

SURREY COUNTY COUNCIL**LOCAL PENSION BOARD****DATE: 19 MAY 2023****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL****SUBJECT: ADMINISTRATION PERFORMANCE REPORT AND UPDATE
1 JANUARY 2023 TO 31 MARCH 2023****SUMMARY OF ISSUE:**

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.

RECOMMENDATIONS:

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

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. 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

Activity / Project Area	Impact on Surrey Pension
<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 Team 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. We will work to provide a clearer understanding of the affected members and, more accurate costs in line with the regulatory changes.</p> <p>Regulations enacting this remediation work are not expected until October 2023.</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 the Surrey Pension Team to work with the HMRC to analyse data held on our system Altair and the data held by HMRC, with a view to full rectification by the end of 2023.</p> <p>This work will not only ensure that the fund has accurate member liabilities, but 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 are awaiting further information as to the rectification costs.</p>

Performance Reporting

3. The performance levels in this period have achieved an overall score of 89% and specifically for the tPR work areas this is 92%.
4. Performance has increased overall during this quarter. The survivor pension and ill health (initial) cases have fallen short of the expected levels due to the team operating with one vacancy.
5. **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 response to the Board and Committee request in **Annexe 2**.

6. Additional information has also been supplied within **Annexe 3** that presents a summary of the most common categories of cases being terminated.

Complaints

7. During this period there were 15 complaints received. Details of these complaints can be found at **Annexe 4**.

Internal Dispute Resolution Procedure (IDRP) and Pension Ombudsman Cases

8. Stage 1 appeals determined:

An employee appealed the refusal of an ill health pension. The adjudicator determined the medical opinion received was not sufficiently comprehensive and referred the application back for further medical opinion and reconsideration.

9. Stage 2 appeals determined:

There were no stage 2 appeals in this period.

10. Pension Ombudsman appeals

One case has been referred, with a member appealing the tier of ill health pension awarded.

Update on Log of Breaches (potential breaches)

11. There are no breaches to report this period.

Customer Relationship Team

In quarter 4 the CRT handled a total of 12,201 enquiries. An average of 86% of all enquiries were resolved at the first point of contact. The queries handled by the CRT over this period are categorised as follows:

Communication Channel	Volume
Call backs	182
Email	6209
Telephone	5810
Total	12,201

12. A breakdown of the top 5 queries for the quarter can be found at **Annexe 5**.

Engagement and Education

13. **Annexe 6** includes a summary of works carried out by the team.
14. The links below are the most recent newsletters sent during this quarter.

15. For future board reports the Engagement and Education updates will be included within the Change Management section of this report.

Guaranteed Minimum Pension (GMP)

16. Revised plans have been issued by Mercer and these are being reviewed to agree timings and resources. The aim will be to provide key milestones of this plan in the next quarterly report.

Pensions Increase

17. The pension increase has been successfully applied to pensioner benefits in line with the CPI rate of 10.1%.
18. Correspondence has been issued advising members of their increase alongside their payslip for April 2023.

McCloud

19. Work continues to obtain all the necessary information from our scheme employers and currently 113 returns out of 127 expected returns have been received from employers/payroll providers. This is no change from the previous quarter.
20. The team will continue to liaise with employers to obtain these returns and support employers who have not yet provided the necessary data. For those who are unable to or do not hold the necessary data, SAB guidance has been issued on how to deal with these and it will be factored into the remediation plans.
21. Work continues with a third-party data specialist who are carrying out analysis of employer returns. Some employers will need to provide additional information in order for this analysis to be carried out and, support will continue to obtain this data.

Pension Dashboard

22. Whilst recent announcements have intimated a delay to go live for Pension Dashboard, work continues on rectifying data discrepancies that will support the initial connectivity. Ensuring the accuracy of basic member details such as title, name, date of birth, national insurance number will allow for a successful member match between the database and the dashboard.
23. The scope of data cleansing will expand in due course. This will be done in conjunction with our system supplier who are developing reports and tools that will support dashboard readiness.

Legacy Case Reduction

24. Analysis has been carried out to identify the volume of casework in scope as backlog. Part of this discovery work is exploring the options available to drive down the legacy cases in line with the service's key focus over the next 12 months.
25. As part of this analysis, benchmarking has been carried out to further understand the full picture of backlogs and how we stand with other comparable LGPS funds.
26. Once the complete works have been carried out and a service wide approach has been established, full planning can be undertaken that will allow the works to be carried out over the coming months.

Pension Administration System Developments

27. In collaboration with our system supplier, work continues with the program of to deliver a number of improvements to the system that will support the day-to-day operations. These include:
 - i. Retirement process review
 - ii. Transfer In process review
 - iii. Automated payroll arrears processing
 - iv. Multiple payroll module
 - v. Address look up facility
 - vi. Bank account verification

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

30. Any relevant financial and value for money implications have been considered and are contained within the report.

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL

31. 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

32. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

33. There are no equality or diversity issues.

OTHER IMPLICATIONS

34. There are no other implications.

WHAT HAPPENS NEXT

35. The following next steps are planned:

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

Contact Officers:

Tom Lewis – Head of Service Delivery

Consulted:

Local Pension Board Chairman

Annexes:

Annexe 1 – Performance Summary

Annexe 2 – Performance Trend Analysis

Annexe 3 – Terminated Case Summary

Annexe 4 – Complaints Summary

Annexe 5 – CRT Top 5 Query Summary

Annexe 6 – Engagement & Education Work Summary