



Surrey Local Pension Board 23 April 2018

Administration Update 1 January 2018 to 31 March 2018

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 summary of the work that ITM carried out 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. Orbis is going through a procurement process (a mini-tender) to determine who it will engage to perform Stage 3 of the GMP reconciliation process. The successful

candidate and the expected costs will be announced in the verbal update at the meeting.

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. This issue is considered in more detail in Annex 1 at the end of this report.

Audit Progress Report – High Level Pensions Plan

7. 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.
8. Annex 2 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

9. Fewer customer complaints were received in quarter 4 than the previous quarter. Service delay and legislative provisions were all answered to within SLA. 75% Quality of service issues were answered within SLA and the balance (25%0 are awaiting a response. Overall 87.5% of complaints were answered within SLA.
10. The feedback on complaints for quarter 4 of 2017/18 is shown as Annex 3.

GDPR

11. GDPR is an evolution of data protection legislation. It requires that personal data should be adequate relevant and limited to what is necessary for the purpose for which it being processed and it must not be kept in a form that is capable of identifying an individual for longer than is necessary.
12. A more detailed survey of its provisions can be found in Annex 4.

CIPFA Benchmarking Report

13. It may be helpful to observe that the results are recorded as a percentage of those who responded and it should be noted that poor performers are less likely to respond. It is also important to note that this is a snapshot of data collated in 2017 and quite a lot has changed in the last year. The board can find the full report in Annex 5.

14. The results were generally encouraging with Surrey offering the second lowest administration cost per member and fourth lowest for staffing costs.
15. When these figures were broken down, Surrey had fewer whole full-time staff whose remuneration was higher than the average - but a lot of part-time staff whose pay was lower than the average. This does not necessarily disturb the perception of low running costs as senior officers tend to be full-time and their salaries inflate the earnings in a (relatively) small pool.
16. The pensions payroll was marginally more expensive than average but the overall administration cost was the second lowest in the group.
17. Surrey's Joiners and leavers oscillated around the median but it had the second highest total of unprocessed leavers. There were fewer full-time actives but more part-time actives than the mean and fewer retirements but more late retirements than comparators.
18. The number of quotations / estimates hovered around the average but there were a disproportionate number of divorce cases.
19. Although very few Surrey staff hold a pensions qualification this is not unusual. However, experience is important and, across the board, Surrey was about average. Within these figures Surrey was above average in the 1-5 year category, about average in 5-15 year category and above average in the over 15 year category.

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. GMP Reconciliation
2. High level pensions plan
3. Complaints and lessons learned
4. GDPR
5. CIPFA Benchmarking report

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