

Surrey Local Pension Board 31 July 2020



Changes to the management arrangements for pension administration

Recommendations:

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

Background

1. The recent history of the Surrey pension administration has been very challenging, with a number of internal audit reports highlighting significant control weakness. This issue spans across all aspects of the service from a people, process and systems perspective. A material backlog of cases spanning all funds has contributed significantly to the problems of the service. Despite having contributed resources (people and money) the progress to date has been slow. For the most part these backlogs are inherited from previous providers, but despite more recent efforts, there is still not a comprehensive and agreed plan of action to tackle the underlying challenges the service faces.
2. These issues prompted a review of events leading up to the current problems, and recommendations for a way forward that would enhance the progress towards resolution of the wider challenges facing the service. The review was undertaken on behalf of both East Sussex and Surrey County Council Chief Executives. The brief for the review focused on the following:
 - The Orbis Business Operations operating model and structure
 - The sufficiency of the management structure and resourcing in order to deliver appropriate strategic oversight and direction to the service and handling of individual Pension Fund expectations
 - The Pensions Administration Operating Model
 - The governance of pensions administration business change
3. The review set out a series of recommendations for change, including:
 - There is a need for unambiguous management focus to drive service improvement and foster closer relationships with Funds. To achieve this, it is recommended that East Sussex and Surrey step back from the Orbis integrated senior management arrangements for pensions administration and put in place separate sovereign management arrangements (recognising that East Sussex is likely to continue to require technical and helpdesk support from Surrey under an SLA arrangement).
 - Similarly, transferring direct management responsibility over respective pension administration functions to the Chief Finance Officer (ESCC) and Director of Corporate Finance (SCC) to provide additional management

capacity, and to help build confidence and mitigate tensions with Funds during the improvement phase.

Implementation of review recommendations

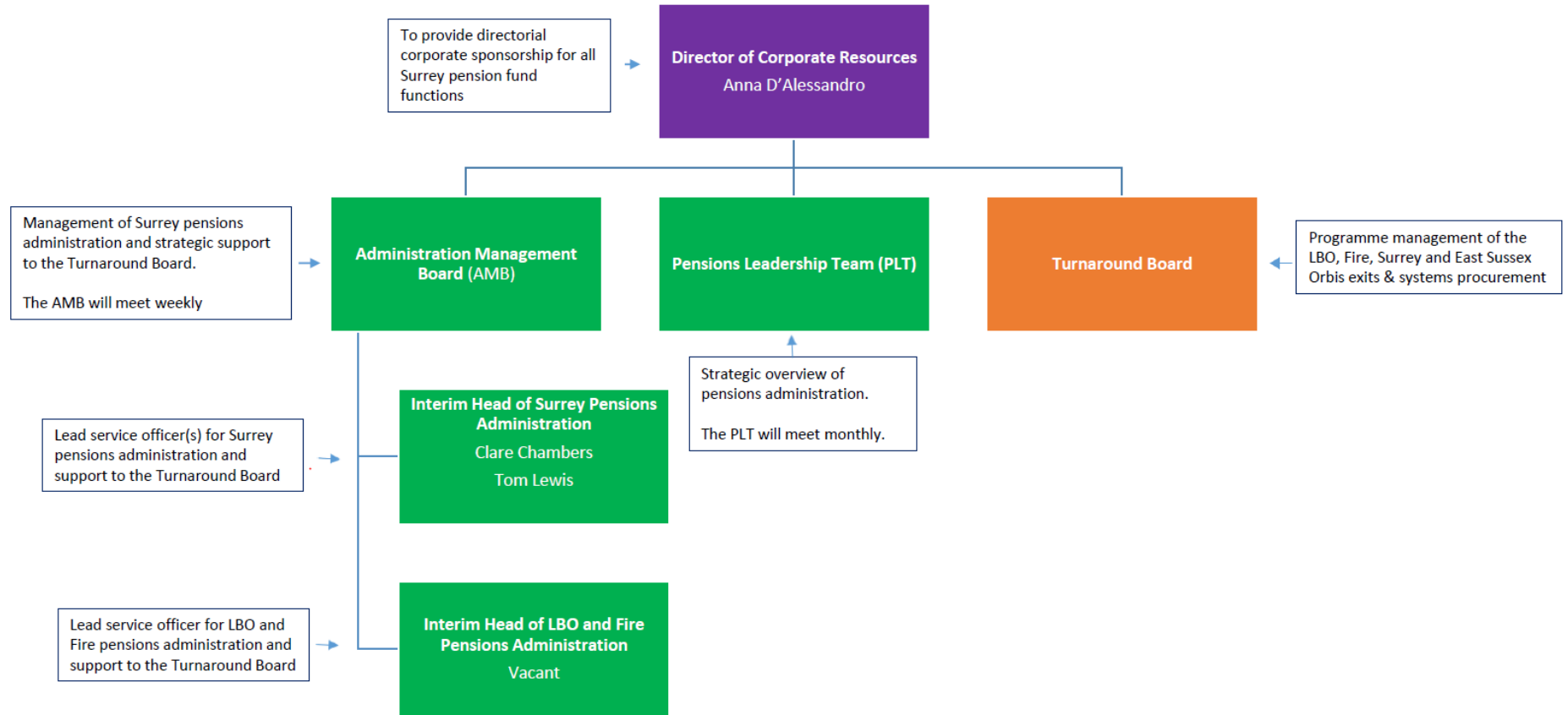
4. There are key activities as a result of the recommendations on an interim basis as a result of the pension administration review. These are:
 - Immediate Transition & Stabilisation (individual SCC & ESCC workstreams, with inter-dependencies):
 - Appointment of Interim Pension Admin Managers
 - Formalise staffing & budget arrangements (SAP etc)
 - Systems Procurement decision
 - Development & Improvement (individual SCC & ESCC workstreams, with inter-dependencies)
 - London Boroughs (SCC workstream)
 - Communications and Progress Reporting (individual SCC & ESCC workstreams).

5. In order to support these activities a 'Turnaround' Programme Board has been established. A specialist programme manager, Sonia Sharma, has been appointed to manage the Turnaround Board, with an emphasis on strong programme management disciplines. The senior sponsor for SCC is the Director of Corporate Finance, Anna D'Alessandro. The projects of the Turnaround Board include:
 - SCC and ESCC separation
 - London Borough exits/consolidation
 - Fire pensions administration
 - Systems procurement

6. Prior to the appointment of permanent heads of pension administration, the senior management of pension administration for Surrey will be provided by an Administration Management Board (AMB) consisting of Neil Mason, Nick Weaver and Colette Hollands. Clare Chambers (Service Delivery Manager) and Tom Lewis (Systems Support/Programme Manager) will report to the PMB as lead contacts for pension administration at service level. The AMB will drive through service improvements, including:
 - Organisational reshaping
 - Audit actions
 - Service improvement workstream activities

7. Anna D'Alessandro, will chair a Pensions Leadership Team to provide strategic oversight of all interim pensions administration activities.

8. The interim structure of pensions administration is as follows:



Bringing pensions administration into finance

9. Finance embarked on transformation over c18 months with a very successful Improvement Programme (FIP). Rapid Turnaround has been achieved by:
 - Strong team working within Finance
 - Strong collaboration with and support of services
 - Accountability & ownership
 - Joint problem-solving
 - People – leadership of and investment in their skills and behaviours

10. Bringing pensions administration into finance provides the opportunity for the Surrey Pension Administration team work under the principles of the FIP. These being:
 - People:
 - Build on the many strengths of the administration service, but acknowledge there needs to be some change
 - Invest in our own development – our skills and our behaviours through the introduction of a competency framework
 - Working as a strong team but also as strong individual leaders; development of standards, capabilities, accountabilities
 - Processes and systems:
 - Greater emphasis on data quality and integrity

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