

<b>Date:</b>	<b>6<sup>th</sup> July 2017</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Pensions Administration Key Performance Indicators</b>
<b>Report of:</b>	<b>Lee Witham, Director of People Services</b>
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>Limited</b>

## **1. Executive Summary**

- 1.1 The purpose of this paper is to provide the Board with an update on the Key Performance Indicators (KPIs) showing Surrey County Council's (SCC's) performance for the period April to May 2017. The detailed KPIs are shown in appendix 1.
- 1.2 The report also updates the Board on the internal audit on pensions administration that was carried out in April 2017.

## **2. Current Position**

- 2.1 The Pension Fund Board has been advised over the last few meetings that there are concerns over the performance of SCC in the provision of administration services to WCC Fund members.
- 2.2 Appendix 1 shows the KPI's for February/March 2017 and April/May 2017.
- 2.3 People services met with representatives from SCC's pension team on 15<sup>th</sup> June 2017 to discuss the KPIs and review on-going performance concerns highlighted within the KPIs. It should be noted that there has been a steady improvement in KPIs over the last 6 months. At the end of March there were five red measures and four amber measures. Currently this has reduced to three red measures and one amber. Nine of the measures that were of concern at the end of January

show an upward trend. There is one measure with a downward trend which continues to be impacted by BT performance.

2.4 People services addressed with SCC the need to improve KPI performance levels in the following red measures:

2.4.1 **Deferred benefits sent to members following receipt of leaver notification** – This area remains a serious cause for concern with only 17/30 on time within the April/May reporting periods. It is noted that this is in large part due to the late provision by the payroll providers of the necessary data. Jason Bailey has already placed more resources in this area and WCC continue to manage BT to provide the data required. In the meanwhile the retained team within People Services are providing data to SCC where possible.

2.4.2 **Transfers out of non LGPS schemes** - as on the previous report these show 86% but it should be noted that the payments remain at 100%.

2.4.3 **Responding to members' correspondence** - the performance in this area is slowly improving but falls below the required level despite the extra resources acquired. We will continue to work with SCC to improve this measure.

### 3. Internal Audit Update

3.1 A pensions administration audit was carried out in April 2017. This audit focused on the operations undertaken by Surrey County Council (SCC) who provide the pensions administration service to the London Borough of Hammersmith & Fulham, the Royal Borough of Kensington & Chelsea and Westminster City Council. Pension information is highly dependent on information provided by the Council's HR/Payroll provider (BT) and admitted bodies payroll providers. As such a number of the audit tests that would provide assurance on the accuracy and completeness of the pensions administration system could not be undertaken due to issues regarding the accuracy of reporting from BT which are well known to all three councils and are being actively managed.

3.2 Although the audit identified that a number of the controls in place for calculating, processing and maintaining the scheme as operated by SCC are appropriate, the weaknesses in the information being provided by BT has impacted on the assurance opinion given to this review. In their opinion, Limited Assurance can be given to Members, the Chief Executives, the Town Clerk and other senior officers that the controls relied upon at the time of the audit were suitably designed, consistently applied and effective in their application. This will be

reported to the Council's Audit & Performance Committee in September. A number of the recommendations in the audit rely on the performance of BT and the commercial discussions that are on-going, so we are dependent on these having a successful outcome.

#### **4. Summary**

- 4.1 These KPI's show an improvement over previously reported figures and WCC will continue to work with SCC to ensure that this continues.
- 4.2 SCC has acknowledged the need for a tighter control of case management in order to improve the KPIs. They have reorganised the pension administration team with two new team managers overseeing the running of our service. We will expect to see an ongoing improvement in our KPIs moving forward and SCC has committed to this aim.
- 4.3 It is recognised that due to BT's continuing inability to supply the required data, in particular with regards leavers, that SCC should not be held to account over these issues if it is clearly a BT error. WCC continue to work with BT to ensure that this information is forthcoming in the near future. In the meantime the retained pension team within People Services are working with SCC to provide this data.