

**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**



**DATE: 16 FEBRUARY 2024**

**LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE,  
CORPORATE AND COMMERCIAL**

**SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE  
1 OCTOBER 2023 TO 31 DECEMBER 2023**

**SUMMARY OF ISSUE:**

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.

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS:**

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

**DETAILS:**

**Background**

1. Surrey County Council (the Council) is the Administering Authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the Surrey Pension Fund (the Fund). The LGPS is governed by statutory regulation.
2. The Surrey Pension Team carries out the operational, day-to-day tasks on behalf of the members and employers of the Fund and for the Council. It also leads on topical administration activities, projects and improvements that may have an impact on members of the LGPS.

## Key Activity Summary

3. The performance levels in this period have achieved an overall score of 88%, an 8% increase on the previous quarter.
4. The performance levels across all transfer related casework have been consistently exceeding the baseline performance standard set each quarter during 2022-23, with this quarter proving to be the most successful to date.
5. In the last quarter it was highlighted there was a drop in performance for cases such as retirements, survivors' benefits, death benefits and notification of deaths. Remediation action was taken to address this which included placing additional resource within the Immediate Benefits Team, re-allocating less complex case work and carrying out best practice training.
6. This has led to an overall increase in performance for the quarter, with all case work moving towards the expected baseline performance standard levels. It was anticipated December would be the period where these changes would deliver the greatest impact, which has proved to be the case with retirements, ill health retirements, survivors' pensions and death grant payments all exceeding the baseline performance levels.
7. There is ongoing work to make some amendments to the team structure that will provide long term resilience across all teams, increasing the capacity and ability to deal with any surges of cases work.
8. **Annexe 1** provides an update on performance for this quarter, along with commentary explaining our performance and any challenges faced in meeting our SLAs. In addition, a comparative quarterly performance trend analysis has been provided in **Annexe 2**. It's worth noting there has been a significant drop in the estimated days of effort in the last column for this quarter.
9. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

## Complaints

10. During this period there were 10 complaints received. Details of these complaints can be found at **Annexe 4**.

## Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases

### 11. Stage 1 appeals determined:

Two appeals were determined in this period.

A LGPS member took flexible retirement and experienced a delay in receiving an estimation of their pension entitlement. The appeal was upheld, and the member was offered and accepted compensation for the delay experienced.

A LGPS member who had in house additional voluntary contributions (AVCs) took voluntary retirement, wished to draw their main scheme benefits but transfer AVCs to a provider that offered drawdown. Member complained their options were not made clear at the outset and the transfer could only proceed upon deferring main scheme benefits. The appeal was upheld, and the member was offered compensation for significant distress and inconvenience.

**12. Stage 2 appeals determined:**

No Stage 2 appeals were determined in this period.

**13. Pension Ombudsman appeals**

No new Pensions Ombudsman appeals were received in this period.

**Update on Log of Breaches (potential breaches)**

14. There are no breaches to report this period.

**Customer Relationship Team (CRT)**

15. In quarter three, the CRT managed a total of 8,722 inquiries. At the initial point of contact, an average of 83% of all enquiries were successfully resolved. The queries managed by the CRT during this period are grouped into the following categories:

| <b>Communication Channel</b> | <b>Volume</b> |
|------------------------------|---------------|
| Call backs                   | 76            |
| Telephone                    | 4047          |
| Email                        | 4599          |
| <b>Total</b>                 | <b>8,722</b>  |

16. A breakdown of the top 5 queries for the quarter can be found at **Annexe 5**.

**Guaranteed Minimum Pension (GMP)**

17. The decision has been taken to postpone the delivery of this work prior to pension increase and address a number of issues that have arisen.

18. Work has continued with our third-party supplier, Aptia (formerly part of Mercer), however during the final stages of preparing the data for rectification, a number of unexpected discrepancies were identified during quality assurance checking.

19. The key area of concern surrounds the integrity of the data relating to over and underpayments, which could result in incorrect adjustments being made to pensioner records were this to be applied.

20. It is now crucial the project reviews what has happened and engage with key services and third parties to determine the correct course of action to take. The main aim must be to find a viable way forward that will bring a successful outcome for both our members and the fund.

## **McCloud**

21. There has been a lot of activity in this quarter as the service continues to implement the changes relating to the legislation change.
22. In line with the disclosure regulations, member communications were issued in December 2023 to update all members of the scheme regulation change.
23. An update was issued via the Employer Newsletter on the 15<sup>th</sup> December 2023. The Surrey Pension Team website was updated on the 14<sup>th</sup> December 2023, which can be found here [Surrey Pension Fund | LGPS rule change | Mcloud Judgement Update | Surrey Pension Fund](#),
24. Further correspondence was issued to all members who had service within the remedy period of 1 April 2014 to 31 March 2022 and is summarised below:  
  
For members opted into digital communication:
  - 47,538 emails issued. 46,810 delivered. 654 failed to delivered. 74 pending. – 98.5% success rate.  
For members who have opted out of digital communication:
  - 3,730 letters sent to active members. 5,738 letters sent to deferred members. 1762 sent to pensioners. 189 letters sent to survivor / dependent members.
25. Other key works have been underway with a series of data quality checks having taken place on the returned employer data, with Surrey Pensions having agreed the high-level assumptions and decisions with ITM. This will now allow the data to be uploaded to the pension database and, for any discrepancies to be shared with employers to review.
26. The team have also been preparing for the operational impact of this change through a combination of internal engagement sessions, attending various training courses and sessions laid on by the Local Government Association (LGA), Heywood and other third-parties.
27. Upgrades to the pension database to accommodate this change have been made and will be tested in due course. Cases which have been placed on pause are still awaiting the actual guidance to calculate these before they can recommence.

## **Monthly Employer Returns (iConnect) rollout**

28. The roll out of iConnect is a key part of the business plan within Service Delivery, as it will see employers provide regular and up to date member data to Surrey Pensions.

29. The collection of this frequent data will play a crucial role in the delivery of key scheme events such as the production of annual benefit statements and annual allowance letters. It will bring a single and consistent approach to collecting member data, with an increased level of validation across the board, something that is vital for the go live of Pension Dashboard.
30. 143 employers have been engaged in the last quarter, with 3 trusts having onboarded in recent weeks. The focus for the remainder of this financial year is to transition the 123 employers who recently offboarded from Surrey County Council payroll services, as this will provide continuity for each of them.
31. The next steps are to design a proposed roll out plan for the remaining employers spanning a 12-month period between April – March 2024/25. A series of further engagement and communications will be issued, and the aim will be to have no, or very few, employers still supplying an annual file at year end in 2025.

### **Legacy Case Reduction**

32. As outlined in the legacy proposal, at the 6-month milestone the internal team at Surrey Pensions had set a target of reducing the backlog by 25%.
33. This target has been exceeded and the reduction level stands at 45%, comprising the following:
  - a. Deferred cases completed stands at 3349, a total of 76%.
  - b. 1511 cases terminated. Having reviewed these cases, it was identified many cases had an open workflow on a completed case or required reclassification.
34. Plans to procure external services to process transfers and aggregations had been in motion but recent events have led this approach to be changed, with the chosen provider having been placed on a restriction list by our pension system provider.
35. After reviewing this situation and exploring the alternative options available, the decision has been made to undertake this work in house after the success of the internal Legacy Team to date.
36. Plans are being drawn up to ensure the work is fully understood, both in terms of the resource requirements and the delivery time period. There will be other key considerations taken such as the detailing robust training plans for members of the team to carry out this work.

### **Pension Administration System / Process Developments**

37. In collaboration with our system supplier, the implementation of several enhancements has been completed or are in progress. Updates can be seen below:
  - i. New entrants process review – on hold
  - ii. Multiple payroll module – on hold

#### **CONSULTATION:**

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

#### **RISK MANAGEMENT AND IMPLICATIONS:**

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

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

#### **DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**

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

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

42. There are no legal implications or legislative requirements.

#### **EQUALITIES AND DIVERSITY**

43. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS**

44. There are no other implications.

#### **WHAT HAPPENS NEXT**

45. The following next steps are planned:

- a) Further updates will be provided to the Board at its next meeting.

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#### **Contact Officers:**

Tom Lewis – Head of Service Delivery

#### **Consulted:**

Local Pension Board Chair

#### **Annexes:**

Annexe 1 – Performance Summary  
Annexe 2 – Performance Trend Analysis  
Annexe 3 – Terminated Case Summary  
Annexe 4 – Complaints Summary  
Annexe 5 – CRT Top 5 Query Summary