed with Orbis that they will be checking details of any individual that gets in contact following the suspension to ascertain why they did not complete the existence exercise. We have agreed that in order to reinstate the pension the member will need to complete a traditional life certificate exercise accompanied ideally by some photo ID. If the member is living at a different address to the one we hold on record, then the team will request to see a copy of a bill or other document with the members name at that address. Emergency payments will be available if the member makes a case that they have a financial hardship case however we will normally expect the member to wait for payment for the next available pay run after they have completed the required checks. This could be several months depending on when they get in touch, we will advise the committee at the next meeting on the number of current suspensions and further action.

7. 101 Administration Agreement with Surrey

7.1 The Committee are informed that officers are in discussion with the Surrey pension administration team regarding a new 101 agreement (shared service arrangement). The current 101 agreement was effective from the 1st of September 2014 and could not expire before the 1st of September 2017. As a shared service agreement there is no definitive expiry date however in schedule 4 of that agreement it was set out that both parties would review the cost at the commencement of the 5th year of the agreement which was 1st September 2018. Last year people services needed to resource the move from BT to HCC for payroll/ HR and finance services. With the move to HCC now completed both WCC and Surrey are aware that the current 101 agreement needs to be reviewed both in terms of the scope and in terms of the costing of that service. We will aim to present a proposal to the Committee at the next meeting.