



Surrey Local Pension Board 15 March 2017

Surrey Pension Fund Administration Update

Recommendations:

1. The Board is asked to **note** the content of this report

Detail:

Introduction

2. The Pension Board requested an update on a number of administration areas and these are detailed in the report below. At the time of the Board meeting, the Pension Services team will be in the process of a short consultation for a further temporary restructure aimed at focusing on improvements to service delivery and measuring individual and team performance. An overview of the consultation will be provided as a verbal update to the Board.

Transfer to Online Statements

3. The Board will be aware that the Pension Services team are planning to roll out online access to member records including the provision of annual benefit statements online. This will produce a cost saving to the pension fund (from printing and posting savings) as well as providing members with access to produce their own retirement projections.
4. The online portal has been built and installed and fully tested by Pension Services. We are currently awaiting sign-off from the Council's network security and information governance teams to release the portal live and we expect to receive this approval in March. The system will be rolled out to a small selection of members at designated employers in the first instance to gauge the resourcing requirements for the Helpdesk team in handling member queries before being made available to all members.
5. Pension Services have been working with colleagues in the Council's IMT department to create electronic (pdf) copies of the annual statement in a similar

format to the 2016 statements and these will be uploaded to the online portal for viewing by scheme members. This process is on target to be in place for the 2017 statements due by 31 August.

Frozen Refunds

6. Frozen refunds relate to former scheme members who do not have a right to receive a pension from the LGPS as they have not accrued sufficient membership. For those members who left the LGPS prior to 1 April 2014, the member is not obligated to claim a refund of contributions - they have the option to leave the refund 'frozen' indefinitely (until they reach normal retirement age) and they could claim a refund (with interest) at any stage prior to the retirement age or transfer the full value of the notional accrued benefit to an alternative scheme - again at any stage prior to retirement age.
7. For members who left the scheme after 1 April 2014, there is again no obligation to claim a refund and members can still transfer the full value out to an alternative arrangement - the only difference now is that the refund must be paid at the end of five years if it unclaimed (rather than at retirement age).
8. The Board may recall that Pension Services were considering an address screening/data cleansing exercise for both deferred members and frozen refunds. Following initial investigations in 2016, Pension Services was alerted to the fact that the National LGPS Procurement Framework (operated by Norfolk County Council) was being extended to include the provision of a range of administration support services for LGPS funds, including address screening/data cleansing.
9. Although the launch of the Framework for support services was expected in late 2016, it has only become 'live' for use within the last month. In the circumstances this exercise is now planned for Q1 of 2017/18.
10. All 6 LGPS funds for whom Pension Services provides an administration service have agreed to carry out address screening and this should lead to cost-effective purchasing of this service for the Surrey fund.
11. In the meantime, Pension Services are targeting those members who have now reached normal retirement age to claim their refund so that the fund can extinguish their liability. This is an exercise that has never previously been carried out.

Unprocessed leavers

12. Unprocessed leavers fall into a number of categories:-
 - Leavers with no pension entitlement; i.e. less than two years' service.
 - Leavers in the scheme at 31 March 2014 who have more than three months but less than two years' service. These members have the option to claim a refund or receive a deferred benefit.
 - Cases awaiting further information from members (e.g. retirement claim forms) or from employers (e.g. completion or clarifications on leaver forms submitted).
 - Cases waiting to be processed as deferred members:
 - Members who have left an individual employment but the accrued benefit is due to be aggregated with another employment (mainly school based staff)

13. Although the pension records for unprocessed leavers were updated to allow effective completion of the 2016 valuation process (as highlighted in last year's report) the Board will note from the CIPFA Benchmarking report that there are a significant number of unprocessed leavers that require completion (the report identifies 7,261).
14. Pension Services have identified that the processing of various categories of 'early' leavers (i.e. those leaving before retirement) has historically been an area of resource intensive individual manual processing and caseload checking. Given the high volumes of unprocessed leavers, it is not sustainable to continue with the manual processing of leaver records for all of the categories outlined above.
15. Pension Services is currently working with colleagues in IMT and with the Council's system provider, Heywood, to develop electronic bulk processing functionality to enable the resolution of a significant number of unprocessed leavers in a more cost effective manner. This work will be phased over a number of months and address the various different categories of unprocessed leavers outlined above where at all possible.
16. In the meantime, Pension Services has recruited additional temporary resource to accelerate the processing of those cases where manual intervention will be required.
17. Pension Services will report progress of the completion of unprocessed leavers at future Board meetings.

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Sources/background papers:

Annexes:

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