

<b>Date:</b>	<b>3rd March 2020</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Pension Administration Update</b>
<b>Report of:</b>	<b>Sarah Hay, Pensions Officer People Services Eleanor Dennis, Interim Pensions Specialist</b>
<b>Wards Involved:</b>	
<b>Policy Context:</b>	<b>All Service Delivery</b>
<b>Financial Summary:</b>	<b>Limited</b>

## **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 November 2019 to January 2020. 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.

## **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 board members.
- 2.2 This paper covers the period of November 2019 to January 2020. We have left October 19 data in the appendix for reference.
- 2.4 KPI performance in appendix 1 is summarised below:
- 2.5 At the last board meeting on the 27<sup>th</sup> of November we reported on June to October KPI data.
- 2.5 We are pleased to note In this reporting period that the vast majority of our KPI are 100% and that the trend arrows indicate a consistent level of positive service across our KPI measures. The issuing of retirement option forms was a

concern but there was only one case late by two days in January and this does represent an improvement on the prior reporting period.

- 2.6 The KPI for sending out details to people with deferred benefits who may have a benefit due failed completely in December 2019 and January 2020. Cases that month were only sent out a month before they are due where our KPI standard asks for two months. Orbis have been implementing a Robot computer that will pick up cases due and automatically calculate benefit and produce letters going forward without human input. At this stage Orbis have been in development which includes the checking of all output to ensure accuracy. The team have now moved into a further period of testing where in the next 200 cases 10% will be checked. We will ask Orbis for further update prior to our next report to board and the aim is to return to sending out these option forms two months prior to payment being due.
- 2.7 There was one late interfund quotation in December and one late amendment processed. There were also two late correspondence responses in December. We do not consider these significant in terms of the service to members.
- 2.8 Surrey (Orbis) have advised us that they have received no compliants during the period.
- 2.9 For Information we have been in contact with Orbis in the last few months about them providing the administering authority with more regular information on a number of aspects of the service outside of the KPI data. A copy of the February 2020 Monthly Administration Report (MAR) is attached as an appendix with this report. The agreed reporting topics are still under discussion and we hope to develop the MAR as we move forward. If the Board members would like to see additional information in the future please advise.

### **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 is accurate and up to

date as possible to ensure we are able to pay the correct benefits at the correct time and keep members informed.

- 3.3 JLT ceased working on these cases on 15 December 2019. They completed 469 of the 606 originally sent. With Surrey taking responsibility to chase for those with outstanding data and complete the remaining 137 cases, some of which JLT had started to process but not finished. These have now completed these. The Fund is yet to receive the invoice for JLT's work as Surrey are still carrying out an audit check on the completed cases.
- 3.4 Considering the issues with JLT and the issues with Surrey. The interim Pension Specialist has led engagement with data company ITM, with agreement from the Committee to engage in a full independent analysis of the Funds status 1 and 2 data. For a cost of £6,195 excluding VAT, this was carried out in February 2020, with the objective to enable the Fund to understand the true picture of all data errors/issues. As well as help with assessing next steps for how to clear the outstanding 900 +status 2 cases, for which data was collated but was not sent to JLT to complete due to the lack of faith in their ability to deliver and the slow progress.
- 3.5 The results of the analysis are detailed in the report in the appendix, a summary of the key findings are below;  
  
**1201 status 2 (undecided leavers)**  
**1092 frozen refunds**  
**598 gone away addresses**
- 3.6 The number of status 2 cases are 31% of active membership, (300 more than the Fund were previously aware of) and in addition there are 1092 frozen refunds that the Fund was not previously aware of. It has also highlighted errors although in a smaller quantity as below and gaps in the admin team processes;  
  
**27 incorrect employer on record**  
**51 incorrect national insurance number**  
**32 incorrect gender**  
**76 unlinked records**
- 3.7 Discussions and collaboration with Surrey will commence as part of a plan yet to be agreed to resolve the data errors over time. The analysis was worthwhile in providing a true picture of the data errors within the Fund and will help prioritise the focus and agree action with Surrey. The Board will be kept updated of progress.
- 3.8 As part of the solution for the remaining status 2 cases ITM have also costed completion for the work and estimated time plan. However, we have shared the analysis with Surrey and asked for a detailed costing and time plan which has

not been received yet. Details will be presented to the Board once we have full details of both plans.

- 3.9 Progress on the processing of Status 1 cases was previously halted as the administration team needed to focus on year-end files from all employers in the fund and valuation work and the admin team lost a temporary resource. This has now been picked up in January 2020 with the help of existing experienced members of the BAU admin team and new temporary resource. Monitored by the interim pension specialist, progress has been good with 251 cases completed to date and a remainder 84 outstanding.
- 3.10 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 carrying out this on behalf of COWPF, with good progress as to date 419 addresses have been verified and updated on Altair, 14 deaths have also been identified. The remaining 320 cases will now be sent for an overseas trace.

#### **4. Valuation**

- 4.1 Pending the final valuation confirmation all WCC fund employers have been advised of their indicative employer rate for April 2020. Once the valuation has been confirmed rates will be finalised with employers along with the revised employee contribution bands applicable from April 2020.

#### **5. Western Union Existence Checking**

- 5.1 Of the 31 overseas pensions that were suspended in September 2019, three were reinstated when the member got in touch.
- 5.2 The remaining members have now been included in our target address tracing project. At the time of writing this report we have had one confirmed address from target for an overseas member but the pension has not yet been put into payment depending on contact with the member.

#### **6. 101 Administration Agreement with Surrey and Service Development**

- 6.1 The board are informed that Andrew Marston who was acting as interim pension manager for the Orbis (Surrey) funds has left Orbis in January. He has been replaced by Mr Nick Weaver who has experience across a number of LGPS funds at both board level and as a senior responsible officer. Nick came to meet Phil Triggs, Eleanor Dennis and Sarah Hay on Monday the 10<sup>th</sup> of February a week into his new role. There was an open discussion on concerns regarding some of the data issues and our priorities going forward. We are due to meet

with Nick again on Monday the 9<sup>th</sup> of March with a number of colleagues from other Orbis funds on priorities and changes that Nick is proposing.

- 6.2 A revised 101 agreement has been drafted by the Interim Pension Specialist to include reporting and outline expectations for delivery of a robust pension administration service and forwarded to Surrey for their feedback. The priorities that Nick outline on the 9<sup>th</sup> of March may impact the future agreement that we reach with Orbis. They have agreed in principle with a start date of April 2020 and all are working towards that timeline. We will update the board further at the next meeting

## **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. We are monitoring the robots development and the impact on the sending out the notification to preserved benefit members when pension becomes due. We are talking to the Surrey Orbis team on more detailed Monthly Administration Reporting (MAR) data to provide a more holistic view of the service going forward.
- 7.2 The data cleansing work has made significant progress and the improvement in our data scores are outlined in section three. We are pleased with the continued improvement in our Status 1 data following the work lead by the Interim Pension Specialist.
- 7.3 The data analysis piece commissioned from ITM provides further insight into our continued data issues and highlights the work that needs to be done going forward. The Status 2 cases are of concern given the numbers and we have to make a decision on outsourcing this work to ITM or agreeing a workable solution with the Surrey Orbis service. We are hoping that our next meeting with Mr Weaver and costing received will provide us with a stronger steer on the best option for the fund.
- 7.4 The tracing project that the interim lead pension specialist has project managed has had a positive impact with 419 addresses updated. We have also noted the notification of a number of deaths and will be reviewing with Orbis why these have not been picked up previously
- 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. We are hopeful that the new appointment of Mr Nick Weaver will lead to a positive working relationship going forward.