



Surrey Local Pension Board 18 January 2018

Administration Update 1 October 2017 to 31 December 2017

Recommendations:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

Background

1. The Board has previously requested to be kept updated on progress relating to a number of key administration projects and planned improvements which may have an impact on members of the pension fund and the purpose of this report is to provide an update on the current status and progress against any specific target dates.

GMP Reconciliation Project

2. The Board may recall that a specialist data analyst, ITM Ltd, had been engaged to carry out a 'fast tracked' modular approach for part of Stage 2 of the reconciliation process for the Surrey Pension Fund (as well as other funds for whom Orbis provides an administration service).
3. The main purpose of this phase was to allow a number of queries to be registered with HMRC ahead of the anticipated surge from other authorities and schemes as the deadline approaches.
4. The project has now been completed by ITM and the attached report (**Annex 1**), though technical in nature, is a summary of the work that ITM carried out during this two month project. This highlights that, from a total of 86,008 cases requiring review at the start of the project, the number has reduced to 18,210 cases upon completion of the project. A total of 16,872 cases have been referred back to HMRC and we await their response on these.

5. The attached 'expected' project timeline, included as **Annex 2**, demonstrates that the next stage in the process is for Orbis to submit a 'mini tender' to select the most competitive provider to carry out the review of the remaining queries. Orbis anticipate that we will be able to obtain preferential terms because the selected provider would be carrying out this work across a number of schemes we administer and this in turn should minimise the cost to Surrey Pension Fund for this next stage of the project. The costs will be advised to the Board once the tender process has been completed.
6. Once the reconciliation process has been completed, the Pensions Committee will need to determine their policy on how to approach any overpayments that have occurred as a result of incorrect GMP information being applied to pensions in payment.

Annual Benefit Statements – project update for 2017/18

7. The Board will be aware that the vast majority (94%) of active annual benefit statements were issued or made available online in time for the deadline of 31 August 2017. The remaining statements were not issued in time because of delays in receiving information in a timely manner from scheme employers.
8. The statements for deferred members were issued 13 days outside of the statutory deadline.

Report to the Pensions Regulator

9. In accordance with the Surrey Pension Fund Breaches Policy the late production of statements was reported to the Pensions Regulator who has now responded to the breach report by advising that they do not intend to take any further action with regard to the breach.

Planning for 2018 exercise

10. As part of improvements planned for 2018 to ensure that all statements can be issued well in advance of the 31 August 2018 deadline, Orbis is planning to complete the production of the statements over the period from May to July 2018.
11. **Annex 3** shows the planned production schedule for the 2018 statements that illustrates the following key features:-
 - Engagement will take place with employers at a much earlier stage to ensure that their EOY return is receiving in a timely manner and there are clear timelines in place for escalation in the event of any difficulties
 - The production of the statements will be carried out in three phases starting in May and ending in July. This will be possible for the first time in 2018 because the statements are now made available online and the full production process is managed in-house rather than being reliant on external print houses.

- In conjunction with colleagues in IT&D, Orbis are developing an integrated tool to automate the production process for the statements once the EOY return has been processed
12. Although not dependant on the receipt of EOY returns from employers, the production of deferred statements for 2018 is scheduled for June 2018, well in advance of the 31 August 2018 deadline. Deferred members will be encouraged to view their statements online where possible.
 13. The Board will be kept updated on the progress of the production of the 2018 statements to ensure compliance with the statutory requirements.

Backlog update

14. At the Board meeting on 12 October 2017, a schedule of the backlog of casework for transfers in and out of the Surrey pension fund previously identified by the audit report on administration was presented, together with a timeline for the completion of the backlog cases identified.
15. The attached update, included as **Annex 4**, reports on progress against the projected clearance of the backlog of transfer case work for the months of November and December. The Board will note that the number of cases outstanding has reduced from ** at the start of the recovery period to ** at the end of December. This is well ahead of the target clearance rate of * originally set out.

Audit Progress Report – High Level Pensions Plan

16. At its meeting on 12 October 2017, the Board was presented with the High Level Pensions Plan to show progress against a number of improvement and development outputs aimed at addressing the recommendations of the Internal Audit report.
17. **Annex 5** provides an update of the High Level Pensions Plan previously presented. Any updates have been provided in Red at the foot of the original summary for each area.

Customer complaints report

18. Over the last six months, the volume of complaints received has been on average the same as quarter one, however the complaint response performance levels have increased significantly. Performance against the acknowledgement SLA response times have risen from 61.5% in quarter one to 100% in quarter three, and the complaint response times within SLA have risen from 46.2% to 87%. All complaints for quarter three have been resolved and there are none outstanding for this period.
19. Data on customer feedback for quarter 3 of 2017/18 is shown as Annex 6.

Next steps

20. The Board are asked to note the updates and agree on the form of any future updates that are required.

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Sources/background papers:

Annexes:

1. ITM GMP Reconciliation Accelerated Project Report
2. GMP 'expected' 12 month timeline
3. Annual Benefit Statement production schedule 2018
4. Backlog update report
5. Updated Improvement Project Plan
6. Q3 Customer Feedback Data