

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 26 MAY 2022****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: TURNAROUND PROGRAMME UPDATE****SUMMARY OF ISSUE:**

In July 2020 a pension "Turnaround Programme" was established to oversee the following:

1. Dissolution of the Orbis pension partnership between Surrey County Council (SCC) and East Sussex County Council (ESCC).
2. Reversion of pensions administration to the respective ESCC and SCC sovereign authorities.
3. Reevaluate the relationships with other pension administration customers.
4. Redesign the pensions function as an integrated Surrey Pensions Team combining administration with all other Fund activities.

This report provides the Surrey Local Pension Board (the Board) with an update on the Turnaround Programme.

RECOMMENDATIONS:

It is recommended that the Board:

Note the content of this report and make recommendations to the Surrey Pension Fund Committee (the Committee) if appropriate.

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. As a result of a review of the Orbis partnership between ESCC and SCC, it was recommended that management of pension administration revert to the sovereign control of both councils.
2. SCC retained legacy responsibility for managing the administration of Surrey fire fighters pension scheme, as well as 4 London Borough LGPS funds (Kensington & Chelsea; Westminster; Hammersmith & Fulham and

Hillingdon). After failing to agree on a revised pricing model, these have all now exited Surrey's management.

3. A pension Turnaround Programme was established with Phase 1 overseeing the dissolution of the Orbis pension partnership, along with reversion to sovereign authorities and London Borough fund relationships and Phase 2 overseeing the Organisation redesign. A three year roadmap has been developed as follows:



4. Phase 1 comprised the following six projects:
 - a) Dissolution of the Orbis pension administration.
 - b) SCC sovereign return.
 - c) ESCC sovereign return.
 - d) Systems procurement.
 - e) Exit of London Boroughs.
 - f) Exit of Surrey Fire and Rescue service (SFRS).

5. Phase 2 comprises the following workstreams:
 - a) Organisation re-design – ensuring the Surrey Pension Team has the right structure, processes and people to successfully achieve the vision, mission and ambition of the service.
 - b) People & Recruitment – to successfully manage the transition from the current structure to the new structure
 - c) Process & Technology – to ensure the right processes and technology are in place to successfully meet the vision, mission and ambitions of the service.
 - d) Culture & Training – to ensure the culture of the team enables the vision, mission and ambitions of the service to be met and there is appropriate training in place to support the new culture

- e) Communication & Engagement – to ensure effective communication and engagement with staff and relevant stakeholders throughout the programme.
6. This report provides an update on the progress of the Turnaround Programme, specifically in relation to the impact on SCC.
 7. The Chairman of the Pension Fund Committee and the Local Pension Board are provided with an update on the progress of the Turnaround Programme on a monthly basis.

Phase 1 programme update

8. Completed activity
 - a) All activity associated with the exits now complete
9. Planned activity:
 - a) None remaining

Phase 2 programme update

10. Executive Summary:
 - a) New structure in place from 1st May 2022
 - b) Recruitment and selection for 2 vacancies underway
 - c) Works in progress to transition Pensions Helpdesk and control of Pensions Bank Account
 - d) Induction approach in final stages and “about us” video in complete ready for roll out during May
 - e) Value Stream Mapping work with recommendations being implemented ongoing
11. Organisational redesign update:
 - f) Completed activity this period:
 - i- Works continuing to ensure seamless transition for staff and customers from Business Operations to Surrey Pension team of both Pensions Helpdesk and Bank Account transactions
 - g) Planned activity for next period:
 - ii- Both transitions planned to be completed by end of Q2
 - h) Risks/dependencies:
 - i- The team’s ability to clear outstanding work could impact on the planned timeline to have the new structure working effectively
 - ii- Resignation of key role within Service Delivery could have knock on effect to other roles, negatively impact team morale and jeopardise clearing of backlog
 - iii- Resource to be identified to ensure appropriate controls and processes established and current discrepancies/anomalies resolved with Pension Fund bank account before transitioning from Business Operations to Pension Team
12. People and recruitment update:
 - a) Completed activity this period:

- i- Interviews planned following readvertisement of Benefits Processing Senior Manager
 - ii- Interviews planned for Pensions Support Officer
 - b) Planned activity for next period:
 - i- Final recruitment for New Members Officer trainee posts
 - ii- Agree approach for Pensions Apprentice/Trainee
 - c) Risks/dependencies:
 - i- None for escalation

- 13. Process and technology update:
 - a) Completed activity this period:
 - i- Transfer out process has been mapped with Heywood
 - b) Planned activity for next period:
 - i- Documents, workflows, factor tables etc that related to admin of other funds will be cleared from Altair during May
 - ii- Implementing changes and improvements to Transfer Out process
 - iii- Review revised and updated remaining programme of works including Altair re-config; cloud hosting; payroll arrears processing; additional VSM work; GMP reconciliation; project management; and a new initiative Heywood are working on – Admin by Exception.
 - c) Risks/dependencies:
 - iv- Timescales associated with implementation of Unit 4 and approach to implementation could undermine success of programme

- 14. Culture and training update:
 - a) Completed activity this period:
 - i- Induction eLearning and Pensions “about us” video rolled out during May 2022
 - ii- New structure launch event 19th May at Dakota
 - b) Planned activity for next period:
 - i- Extended leadership forum
 - ii- Continued work on skills based and culture-based training for new roles and team
 - c) Risks/dependencies:
 - i- None for escalation

- 15. Communication and engagement update:
 - a) Completed activity this period:
 - i- New dedicated pensions inbox set up for staff relating to ongoing transformation and moving away from consultation focus
 - ii- Transition FAQs updated and cascaded to all staff
 - iii- Initial comms discovery workshop held and works ongoing
 - b) Planned activity for next period:
 - i- Work with Marketing team to develop next set of videos to continue the Surrey Pension Team story
 - c) Risks/dependencies:
 - i- None for escalation

Future reports

- 16. The change programme has now evolved from “Turnaround” to “Transformation, therefore future updates to the Board will be Transformation Programme updates.

CONSULTATION:

17. The Chairman of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

18. Risk related issues have been discussed and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

19. The performance of the pensions function does present potential financial and value for money implications to the Pension Fund. The Turnaround Programme seeks to address this.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

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

LEGAL IMPLICATIONS – MONITORING OFFICER

21. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

22. Any relevant Equality or diversity issues are included in recruitment due diligence.

OTHER IMPLICATIONS

23. There are no other implications.

WHAT HAPPENS NEXT

24. The following next steps are planned:

- a) Further updates will be provided to the Chairman of the Board on a monthly basis and to the Board at its next meeting.

Contact Officer:

Neil Mason, Assistant Director (LGPS Senior Officer)

Consulted:

Local Pension Board Chairman

Sources/background papers:

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