



SURREY LOCAL PENSION BOARD REPORT

SURREY COUNTY COUNCIL

SURREY LOCAL PENSION BOARD

DATE: 15 NOVEMBER 2024

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: SERVICE DELIVERY OVERVIEW

SUMMARY OF ISSUE:

This paper provides the Local Pension Board (Board) with updates on progress relating to a number of key administration projects and planned improvements.

RECOMMENDATIONS:

It is recommended that the Board:

1. Note the content of this report.
2. Make any recommendations to the Pension Fund Committee if required.

REASON FOR RECOMMENDATIONS:

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

Performance

3. The performance levels in this period have achieved an overall score of 92%, an increase of 7% on the previous quarter.

4. The team continued to exceed the expected target for cases such as transfers, refunds, deferred benefits and issuing the acknowledgement of members who have passed away.
5. There has been an increase in performance across other key areas which had been below expected levels in the last quarter. Retirement and ill health cases have achieved and exceeded respectively, in this quarter.
6. Additionally, there has been improved performance with survivors' pensions, death benefits and balance of payments. Whilst the quarterly score has not yet met the baseline target, the trend shows a clear improvement through July to September, with September alone having achieved a green rating across all case types.
7. The improvement in the performance across all case types has validated the need to change the team set up earlier this summer, whereby the decision to re-organise the Immediate and Future Benefit Teams into two blended Benefit Teams, made up of staff carrying out work that was previously segregated.
8. The Trainee Team has continued to provide a flexible workforce and proactively support priority work, which has increased the services ability to meet customer expectations and provide development opportunities for our staff. This has been further supported by the Customer Relationship Team having more autonomy in prioritising 'chaser' cases that immediately impact the payment of a member's benefit.
9. 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.
10. Additional information has also been supplied within Annexe 3 that presents a summary of the most common categories of cases being terminated.

Complaints

11. During this period there were 14 complaints received. Details of these can be found at Annexe 4.

Internal Dispute Resolution Procedure (IDRP) and Pensions Ombudsman Cases

12. Stage one appeals determined: Four have been raised.

- a) Member complained about lack of information provided following a query on the impact of the McCloud remedy on their pension benefits in payment. Appeal upheld and letter sent to member providing comparison and clarified whilst they were subject to the McCloud remedy, the underpin did not apply to their benefits.
- b) A member wishing to trivially commute benefits complained about receipt of conflicting information and if this was an available option to them. Appeal was upheld and member sent full details of all options available.
- c) A member complained about the length of time taken to re-issue payment of their lump sum after the payment was returned by the bank as the account could only accept payments from account holders nominated accounts. The appeal was upheld and the member offered compensation in recognition of the stress and loss of interest.
- d) Complaint surrounding employer's decision to refuse deferred benefits into payment on grounds of ill health and the assumptions applied by the Independent Medical Practitioner (IRMP). Appeal upheld regarding the employer's decision to refuse ill health as the IRMP had completed 2 ill health certificates with differing opinions. The adjudicator determined the employer either queries the discrepancy or obtain a fresh IRMP opinion, then reconsider their decision. The appeal was not upheld on the assumptions applied relating to the IRMP, as these are based on the balance of probabilities.

13. Stage two appeals determined: One has been raised.

- a) A LGPS member who had in house AVCs took voluntary retirement, wished to draw 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 in part, the member had declined the original offer of compensation for significant distress and inconvenience at stage 1, this was increased at stage 2.

Pensions Ombudsman Appeals

14. One appeal has been raised during this period.

- a) A member was part of a TUPE transfer and has since the transfer, been trying to request flexible retirement. An estimate has been sent to the employer; however the member is uncertain of the process to be followed. The complaint is being dealt with as part of the Pensions Ombudsman's Early Resolution Service and a response has been sent

to the Pensions Ombudsman outlining the procedures the employer needs to follow.

15. Redress for non-financial injustice is assessed in line with the Pensions Ombudsman guidance. Further information about this can be found by clicking on this [link](#).

Breaches Log Update

16. In accordance with the [Surrey Pension Fund Breach of Law Policy](#) one breach has been reported and recorded this quarter.

17. The breach was as a consequence of two dependent female child pensioners having the same date of birth. As children do not have a National Insurance number issued until they reach age 16, the accepted way to record an identifying number for a child in our administration system is to use TNDDMMYY, where TN = temporary number, DDMMYY = the date of birth and F= female. One of these children received their own P60 and the other child's P60 also, as the addresses were matched to the TN Ni No recorded on their records.

18. In line with the policy, all relevant parties were consulted and the breach has been classed as 'green' in line with the Pensions Regulator's (tPR) [traffic light framework](#), deeming it not materially significant. As such it is not necessary to report this breach further.

Customer Relationship Team (CRT) Update

19. During this period the CRT managed a total of 10,161 enquiries. At the initial point of contact 92% of these were successfully resolved, a 10% increase on the previous quarter.

20. The queries managed by the CRT during this period are grouped into the following categories:

Communication Channel	Volume
Call backs	152
Telephone	5141
Email	4868
Total	10,161

21. There has been a decrease of approximately 200 customer interactions in this period.

Guaranteed Minimum Pension (GMP)

22. Work has recommenced with the rectification of member records as part of the GMP Project.
23. The data provided by our third-party supplier for deferred members has been successfully reviewed and agreed. The data will be uploaded into the pension database in the coming weeks, with a small number of exceptions (60 cases) to be reviewed by members of the team.
24. The attention has now turned to the pensioner data, with this work currently being re-scoped and an agreement being made with the third-party provider, defining how this work will be addressed in time for pension increase.
25. The indicative number of pensioners expected to be within scope of this work is circa 2,500. In January 2025, detailed analysis of the data supplied by the third-party supplier will take place. This review will primarily be undertaken to support the initial upload of the approved data prior to the pension increase. It will also identify where there are any exception cases that will require a more thorough investigation by members of the team assigned to the project.

McCloud

26. The system configuration for reporting, bulk interfacing and the running of calculations has been completed in line with MHCLG, GAD and the LGA guidance.
27. Where applicable, employer returns have now been uploaded into the database, bringing member service history and working hours information up to date.
28. The necessary reports have been run to identify how many members may qualify for an underpin. Of the 29,055 eligible records within scope, the report was able to successfully include 19,842 records (68%) to determine if the member qualified for an underpin.

29. The indicative number of cases provisionally identified at this stage and requiring action are as follows:

Member Status	Provisional Underpin Applies	Final Underpin Applies
Active	526	
Undecided	115	
Pensioner	750	
Widow/Dependent	248	470
Death	15	16
Grand Total	1654	486

30. The records which make up the 32% that could not run through the system at this stage were largely due to historic aggregations or transfers having taken place or, where data discrepancies were highlighted within the record.

31. These numbers are indicative and based on work carried out in the test environment. These will require further investigation as part of the project and, further engagement with bodies such as LGA, system providers and other funds to seek some advice as to how these can be addressed will be required.

Annual Benefit Statements (ABS)

32. Please see the ABS issuance figures as of 1 September 2024 below:

Monthly Employer Returns (iConnect) Roll Out

33. As of 30 June 2024, 248 out of 370 (67%) employers have been onboarded to iConnect, which represents circa 28,200 (81%) of the active membership.

Member Type	ABS Issued	Member % Represented
Active	33,030	94.00%
Deferred	46,014	99.95%

34. There will be a short pause with onboarding further employers until the new year. This is to support those employers who have, or are, currently onboarding. This decision has been taken to ensure the employer roles, responsibilities and functions are fully understood and, to streamline any internal business processes that will support the continued roll out.

Legacy Case Reduction

35. Work has steadily progressed with the legacy case reduction. The completion progress as of 30 September 2024 stood at 86%.

36. The remaining cases are mostly made up of transfer and aggregations, along with some remaining deferred cases awaiting further information from employers.
37. The work is expected to be completed by 31 December 2024 and between now and the end of the year further discussions will take place to determine where employers cannot provide any necessary information to complete the case.

Overseas Pensioner Check

38. The issuance of 'proof of life' certificates is carried out bi-annually and is a process to check our overseas pensioners within the scheme are alive and well. This piece of work is undertaken both to satisfy our audit requirements and to protect our members' money and guard against fraud.
39. This work has historically been carried out internally via overseas postal services. Having reviewed this area of work, both from an efficiency and customer experience perspective, it was recognised the service was cumbersome for everyone involved.
40. A decision was taken to contract a third-party provider to undertake the work on behalf of Surrey Pensions. An agreement was made with Crown Agents Bank (CAB), who are a UK regulated bank and provider of wholesale foreign exchange and international payments services.
41. The CAB proof of life service provides a fully digital approach, with a secure member digital platform that allows for an accurate and efficient member identity service, using biometric facial authentication technology to verify against government issued ID documents.

The digital verification service benefits include:

- a) enhances the member experience and reduce processing time
 - b) improves the level of security checks carried out
 - c) satisfies audit requirements
 - d) allows monitoring and reporting on the uptake of the service
42. The service offers both an electronic and paper-based approach to satisfy the needs of our 612 overseas pensioners, all of which is managed end to end by CAB. Plans will now be put in place to run these checks annually, with the new proof of life service having launched in September 2024, and it will run until January 2025.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

45. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009)..

LEGAL IMPLICATIONS – MONITORING OFFICER:

46. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

47. There are no equality or diversity issues.

OTHER IMPLICATIONS:

48. There are no other implications.

NEXT STEPS:

49. The following steps are planned:

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

Contact Officer:

Tom Lewis – Head of Service Delivery

Annexes:

1. Quarterly Performance Summary Annexe 1
2. Quarterly Performance Trend Analysis Annexe 2
3. Terminated Case Summary Annexe 3
4. Complaints Summary Annexe 4