



Pension Fund Committee

Date:	21st October 2021
Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Negligible

1. Introduction

- 1.1. This report provides a summary of the performance of Surrey County Council (SCC) with the Key Performance Indicators (KPIs) for the period May 2021 to August 2021. The detailed KPIs are shown in Appendix 1. In addition, an update on the address tracing project, general administration on Surrey and brief update on the McCloud solution is also provided.

2. KPI Performance

- 2.1 The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement.
- 2.2 This paper covers the period of May 2021 to August 2021.
- 2.3 KPI performance in appendix 1 is summarised as attached. Unfortunately, the overall KPI data is poor compared to the service that the fund received when our administration was run from the East Sussex office. Members currently have not raised any complaints with WCC regarding delays to cases directly. As a matter of comfort, the administration team are still prioritising the urgent case work for deaths and retirements although too many are outside of our KPI targets. The contract manager at Surrey provided me with the table below which shows the number of days above KPI for those cases that were processed late in August. There were cases processed on time, so this is not the average for all cases processed in August. For example, the deferred benefit statements after

leaving, there were nine cases processed in the month. Seven were within KPI but two cases were picked up as part of backlog, one that should have been completed in 2016 and one that should have been completed in 2017. Both were completed in August and thus why for that KPI the cases that were outside of target were significantly delayed.

KPI	Target (days)	Average number of days to complete cases that were over target
Death Benefits Notify potential beneficiary of lump sum death grant	5	6
Retirements Retirement options issued to members	5	12
Retirements New retirement benefits processed for payment following receipt of all necessary documents	5	9.5
Refunds of Contributions Refund paid following receipt of claim form	14	31
Deferred Benefits Statements sent to member following receipt of leaver notification	30	1227 – this looks awful . what does it mean ?
Deferred Benefits Notification to members 2 months before payments due	2 months	14
Deferred Benefits Lump Sum (on receipt of all necessary documentation)/ Pension Payment, member to paid on the next available pension payroll following receipt of all necessary documentation	5	13
Non LGPS transfers-in payments processed	30	66
Non LGPS transfers out payments processed	30	36
Interfunds In – Quotations	30	62
Interfunds In – Actuals	30	49

Interfunds Out – Quotations	30	70
Estimates	5	15
Material Changes Any changes to data which materially affect actual or potential benefits to be processed within 30 days of receiving all necessary data	30	49
Correspondence Response	10	33

- 2.4 The performance has been impacted by the initial move to the Surrey team, the setting up of the new Hub team that is currently managing the WCC pension fund, BAU work plus addressing any backlog data queries. The Hub team was also asked to concentrate on supporting the London Borough of Hillingdon ahead of their exit to HPS from Monday the 27th of September. In addition, a number of staff that Surrey moved into the Hub team all had annual leave booked in August and therefore the team's performance in that month was particularly poor.
- 2.5 Surrey have confirmed that they will prioritise WCC now that Hillingdon has transferred to transfer to HPS. There is now an update on the Admin 2 Pay queries, this is where the payroll and admin system disagree. There were originally 42, data cut work for the transfer project increased this number to 60. At the time of writing this report all but two have been corrected for the October payroll with the majority of people being paid arrears. Interest if due will be calculated and paid by HPS after go live. There is potentially one overpayment in the remaining cases, which are still being checked at the time of writing this report. If we need to reduce a pension, we will do this after go live and with at least a month notice to the member.
- 2.6 Surrey are clearly struggling to maintain the work levels we require for our service. Review of active membership numbers has recently revealed that there are now over 300 active records on the system that have a leaver date attached to the Altair record. This means that Surrey have been notified of the leaver, possibly in the end of year return and have not managed to process that record correctly. Our new administrator Hampshire is aware of the issue and are confident that they can resolve this backlog after we move the service on the 8th of November 2021.
- 2.7 On a positive note the payroll and pension team have developed a relationship with the manager of the Hub 5 team, David. This includes a biweekly meeting with him and regular contact in relation to any particular sensitive cases, including retirements from WCC. The team are managing with David those cases to ensure that anyone expecting their pension and lump sum in October are processed in time for the final processing by Surrey on October the 21st. The payroll and pensions team have been working with the HR Business Partners and with staff to ask people to avoid retirement if possible, during this time.

3. Data Work

- 3.1** I have previously updated the committee on the address tracing project we have been running with Target. Below I have set out the different batches of people we sent for tracing and the percentage of successful traces we have had in each batch to date.

FROZEN REFUND TRACE

Percentage addressed located = 75%

55 AND OVER TRACE

Percentage addressed located = 70%

54 to 50 TRACE

Percentage addressed located = 80%

49 to 45 TRACE

Percentage addresses located = 93%

44 to 35 TRACE

Percentage addresses located = 63%

34 – 0 TRACE

Percentage = 24%

- 3.2** The last batches listed have been running for the least time. We have not proceeded with full trace options either as yet for the last batch pending transfer to HPS and to ensure we did not exceed the agreed PO amount the Committee agreed last year. At the date of writing this report there is still £6032.40 net in the PO with Target but traces are still coming in. There is plenty of scope to continue to work with Target particularly on the later batches however before extending work further we will ask the Hampshire Pension Service (HPS) to do some basic data checks.

4. Surrey General Admin update

- 4.1** As in paragraph 2.6 above, I notified the committee that Surrey continue to struggle to provide a comprehensive administration service as they manage a number of client exits including ours. The KPI data for the last few months and the fact that there now appears to be a large number of unidentified leavers on our active membership records demonstrate the situation.
- 4.2** Surrey have only just started to pick up the admin 2 pay queries (42) identified to WCC in May of this year. They are also picking up the pension increase queries and have indicated that they are confident that they will clear these prior

to the transfer to HPS. The team will be working with the leader of the admin team at Surrey to make sure that these cases are being worked through.

- 4.3 I advise you that Surrey have subsequently to the last committee updated me that there are potential overpayments on a number of children's pensions. These pensions are paid where a member of the scheme dies with an eligible child at the date of death. Childs pensions are paid until the age of 18 or until age 23 if the child remains in full time education. Surrey failed in a number of cases to cease pensions when children reached 18 years of age or where they then ceased full time education. The position as at the time of writing this report is that there is possible overpayment of approximately £53,676, over ten different members. Surrey are chasing responses from some people re confirming their education status but others are being asked to repay monies overpaid. It is not likely that recovery in all cases will be possible, however we need to pursue members for repayment which Surrey is leading as our current administrators and we will review the position with HPS after we have exited the service.

5. McCloud

- 5.1 Briefly we have commenced some work on the McCloud project and sent data capture spreadsheets to employers requesting that they return data to us by the end of January 2022.

6. Summary

- 6.1 The KPI data is disappointing and confirms the decision that the fund took to exit the current arrangement with Surrey was in the interest of our fund. The next few weeks we will be working closely with Surrey to ensure that the most urgent cases are processed and that as much backlog as possible is completed by Surrey ahead of our move to HPS.
- 6.2 Address tracing remains positive with member details being updated. We are not asking Target to start any enhanced traces on the younger age groups at the moment pending our transfer to HPS. We will review with HPS once we go live.
- 6.3 Data issues continue to surface as we work towards our exit with Surrey. HPS know about the possible issues with unprocessed leavers and are confident that they will be able to deal with those cases after the transfer from Surrey. Surrey have identified a potential overpayment in Childs pensions for our fund of £53,636. We have asked Surrey to seek repayment and will review the position with HPS after they take on the service.
- 6.4 McCloud work has commenced but the focus in the last quarter has been primarily on supporting the exit work with Surrey and towards creating a new positive relationship with HPS.

