

Date:	27th November 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. 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 June 2019 to October 2019. The detailed KPIs are shown in Appendix 1, There has been performance improvement on the prior period reported as 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 confirms the LGPS end of year file for WCC has been submitted with section 5 outlining the current progress on the Western Union existence check for overseas pensioners.

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 June 2019 to October 2019.

2.4 KPI performance in appendix 1 is summarised below:

2.5 At the last board meeting on the 9th of July we reported on April and May KPI data. In May 2019 we were disappointed that there were two late payments of lump sum and two late processing of pension such as they missed the next available pension payroll run.

- 2.5 This reporting period for KPI's is a longer period of five months between June and October. Overall the vast majority of cases were processed within timescale. The issuing of retirement option forms was a concern in July and October with six cases late in total, the majority of cases were late between one and three days but one case was delayed by nine days. The board should note that we are aware that one of the employers agreed with a number of their staff over 55 leaving as at 30th of September so this did impact retirement workloads in October.
- 2.6 There was one late retirement processed in June. However we had the late payment of pension lump sums in June, July and October a total of six cases. The majority of cases have been processed on time during the period.
- 2.7 There were two transfer out cases in June and July but otherwise this KPI remained 100% on target. There were two late interfund quotes in July. One correspondence case was then late in June.
- 2.8 Surrey (Orbis) have advised us that they have received no compliants during the period. We have asked them about running a new survey of retired members for additional feedback but are waiting for confirmation at the time of writing this report.

3. Data Cleansing

- 3.1 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%

- 3.2 The above improvement does show that the steps taken to improve our data over the last 12 months has had significant impact. This includes the status 2 work with JLT, the status 1 error work and working with HCC and Fund employers ahead of the valuation to ensure that our data was as clean as it could be.
- 3.3 The interim Pension Specialist has now developed a data improvement plan following the data issues that we have identified in the data quality reports on the 17/18 scheme data. The current plan is attached as an additional document with this report. The data improvement plan will be a document that we review annually after analysing the conditional and scheme specific scores from each

data quality report. This is in line with requirements that the pension regulator wishes to see pension schemes implement.

- 3.4 The Board have previously been advised of the progress of JLT processing of the remaining status 2 cases. WCC decided not to continue with JLT given the generally inconsistent processing rate and the communication issues due to working via the Orbis team to a provider running the service in India. However, the Interim Pension Specialist has continued to work with JLT to resolve the remaining queries, (due to the obligation to make payment for any cases already received by them), with a view to JLT ceasing all work on existing cases before the end of the year.
- 3.5 Westminster has approximately 900 remaining status 2 cases. Conversations have commenced with another provider ITM with the prospect that they will be engaged to work through the remaining backlog. If agreement can be reached with ITM, processing will take place in their Edinburgh offices in the UK. We have already spoken to representatives from Kent County Council who engaged ITM for a similar project and have given us a positive reference of the experience. If we proceed with ITM it is proposed that the in-house pension team will directly manage the project, rather than through Orbis to ensure control and accountability. We will update the Board on progress at the next meeting.
- 3.6 Progress on the processing Status 1 cases was halted as the administration team needed to focus on year-end files from all employers in the fund and valuation work. We are working with Orbis to find a temporary resource to complete the outstanding work by the end of January 2020, using the remainder of the original £15k funding made available.
- 3.7 The Fund has also started to run an address tracing project to identify up to date addresses for approximately 750 of the 2000+ records of members where we hold no current address details. We are prioritising the membership groups of; deferred over 55, pensioners and dependants as these groups could or will be in receipt of their pension. Target is the company that has been appointed by WCC to provide this tracing service and we are engaging with them direct. We will update the board at the next meeting on progress.

4. Valuation

- 4.1 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.
- 4.2 I believe that the actuary has advised that the data quality for Westminster was good for the valuation and results are currently being produced.
- 4.3 Once the results are available the People Services team will be engaging with employers regarding the new employer rates to apply from April 2020.

5. Western Union Existence Checking

- 5.1 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.
- 5.2 Since the suspensions were activated three members have been in touch to confirm their entitlement to continued benefit. Emergency payments are being processed for those members with a full reinstatement for the November pension payroll run. The team will be reviewing with the members reinstated why they did not complete the existence check to confirm details and maybe remove them from future exercises if they are not able to complete. We will run life certification exercises where members cannot complete existence going forward.
- 5.3 Any of the remaining pensioners who have their pension suspended will be included in the data tracing exercise to locate an up to date address and allow them to be included in future pension existence exercise.

6. 101 Administration Agreement with Surrey

- 6.1 The board 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. Orbis have not provided a viable service specification at the date of this report therefore people services have determined to draft a specification to move us forward.

7. Summary

- 7.1 The Pension Administration KPIs are generally acceptable however we still have concerns about ensuring the payment of pension benefit including lump sums are 100% within timescale each and every month though we know that the admin team did have a large number of cases to process in October/
- 7.2 The data cleansing work as made significant progress and the improvement in our data scores as outlined in section three. However there is a lot of data improvement work to be done including addressing the status 2 backlog and starting address tracing work to ensure our records are as accurate as they can be.
- 7.3 The valuation exercise is complete from a pension administration perspective and the data is now with the fund actuary pending results.
- 7.4 The Western Union existence project is complete with twenty two pensions suspended in October. Of these three have been in contact so far and are having their pension reinstated. We will update the board on the remaining suspensions as we move forward.
- 7.5 Finally we are advising the board that we are currently talking to Surrey about an amended 101 service agreement we will update the board at the next meeting on progress.