

<b>Date:</b>	<b>18th November 2021</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</b>
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>Limited</b>

## **1. Executive Summary**

1.1. This report gives an update on general pension administration issues the fund has had with Surrey since the last update in July 2021. In section 2, the report sets out a summary of our KPI data for the period June 2021 to September 2021. Section 3, covers data work and specifically our continued efforts with address tracing. There is a general admin update in section 4, detailing work issues we are concentrating on with Surrey. In section 5 there is an update on the McCloud project and our initial work to collect data for compliance.

## **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, however they will continue to be reviewed on feedback from all parties, including board members.

2.2 This report provides a look at the KPI performance between June 2021 and September 2021. October 2021 data is not available at the time of writing this report.

2.3 KPI performance in appendix 1 is summarised below:

- 2.4 Overall the KPI data in the period is poor. The transfer from East Sussex back to Surrey in April and then the set up of the new hub 5 team to manage the work of exiting boroughs by Surrey in July did not help as new teams had to get to know WCC work. August was particularly poor with annual leave impacting performance where the new hub 5 team had a number of staff taking annual leave together. Additionally, Hillingdon exited Surrey at the end of September so Surrey concentrated their available resource on completing some outstanding work for Hillingdon until they closed down.
- 2.5 At the time of writing this report on Monday the 8<sup>th</sup> of November. I am pleased to say that we have completed our move to our new pension administration service HPS. At this time no one has escalated any complaint directly to Westminster regarding any of the delays identified in these KPI results. Generally, the delays appear to be a few days outside of the target KPI but there are some cases where delay has been longer. I will review complaints going forward to see if any do relate to the poor KPI data.
- 2.6 The KPI with HPS will be different to those reported by Surrey, for example most urgent cases have a 15 working days maximum turn around going forward rather than 5 working days. I will show the new KPI from November 2021 separately at the next board meeting. I am expecting HPS to meet their KPI targets 100% of the 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 agreed last year. At the date of writing this report there is still £6012.40 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 I am pleased to confirm that following the exit of Hillingdon ahead of us to HPS, Surrey did then concentrate available resource on resolving as many City of Westminster Pension Fund (COWPF) outstanding queries as possible. This included 60 admin to pay queries where admin and payroll differed. 2 admin to pay queries have gone to HPS to resolve, one is an overpayment of £33 a month where Surrey have written to the member to notify them in October with HPS actioning the reduction in November so that the member could prepare for the change. The remaining case is a complicated anti franking case where we think the member is being underpaid but the case needs to be investigated further.

4.2 The above 2 cases are included on a work tracker list that has gone from Surrey to HPS with all ongoing active cases including any pending retirements, transfers or estimate cases. There are a couple of retirements pending in the first week of the new administration contract but nothing that I would consider urgent at the point of transfer.

4.3 There remains a number of data issues that need to be reviewed by HPS and at some point, possibly a decision made on. These include reviewing any outstanding pension increase queries, although a number were resolved by Surrey prior to the transfer HPS need to assure the fund that that cases are resolved to their satisfaction.

4.4 Additionally I advise you that Surrey have 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 £50,282, over nine different members. Surrey were requesting repayment prior to the transfer to HPS. We will review the position with HPS once we have settled into the new service and Business As Usual (BAU).

4.5 There is also one additional overpayment now identified where a one off trivial commutation sum appears to have been set up as a recurring payment on the pension payroll. HPS have been advised to cease the payment from November. Further investigation is required but at the time of writing this

report to confirm the sum of the overpayment. Initial contact has been made with the member involved.

- 4.6 Also as part of the data work we did as part of the transfer from Surrey to HPS we have become aware that there are at least 300 members who are recorded as active on the Altair system who are probably fund leavers as they have an exit date on their record. This is not an insignificant number considering the fund has about 4000 active members approximately. This is also disappointing given the fund spent funds to clear a large status two backlog working with ITM just last year. After we have settled into BAU we will review with HPS how to deal with these identified cases and plan on clearing them up.
- 4.7 The fund has been doing a lot of engagement comms work ahead of the move to HPS. This includes engagement with both members and employers with the aim of helping to ensure better data quality going forward. There have been a number of employer workshops ran with HPS employer team and our fund employers. We aim to build strong relationships between our employers and our administrators and the core pension fund team going forward to ensure a better experience for everyone.

## **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. Our focus now is ensuring that our working relationship with HPS is positive going forward and that we work together to address any legacy issues.
- 6.2 Address tracing remains positive with member details being updated. We will review with HPS once we have settled into BAU.
- 6.3 Data issues continued to surface as we moved 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. Surrey have identified overpayments in Childs pensions and an additional overpayment as well. T
- 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.