



Surrey Local Pension Board

5 August 2021

Administration Update 1 January – 30 June 2021

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 Surrey Pensions administration 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.
4. Key Activity Summary

| Activity / Project Area | Impact on Surrey Pension |
|--|--|
| <p>Legacy Removal: Surrey Pension Service procured JLT (now Mercer) to support the removal of a significant backlog in undecided leaver cases (also known as status 2).</p> <p>These are cases whereby members have most likely:</p> <ul style="list-style-type: none"> - Left one employer within the scheme and moved to another | <p>It was agreed in 2019 that this backlog should be reduced in time for the valuation in 2022 to ensure membership levels are accurate and, reduce the assumptions made by the actuary, to increase the accuracy of the fund valuation.</p> |

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| <p>employer still in the scheme, requiring aggregation</p> <ul style="list-style-type: none"> - Left an employer and the scheme in full and became a deferred member | |
| <p>McCloud: In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The government has decided that the general principles established will apply to all public sector pension schemes and, therefore, it has consulted on amending the LGPS Regulations.</p> <p>Employers will be required to provide payroll data that will pre-date 2014, which may pose challenges.</p> | <p>The Surrey Pension Service will need to undertake a remediation process for all affected members in line with the regulations, LGA and its software providers, to ensure the reformed regulations are carried out within the scheme membership.</p> <p>The potential financial impact has been assumed at the last valuation by Hymans to be 0.5% of the total fund worth. Later this year, we will aim to have a clearer understanding of the affected members and, more accurate costs.</p> |
| <p>Guaranteed minimum pension (GMP) Reconciliation Project: The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997.</p> <p>Surrey Pension Service procured the service of JLT (now Mercer) to undertake the rectification of members GMP in line with the HMRC guidance.</p> | <p>Mercer have acted on behalf of Surrey Pension Team to work with the HMRC to analyse data held on our system Altair and, the data held at the HMRC, with a view to full rectification in the next 9 – 12 months.</p> <p>This work will not only ensure that the fund has accurate member liability, it will also ensure the GMP amounts are correct for our members, resulting in potential over or underpayments, that will be corrected where agreed.</p> <p>Potential cost impact is unknown at this stage. We hope to have more clarity on this during quarter 3.</p> |

Performance Reporting

- For the period 1 January to 30 June 2021 Surrey Pensions received 11,328 new KPI cases and completed 10,172 KPI cases.
- At the start of the Covid-19 pandemic the Pensions Regulator set out three areas of work it considered to be a priority: Deaths, Retirement and Refunds.
- In order to track progress and performance against these cases a weekly priority KPI update was being provided to stakeholders.
- The content of the update evolved over time from just reporting cases received and cases completed, to include additional information on the breakdown of outstanding cases.

9. The format of this weekly update was then extended to the monthly/quarterly update provided to the Pension Fund Committee and Local Pension Board. The report now includes cases outstanding at the start of the period, cases received, cases completed, performance against SLA, backlog performance, average time taken, cases outstanding at the end of the period, plus a breakdown of the status and age of outstanding cases.
10. Trend analysis graphs are also now provided which show an analysis of individual monthly KPI cases and the tPR priority cases.
11. This is with a view to ensure that a full and meaningful performance update is provided on a regular basis to all stakeholders.

Administration Team Update

12. In order to strive to improve performance against Service Legal Agreements and provide customers with the best level of service, the way work is allocated and the structure of the team has recently been reviewed and a decision taken to make some changes.
13. From 5 July, all new case work is now allocated on a weekly basis and all teams will aim to complete tasks due for completion each week. As each case within the Workflow is broken down into a number of tasks, the aim is that if each task is completed on time this will naturally result in all cases being completed on time.
14. This new mechanism was trialled on Death cases during June in order to ensure it met its objective and was a workable mechanism for all involved in allocating work. The mechanism is also used to closely track the completion of work and enable the management team to easily identify as early as possible where performance levels are not being met.
15. The allocation and monitoring of work is being supported by a number of Project Managers assigned to each Team Leader, who will report back to the joint Heads of Administration on a regular basis.
16. In addition, due to the exits of the various London Borough Funds, the limited time before each exit and the conflicting priorities of the London Boroughs and Surrey Pension Fund, a decision was taken to create an additional hub team to focus on various projects starting with the London Borough exits (BAU and backlog).
17. The Training Officer has been seconded to lead this team and a number of staff from the existing hubs have been transferred to this team based on their skills, knowledge and experience.

Customer Complaints/Compliments Report

18. The Corporate Complaints database is used to record and respond to all complaints received. Customers can use the system to view progress on their complaint.
19. The Service Delivery Support Team record, allocate and track all complaints received, as well as providing management information on a monthly basis.
20. The number of complaints received continues to be low in relation to the volume of work processed. Any significant increase in numbers is reported to the Pension Fund.
21. During the period 1 January to 30 June 2021 a total of 3 compliments and 22 complaints were received. All complaints have been responded to and of those, 17 were responded to within the corporate service legal agreement.

Pensions Helpdesk

22. Between 1 January and 30 June 2021, the Helpdesk handled a total of 41,911 enquiries with 87.5% of these being resolved at the first point of contact. 19,720 of the enquiries were received via telephone calls and 22,191 via e-mail.
23. The team aim to respond to all e-mail enquiries within the corporate service level agreement of 3 working days. As at 30 June, customers 'Happiness Factor' was rated at 88%.
24. The Pensions Helpdesk have recently recruited 7 new agents and training is ongoing. Progress on training has been slower than usual due to the added complexities of carrying this out remotely.

Member Self Service

25. The number of MSS users continues to increase on a monthly basis, with the numbers increasing as below since the last quarter:
 - a. 498 pensioner members
 - b. 1,534 deferred members
 - c. 168 active members
26. Full details on the number of MSS users can be found at **Annex 1**.

Engagement and Education

27. Annex 2 and 3 provides a summary of the work carried out by the Engagement and Education Team.

28. Highlights include a significant amount of work supporting the overall Annual Benefit Statement (ABS) project plan and developing/delivering the ABS Communications Plan.
29. The team have also been developing a new Employer Website supported by Surrey County Council's Digital Team. Most of the content has been drafted by the Engagement and Education Lead and reviewed by the Technical & Compliance Officer. Go live was anticipated for 5 July but there has been some delay with the developers due to other priorities within the Council.
30. All forms and guides were updated as necessary from April 2021, and regular member and employer newsletters have been issued.

Annual Benefit Statements

31. This statutory work item has progressed well in recent months, with all eligible deferred statements being distributed by early June.
 - a. A total of 36,261 have been produced
 - b. 4,251 have been suppressed with the address marked as gone away on the administration database
32. In addition to this, with the introduction of iConnect for Surrey County Council payroll, which allows for monthly data to be provided in place of an annual receipt, has seen excellent progress on the active statements:
 - a. A total of 25,076 annual benefit statements have been produced and uploaded to the member self-serve portal for members. This is the most created at this stage when compared against any previous years.
33. Remaining members within our other employers are well underway and on schedule for 31 August 2021.

Legacy Removal

34. The legacy removal project whereby Surrey Pensions are working in partnership with Mercer since May 2019, to support the clearance of undecided leavers held in status 2 is drawing to a close and the numbers are as follows:
 - a. 19,182 cases sent to Mercer
 - b. 18,426 cases completed by Mercer
 - c. 756 cases in query
 - d. 2,866 completed by SCC Pensions Team

It is anticipated this will come to end by 31 August 2021.

GMP

35. The GMP Project has been in a fairly static period for the last few months whilst final information was being provided by the HMRC, followed by some necessary final data analysis from Mercer.
36. There has been a recent meeting whereby the plans have been presented in draft, with the following suggested milestones:
 - a. 24 Sep: Surrey Pensions to provide full benefit specification for each category of member, allowing calculations to be made, with clear assumptions
 - b. 15 Oct – 15 Dec: Populate data templates for each member category and run through rebalancer tool
 - c. Jan 2022: Mercer to produce report, in preparation for fund to confirm rectification decision and agree rectification target dates
 - d. Jan / Feb 2022: Sign off, run rectification calculations and interface data into Altair
 - e. Jan / Feb 2022: Draft and sign off communications and send to members
37. These dates are subject to change and may be delayed until after Pension Increase 2022 should there be a risk the timeframes potentially clash.

McCloud

38. The decision was taken to use the standard LGA template to obtain all the required information from employers. The communications have now been sent to all employers, with the required spreadsheet template attached, pre-populated with all member data from our administration system, in line with the McCloud solution built by the system provider Heywood.
 39. The deadline has been set for 31 October 2021 for the detailed returns to be sent back to the Pension Administration. Once this has been received, it will undergo a period of data validation to ensure the information provided meets the expected criteria that will allow for calculations to take place.
 40. Further work is being undertaken to explore whether the approach to this work stream would benefit from the use of specialist data companies, that would offer assurance and resource to help deliver this over the next 1 – 2 years.
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Sources/background papers:

Annexes:

1. Monthly MSS Figures
2. Engagement and Education Team Summary (1)
3. Engagement and Education Team Summary (2)

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