



## Pension Fund Committee

<b>Date:</b>	<b>16th December 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>Negligible</b>

### **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 September 2021. The detailed KPIs are shown in Appendix 1. We will also provide a brief update on the initial work with Hampshire Pension Services (HPS).

### **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 September 2021. Our last operational day with Surrey was the 20<sup>th</sup> of October. As at the date of writing this report, Surrey have not provided official KPI for their final partial month they were our administration partner. Hampshire Pension Services (HPS) only went live with WCC casework on the 8<sup>th</sup> of November 2021. As yet I have not yet received our first official KPI reports from HPS.
- 2.3 KPI performance in Appendix 1 is summarised as attached.
- 2.4 The average service level agreement, SLA% increased to 65% in September compared to 57% in August. However, this continued the poor overall performance against our expected KPI levels. I believe that KPI does also demonstrate the fact that the Hub 5 team working on our work were also

clearing some cases that should have previously been completed as urgent ahead of the transfer to HPS. For example, they have reported processing 21 death cases in September, most months we would expect to see less than 5 cases. 9 were late that month and the KPI was therefore only 57%. Retirement cases is another example where Surrey have reported that they processed 15 retirements in September which is above the number I would generally consider normal for our fund. 7 cases were processed late and therefore the KPI is 47% although that was an improvement on 9% in August, it's clearly not what the fund will expect going forward. Lump sums and the processing of pensions on the next available pay run was again poor with 18 cases being processed but 16 outside of KPI. Despite the poor KPI data no noise is coming to me from our pension fund members in relation to Surrey.

- 2.5 The Hub 5 team did work to clear some WCC work after the exit of Hillingdon and the increase in case work processed in September does support this. However there is clear evidence that cases have been backlogged by the Surrey team for WCC, at least from the point where the admin moved to the Kingston team from East Sussex in April 2021. I can confirm that the overpayment case that was referenced in the last pension administration update has been resolved. Surrey has written to the member to advise them of the overpayment of pension and to confirm that Hampshire would reduce the pension to the correct amount from November 2021 which has been actioned. The overpayment had resulted from a pension increase issue and the member would have had no reason to know that their pension was being overpaid prior to notification. The overpayment in the region of £4000 is not being requested from the member.
- 2.6 Additionally I need to advise the committee that in late October a member of the treasury and pension team identified a significant monthly payment going through on the pension payroll. This element identified the payment as a commutation payment and had been paid monthly since June 2021. Commutations are offered in limited circumstances where the total pension the member could have is relatively low and the fund pays out a one off payment rather than an annual pension. In this case Surrey had managed to set up a commutation pension lump sum as a monthly pension payment. The overpayment resulting from this error was £46,266.78 net. Surrey made initial contact with the member over the error and the member has already paid back £40,000.00 of that sum but is stating that they do not have the balance, discussions with the member will continue regarding the remaining sum. The committee however will want to note that part of the reason the net overpayment escalated to such a high figure was due to the fact that the original case sat in checking for five months and therefore no one at Surrey picked up the mistake.
- 2.7 Also the committee may want to note that as part of the embedding of our new service with HPS it has come to light that Surrey had in some cases thought they had completed cases and made payments to the members but that payments had not actually been processed correctly. In a few cases I asked Surrey to complete payment as this made it simpler for HPS going forward but there are a number of potential cases that HPS will need to review and possibly

revise payments due to the time lapse between the original payment date and the date final payment would be made. I also want HPS to check if a payment is actually due. Surrey's access to the pension fund bank account is now closed.

- 2.8 Surrey are providing query support to HPS only now and will do so until our data is deleted in January. Surrey have confirmed to me that queries from HPS from the second week of the contract have been minimal and HPS are simply getting on with getting to grips with the casework they have inherited and in reviewing the payments as identified in 2.7 above.
- 2.9 There is no further update on the child's pension previously noted to the committee

### **3. Hampshire Pension Services. (HPS)**

- 3.1 There are no HPS KPI to provide the committee at the time of writing this report. Initial feedback from people dealing with HPS and their staff has been positive. For example, when a member of the pension fund raised a complaint about his retirement and his data security a member of the team called the member to offer support.
- 3.2 We are now in business as usual and HPS appear to be dealing with issues in a timely manner. The first partnership meeting is due to take place on the 16<sup>th</sup> of December and that is when we will review the workloads inherited from Surrey and start to plan more actions going forward in preparation for the valuation in 2022.
- 3.3 We are also reviewing our internal controls to ensure that they are fit for purpose in ensuring the fund gets value for the money we pay to HPS on behalf of our members.

### **4 Summary**

- 4.1 I have kept this administration update relatively simple this time. The focus of the team since the last committee meeting has been in supporting the transfer to HPS.
- 4.2 The KPI data is disappointing for September although the numbers of cases being actioned does at least reflect that the team were concentrating on WCC work in September and I believe October up to the 20<sup>th</sup> after which we shut down Altair prior to the final data cut.
- 4.3 Data issues have continued to surface including new overpayments including the noted commutation case which is now down to £6266.78. The child's pensions for our fund of £53,636 previously advised remain on our radar as well.

4.4 HPS have yet to report any KPI data but feedback from people who have dealt with the new provider is generally positive. We will be working hard to ensure that we develop a close working relationship with HPS and to build in the correct internal governance to help ensure we do not find ourselves in a similar position going forward.