Surrey Local Pension Board
12 November 2020

Administration Update 1 July – 30 September 2020

Recommendations:

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

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 Pensions Administration Team (PAT) based within Orbis Business Services carries out the operational, day-to-day tasks on behalf of the members and employers of the Fund and for the Council. They also lead on topical administration activities, projects and improvements that may have an impact on members of the LGPS.

3. 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.

Internal Audit

4. In acknowledgement of the significant improvement programme in pension administration, internal audit produced a position statement for 2019/20, rather than a full audit.

5. Officers from the pensions team have agreed with internal audit that a full audit will be carried out on the administration function in quarter four of 2020/21. Prior to this internal audit will carry out interim testing in three specific areas that were previously identified as having control weaknesses:

- November 2020 - Data Cleansing (the annual benefit statement process)
- November 2020 - Pension Payroll Implementation in Altair (the death process)
- December 2020 - Procedure Notes (payment controls)

6. Progress in these areas will be reported to the Board.

Engagement and Education

7. The team have been continuing to update the Fund's website with any Coronavirus information.

8. Our Training Officer delivered basic Annual Allowance training remotely to 55 members of staff to increase their understanding of this complex area of work and to support this and future years processing. There was also training arranged and delivered via the LGA for Transfers for 22 staff members.

9. Annual allowance has been a high priority for the team which has now been delivered in full.

10. Of the 392 potential cases across all statuses, upon investigation 102 of these required an Annual Allowance Statement.

11. 91 were issued by 6th Oct and 11 issued by 16th Oct.

12. Due to delays in mnemonic fixes by Heywood in Altair during the annual benefit statement runs, certain reports were delayed due ABS going right up until end of August, which caused a small number to miss the deadline. These 11 will need to be recorded on the breaches log but it is not classed as a material breach.

Customer Complaints/Compliments Report

13. The Corporate Complaints database is now being used to record and respond to all complaints received. Customers can use the system to view progress on their complaint.

14. The Service Delivery Support Team is recording, allocating and tracking all complaints received, as well as providing management information on a monthly basis.

15. The number of complaints received continues to be low in relation to the volume of work processed. Any significant increase in numbers is being reported to the Pension Fund.
16. Please see **Annex 1** for summary report

Pensions Helpdesk

17. With only 5.5 FTE available to take calls after a member of the team had left, a reduced telephony service continues to be offered to ensure the wellbeing of staff and maintain service continuity. The Helpdesk phonelines are open between 10:00 to 12:00, and 14:00 to 16:00. The phone lines are open Monday- Friday. As of the 2nd November the phone line will be open from 09:00-12:30, and 13:30-16:00.

18. The Helpdesk has received its ever-highest volumes peaking to 7739 in August. There is currently 800+ emails pending in the inbox due to the high demand of queries caused by the end of year season. The team have dedicated resource to work through these on a daily basis to reduce numbers, prioritising cases in line with service KPIs.

19. In addition, the main queries being received by the Helpdesk relate to transfers and retirements.

20. The helpdesk is currently recruiting for replacement staff due to three resignations received within the past 2 weeks. Two of these staff members have agreed to remain on bank contracts during the transition of new staff joining the team over the coming weeks.

Member Self Service

21. The number of MSS users continues to increase on a monthly basis.

22. Details on the number of MSS users can be found at **Annex 2**.

23. The Engagement & Education Team are looking at a variety of communication channels to communicate with members to increase the percentage of members signed up to the portal.

Annual Benefit Statements

24. The end of year process was very successful this year.

25. A total of 32,255 deferred Annual Benefit Statements that could be produced were done so by the statutory deadline of August 31st 2020.

26. A total of 4589 not delivered and were mostly due to the record being marked ‘gone away’ as we can not confirm their known current address.

27. A total of 33,293 Active Annual Benefit Statements were produced by the statutory deadline of August 31st 2020.

28. A total of 42 Active Annual Benefit Statements were not issued due to missing information from the employers.

29. For the missing active cases a final communication has been sent to the respective employers with a deadline set of 23rd October by which if the correct data is received, a statement will be produced week commencing November 2nd 2020.

30. Any members who opted to receive a hard copy of their statement these were sent using our mailing house supplier cfh by the statutory deadline.

31. The final summary report of Annual Benefit Statement project can be found at **Annex 3**.

Projects

32. Please find below updates on all projects and system/process improvements underway.

Admin Software System Procurement

33. The procurement approach has used the Norfolk Framework to pursue its tender of a suitable Pension Administration Software.

34. There was one response to this tender from our current supplier Heywood. Evaluation of the response took place on the 19th August 2020 and the results of this identified that Heywood had provided a compliant response and met the scoring criteria.

35. After seeking some clarifications on the response, it was agreed on the 23rd Sep 2020 that Surrey CC were able to agree the decision to award the contract to Heywood.

36. All contract paperwork was drafted and sent to Heywood on 9th Oct 2020 on behalf of Surrey CC, instructing which modules are required, for review.

37. Further responses sent back from Heywood and conversations are ongoing to confirm contract sign off.

Legacy Removal

38. As you know we have been working with Mercer (formerly JLT) on the removal of c20,000 status 2 (undecided leaver) records. Over the last 3 months there has been a real push to make significant inroads to the remaining cases

39. In May 2019 we had approx. 20,000 status 2s in Altair and in Sept 2020 we now have 3000 cases left on the system that are awaiting payroll data to complete case

40. Fully completed cases for SPF as of 31 Aug 2020 is 15,250

41. To support the speed in which payroll data is supplied to Mercer, we appointed a bank staff employee who has been providing pay information for between 500 – 700 cases, giving Mercer what they require to fully complete the case.

42. Quality assurance error rate has reduced from 85% to 96%. Further investigations showed that where SCC administration staff found a number of potential errors, it was shown to be where a case had been deferred in error and should have been a concurrency case. These were known cases to the project and will be rectified as part of the pay information being supplied to Mercer.

43. The project is on track to remove all status 2 cases by January 2021 in line with Mercers contract expiry. Validation and snag lists are being complied now to ensure we have the assurance we require for quality and completion rates.

iConnect

44. The delivery of iConnect has progressed with interface development completed and one full file (approximately 22,000 records) import of the data to the Altair test environment. The initial import of data highlighted some expected mis-matching of records and errors which are being investigated prior to setting a final "go-live" date. However, it is anticipated that iConnect for the Surrey payroll and any employers also using the Surrey payroll (for example some schools) will go live from December.

45. Prior to the "go-live" as iConnect updates scheme member records on a monthly basis, we will undertake a mid-year end of year update to bring all records up to date and ready to receive the first monthly iConnect update.

Altair module implementations: Immediate Payments and Enhanced Admin to Pay

46. With the roll out of Immediate Payments in June, which allows payments, such as death grants and retirement lump sums, to be made from the administration system, we are now moving on to implementing Enhanced Admin to Pay. This will provide a fully closed administration and payment system and offer some assurances to audit in this area.

47. The module connects the administration and payroll modules of Altair ensuring both are identical with the pensioners payroll data and any lump sum payments being created automatically when undertaking the benefit calculation. A data quality exercise is currently being undertaken to ensure the data currently held on both modules is identical.

48. Go live for Enhanced Admin to Pay is 26th October 2020

49. A Taskforce Team has been set up to review and correct existing data discrepancies between these two areas and, this work is being undertaken simultaneously with the system go-live.

50. Where any of these data discrepancies require fund decisions, these will be presented to the fund accordingly.

Process Improvement

51. Work has continued on targeted housekeeping, focussing on records incorrectly left on an 'Open Task' status instead of awaiting a reply from the scheme member. Taking into account the top 5 KPIs (those the administration service has been reporting on a weekly basis), the number of these type of cases has dropped significantly, most noticeably for frozen refunds and death cases.

52. Taking into account the top 5 KPIs whereby the administration service has been reporting on a weekly basis, the numbers of these cases has dropped significantly, most noticeably for frozen refunds however, other numbers such as Death cases have begun to reduce.

53. Please see **Annex 4** for full weekly KPI summary report

54. A concentrated project has been underway to review the death process in full. Initially the original process was mapped to understand the current way in which the team process death cases, allowing for a baseline position to begin to understand where improvements could be made.

55. In the last 2 months all documentation has been reviewed, updated and ready for use in live cases.

56. Death notifications will be recorded in the data view area of Altair and recorded at the point of notification, allowing for more transparency and more accurate KPI recording.

57. The process has been updated, removing the need for manual calculations and developing the Altair system to automatically run the calculations based. This has led to the introduction of the 'Balance of Payments' software in Altair to be utilised whereby, the overpayment of any death case will be calculated without the need for manual checks. This is due to go live on 2nd November 2020.

58. The new process will be in place in full by week commencing 16th November. Where any changes require fund engagement, this will take place accordingly.

Data Scores

We have now received the latest common and conditional and scheme specific data scores from Heywood. Please see table below to the comparison between 2019 & 2020.

Common Data scores

Fund	2019	2020	Difference
SCC	86.80%	94.10%	**+7.30%**

Scheme specific scores

Fund	2019	2020	Difference
SCC	92.00%	97.80%	**+5.80%**

Next steps

59. The Board are asked to note the updates and agree on the form of any future updates that are required.

Annex 1 – Complaints Summary
Annex 2 - Member Self Service Numbers
Annex 3 – Annual Benefit Statements – Final Summary Report
Annex 4 – Weekly PI summary report
Annex 5 – June 2020 Projects Highlight Report Pack

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