

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 28 JULY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE AND COMMERCIAL****SUBJECT: LEGACY RECTIFICATION****SUMMARY OF ISSUE:**

The purpose of this report is to inform the Board of the proposed plans being put in place to drive down the legacy backlogs within Service Delivery and the Accounting and Governance Teams.

RECOMMENDATIONS:

The Board is asked to note the content of this report and make recommendations to the Pension Fund Committee if appropriate.

REASON FOR RECOMMENDATIONS

There is ultimately a cost to our members and stakeholders and crucially we are unable to tap into the energy of our teams to accelerate into our new delivery model without dealing with the legacy.

Segregating the legacy work from business as usual will allow key areas such as upskilling staff and enhancing productivity levels to be front and centre.

DETAILS:**Service Delivery**

1. A programme of work has been established in Service Delivery.

Backlog has arisen due to several factors.

Legacy cases were inherited from the previous Orbis operational model and more recently, a combination of internal and external factors has exacerbated this.

External factors such as large scale legislative changes and staff turnover is impacting all pension funds in the LGPS. Internally, changes to the administration banking operations, Altair and the extensive audit programme have also increased workloads.

Backlog case numbers have been established Legacy case numbers stand at approx. 11,000 and include:

- Deferred - the member has left the scheme but has yet to take their pension.
- Transfers - These represent transfers into or out of the scheme.
- Concurrent - Records for multiple memberships may need combining

Undecided leavers - These are cases where the correct entitlement to benefits has still to be determined.

A hybrid approach to clearing the backlog has been agreed Through a combination of recruiting an internal team to clear down deferred cases and, procuring the services of external services via a tendering process to support the more complex case work such as transfers and aggregations.

By taking this approach it will strike the right balance between control and pace.

Key deliverables have been established Once a team has been recruited and a contract is in place it is proposed that:

- Reduction of 10% after 3 months
- Reduction of 25 – 30% after 6 months
- Reduction of 50 - 60% after 12 months
- Reduction of 70 - 80% after 18 months
- Reduction of 90 - 100% after 24 months

Governance and transparency will be essential Sufficient resources will be in place to support both the clearance of cases and, provide project wrap around care to meet the expected deliverables.

There will be weekly reporting supplied to Senior Management to monitor progress and, formal quarterly checkpoints have been established to provide detailed updates, which will form part of the board and committee report cycle.

Key actions are well underway in preparation to reduce backlogs.

- New roles have been established and job profiles created.
 - Backlog Manager has been appointed and further recruitment is underway.
 - Training plans for new staff have been developed.
 - Casework within scope has been established and prepared for allocation.
 - The administration system is being prepared to clearly segregate backlog work from day to day operations. This includes adapting the case workflow and amending the member letters.
 - Case progress reports are in development that will support the tracking of progress and, to support governance cycle.
 - A new performance and productivity initiative has been launched to maximise service output and, to enhance the team's knowledge and skill levels, supporting the work to stop backlogs recurring.
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Legacy issues being addressed in Accounting and Governance

2. As noted, backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. An initial assessment of resource requirements for dealing with legacy issues in Accounting and Governance has been undertaken. Full governance procedures and reporting are being developed and will dovetail with the Service Delivery reporting proposals.
3. Initial work has been identified in several areas as noted below.

Finance area under review	Additional temporary resource is being programmed to assist with investigation of legacy items in the finance and accounting areas, including the review of several account codes within the ledger. This will be undertaken following bedding in of the new accounting system.
Admission Agreements to be processed	Resources in the employer area will be configured to address processes required for progressing admission agreements and other employer related legacy tasks during H2.
Discovery work underway in other areas	Discovery work to identify actions regarding legacy issues in a number of other areas is underway.

CONSULTATION:

4. The Chair of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

5. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

6. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

7. The Director of Finance, Corporate and Commercial is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

8. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

9. There are no equality or diversity issues.

OTHER IMPLICATIONS

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

WHAT HAPPENS NEXT

11. The activity in this area will be regularly monitored and reporting to the Board will be undertaken.

Contact Officer:

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Head of Accounting and Governance

Consulted:

Local Pension Board Chair

Annexes:

None

Sources/background papers:

None
