

**SURREY COUNTY COUNCIL****SURREY PENSION FUND COMMITTEE****DATE: 18 SEPTEMBER 2015****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: KEY PERFORMANCE INDICATORS & ADMINISTRATION UPDATE****SUMMARY OF ISSUE:**

In line with best practice, Surrey Pension Fund Committee members will be supplied with Pension Fund key performance indicators (KPIs) on a quarterly basis, covering investment and administration practices. This paper also includes an update on administration issues.

**RECOMMENDATIONS:**

It is recommended that the Pension Fund Committee note this report and the KPI statement shown in Annex 1.

**REASON FOR RECOMMENDATIONS:**

To comply with best practice.

**DETAILS:****Requirement**

- 1 In line with best practice, future Pension Fund Committee meetings will continue to be supplied with a schedule of Pension Fund key performance indicators (KPIs), covering investment and administration practices.

**Key Performance Indicators**

- 2 The current KPIs cover the following areas:
  - Funding level;
  - Death benefit administration;
  - Retirement administration;
  - Benefit statements;
  - New joiners;
  - Transfers in and out;
  - Material posted on website;
  - Employer and member satisfaction;
  - Investment performance;
  - Data quality;
  - Contributions monitoring;
  - Audit;
  - Overall administration cost.

- 3 Further to a request by the Pension Fund Board at the Board meeting of 13 February 2015, the total number of membership now administered by the Surrey Pension Service, across all local authorities is now included in the KPI schedule.
- 4 A new category showing the number of active employers in the Surrey Pension Fund is now included in the KPI schedule.
- 5 The KPI schedule to 30 June 2015 is shown as Annex 1.
- 6 Periods covered in the schedule range from one month, three months and twelve months.
- 7 Members are invited to discuss the performances set out in the schedule.

### **Update on administration issues**

#### **(i) Guaranteed minimum pension (GMP) reconciliation**

- 8 Defined benefit contracting out is to be abolished from 1 April 2016 and, with it, the facility for processing GMPs.
- 9 GMP is a benefit, broadly integrating with the state pension so that state pensions are reduced by the GMP amount expected to be paid by the pension scheme.
- 10 The GMP reconciliation is a project comparing the scheme's GMP information with that held by HMRC. It investigates any discrepancies between the two sets of figures, so that both parties end up with consistent GMP data and benefit records.
- 11 The Pension Service has engaged a third party provide to carry out the reconciliation and results will be available in the next two months.

#### **(ii) Annual benefit statements 2015**

- 12 This is the first year that annual benefit statements will include benefits of the new scheme. This has led to some data issues with scheme employers and, as a result of the complexities of the new prescribed statement layout and software development, statements have not been issued by 31 August 2015.
- 13 The first set of statements are due to be issued by the end of September 2015 with the remainder in October. This is in advance of last year's issue so the impact on scheme members should be negligible.
- 14 The Local Government Association has coordinated a response to the Pensions Regulator on the transitional issues this year and the Pension Service has contributed to this.

**(iii) Freedom and choice pensions**

- 15 The Pension Service has received 140 requests for estimates in respect of new pension freedoms. None of these have yet resulted in a transfer payment. There has also been no significant increase in the number of opt outs.

**(iv) Further growth of the Surrey Pension Administration service**

- 16 The Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham were fully integrated with the Surrey Pension Administration service and went live from 1 September 2015. There was a delay in this transfer due to the data quality issues with transferring pension system providers. These transfers have provided the Pension Service with valuable experience and insight in to onboarding administration from third party service providers.

**CONSULTATION:**

- 17 The Chairman of the Pension Fund Committee has been consulted and has offered full support regarding the content, structure and performances achieved set out in the schedule.

**RISK MANAGEMENT AND IMPLICATIONS:**

- 18 There are no risk related issues contained within the report.

**FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

- 19 There are no financial and value for money implications.

**DIRECTOR OF FINANCE COMMENTARY**

- 20 The Director of Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that the current KPI model offers an effective framework for the monitoring of the essential pension fund KPIs.

**LEGAL IMPLICATIONS – MONITORING OFFICER**

- 21 There are no legal implications or legislative requirements associated with this report.

**EQUALITIES AND DIVERSITY**

- 22 The reporting of such information will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

**OTHER IMPLICATIONS**

- 23 There are no potential implications for council priorities and policy areas.

<b><u>WHAT HAPPENS NEXT</u></b>
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24 The following next steps are planned:

- Continued improvement in the key performance indicators.
- Further refinement and additions of useful data.
- Review of KPIs in accordance with future guidance from the Scheme Advisory Board and Local Pension Board.

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**Contact Officer:**

Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)

**Consulted:**

Surrey Pension Fund Committee Chairman.

**Annexes:**

Annex 1: Schedule of Key Performance Indicators

**Sources/background papers:**

None

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