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Classification:	General Release
Title:	Pension Administration Update
Report of:	Sarah Hay, Pensions Officer, People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	Limited

1. Executive Summary

- 1.1. This report provides a summary of the performance of Surrey County Council (SCC) with the Key Performance Indicator (KPI) for the period April 2019 to May 2019. The detailed KPIs are shown in Appendix 1, There has been performance improvement on the prior period reported as outlined in section 2. This report also provides the detail of the current data cleansing projects and the progress that has been made in resolving data queries ahead of the pension fund valuation in section 3. Section 4 confirms the LGPS end of year file for WCC has been submitted with section 5 outlining the current progress on the Western Union existence check for overseas pensioners.

2. Surrey County Council (SCC) Performance

- 2.1 The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement, however they will continue to be reviewed on feedback from all parties, including committee members.
- 2.2 This paper covers the period of April 2019 to May 2019. March 2019 data has been retained in the appendix for comparison.
- 2.4 KPI performance in appendix 1 is summarised below:
- 2.5 At the last board meeting we reported disappointing KPI results for January through to March 2019. The April 2019 KPI were perfect except for one correspondence case that was processed late. In May 2019 we were

disappointed that there were two late payments of lump sum and two late processing of pension such as they missed the next available pension payroll run. The two late cases were both deferred pensions into payment, one was two days late and the other six days late. The reasons given for the delay here was that a senior member of staff that had worked on our contract left and general workloads meant this could not be picked up by another team member to keep within KPI timescales.

- 2.6 The Correspondence in April 2019 was very late at taking 32 days for a response. This query was in relation to a widow pension and was being dealt with by the pension payroll team. The reason given by the team for the late response was simply that the letter arrived at a busy time of year and it was missed amongst other work the team had to complete. The pension team have advised that they do not have any complaints in progress as a result of the delays, we will review this with the team going forward.

3. Data Cleansing

- 3.1 The Status 2 project has been running since March 2019, the first phase of the project has involved getting all of the fund employers to return data where a missing leaver otherwise known as a Status 2 has been identified. This phase included producing 906 cases for which Westminster City Council (WCC) is the employer. The only employer not to complete data necessary for the Status 2 project at the end of May 2019 was City West Homes (CWH). CWH had 140 Status 2 data queries, a dedicated pension officer with CWH experience has now completed working through these cases and the data is due to be sent to Surrey for processing.
- 3.2 Westminster have agreed the completion of approximately 1500 Status 2 cases, across the City of Westminster (CoW) pension fund to JLT at a cost of up to £19 a case. Surrey are project managing the Status 2 resolution on behalf of Westminster alongside 4 other funds that they provide administration services for. All of the Westminster data is currently with Surrey apart from the CWH data which is due to be sent shortly. A third of this data has been sent to JLT in order to enable monitoring of JLT progress and ensure efficiency of costs. This did prove prudent as there has been some issues with their end to end process.
- 3.3 Of the 535 cases Surrey have sent to JLT, 230 have been processed and checked by JLT. Progress is far slower than we would have anticipated, Surrey's lack of direction, weather conditions and issues with the checking processes, that lead to a bottleneck. JLT have now increased the resources and experience in this area of the team with 6 checkers now in place and Surrey putting in place a "check the checker" role to check around 8% of processed cases at additional cost that is to be spread across 3 funds (Hammersmith and Fulham, Kensington and Chelsea, WCC). The Pension Project Officer and the Pension Officer have been liaising regularly with Surrey project management

team on both the processing rate of cases and the quality assurance required to ensure that the data processed is accurate.

- 3.4 The Pension Officer and The Pension Project officer met with the Surrey project manager for the contract with JLT on the 13th of June. There have been a number of calls subsequently with Surrey on our concerns regarding JLT's ability to process our data prior to valuation. The Surrey project manager confirmed that the checking situation had been escalated to the head of the project at JLT and that he had taken responsibility for the failure to progress the cases through checking as quickly as was originally outlined in the contract for the work. JLT have now appointed additional checking resources to the project. JLT are going to report back to Surrey on the 5th of July 2019, after this report has been submitted, on the revised timescale for processing and checking cases. After JLT has reported back to Surrey we will have better visibility of the work that will be processed ahead of valuation and are seeking assurance from JLT and Surrey that a majority of the work will be processed before the deadline.
- 3.5 Progress on the Status 1 errors continues, lead by the Pension Project Officer, there were 1283 total errors across the 5 memberships groups of actives, deferred, pensioners, dependants and undecided, at the end of April 2019. This has gone down by 39% to 498. The admin team has switched focus for May and June 2019 to look at the year-end files from all employers in the fund.
- 3.6 There were 533 active level 1 queries (the most valuation impacting area) that appeared to be WCC employer cases. However, we referred these back to Surrey technical team to identify the true employer as some of the payroll references did not match a WCC format. The revised number of active level queries were 454. Only reducing the active queries by 79. Of the 454 active level 1 queries the WCC team have been able to work through 370 records to date. This data has not been provided to Surrey while they process the end of year files for our fund employers. As the year end process is being finalised, and the WCC team finish working through the remainder cases, the Surrey team will be in a position to work on this data in the next few weeks. Allowing the team to spend the rest of July processing as much of this data ahead of the valuation as possible.

4. LGPS End of Year File 18 / 19

- 4.1 The LGPS end of year project has resulted in a file being uploaded to Surrey County Council on June the 20th. Initial indications from Surrey are that the quality of the data is good though processing continues at the date of writing this report.
- 4.2 All other fund employers have now submitted their files for end of year. The feedback on data for the fund in general is that the data quality for end of year files is also good.

4.3 The next focus will be ensuring that the Annual Benefit Statements (ABS), that legally have to be available online by 31st of August will be available. We expect to be in a position to achieve this target now that the end of year file is submitted and data checks are running well.

4.4 We will review any queries for WCC and any other fund employers as we can.

5. Western Union Existence Checking

5.1 The fund has started an existence checking exercise with Western Union for all of our overseas based pensioners. The existence checking will involve inviting the pensioner to attend a local WU office with identification to confirm their continued entitlement to benefit from the fund. For attending the existence check the member will be given £10 for their inconvenience but this will help the fund reduce or stop overpayments following a members death. Pensioners whom are based within the United Kingdom have their records subject to monthly mortality screening and therefore the risk of overpayment for these members is much lower.

5.2 When we started looking at the existence exercise we realised that many of our pensioner records did not hold a full name but only initials and a surname. In order to complete a full existence check, we need to hold the full name so that the Western Union agent can check the name against the members identification. 91 individuals were written to in March and asked to confirm their full name for our records. We had 36 responses with full names in the first 3 weeks plus we were notified of 4 pensioner deaths. We have then moved to start full existence checking for 171 people that includes people we already had full name details for and the 36 people who had responded in time to be included in this years' project.

5.3 Responses have continued to come in from those members we wrote to in March and 16 additional people have confirmed their full name and will be included in next years existence exercise. There were twenty two individuals that were sent a life certificates in April and May 2019 who had either not responded to confirm their full name or could not have an existence exercise completed because of where they live. At the time of writing this report we have had notification on one additional death. We are waiting for nine responses and will proceed with suspending the pension from July for any that we do not have a response for by the time the July pension payroll is run. Names are being updated from Life Certificates directly onto the Altair pension system to ensure that individuals can be included in the existence check going forward.

5.4 The first warm up letters have gone to pensioners in the first week of May, this letter introduced Western Union as our partner and advise that the existence exercise will be starting this month with details to follow. The warm up letter is to reduce the concern amongst pensioners of fraud which can occur when this exercise is first implemented. The second letter that will actually invite the 171 people to their local Western Union office to complete the existence process will be going out by the 5th of July. There had been a slight delay in that Western

Union would not raise an invoice for the £10 sum to pay the pensioners until they had final confirmation of numbers involved in case numbers changed. Monies have been confirmed received by Western Union by the 1st of July and so the exercise is proceeding.

6. Auto Enrolment

- 6.1 WCC the employer reaches its three year staging date in August 2019 where any eligible staff not in the pension scheme are brought back into the scheme and have to opt out again if they wish to not be in the scheme. The Pension Officer is in talks with HCC and our Bi Borough colleagues on the implementation of this project. We will also be engaging with WCC schools where the Local Authority is the employer for pension purposes as they also need to complete the process with WCC. Church Schools and academies would not be included.
- 6.2 We will update the Board in the next meeting on the numbers of people brought into the fund as a result of this exercise.

7. Summary

- 7.1 The Pension Administration KPIs have improved in April and although we are disappointed that two cases were processed late in May we understand that this is not a result of the workflow monitoring issue that caused problems at the start of 2019.
- 7.2 The data cleansing work as made significant progress since the last Board report in May. It is great news that all of the Westminster fund data has already gone to Surrey apart from the CWH data which will be with Surrey by the time of the Board meeting. The priority here is ensuring that the contractor JLT complete as many of the calculations and the checking as they can before the end of July when the data needs to go to the actuary.
- 7.3 The LGPS end of year file for Westminster City Council has been submitted to Surrey which was critical for valuation. We are confident that the file quality is very good and will reduce issues at valuation. Individuals will have their annual statement available by the 31st of August.
- 7.4 The Western Union existence project is underway and we now have full name details for the vast majority of our overseas pensioners so that full existence can be completed in future years without this delay. Where responses had not been received to the request for information or we could not complete existence, we have sent life certificates out if those individuals had not already had one in the last year. At the time of writing this report we were waiting for 9 people to reply to this and we will be suspending those pensions in July without a response.

- 7.5 Finally we planning to implement Auto enrolment for Westminster City Council (WCC) in August 2019. This will bring additional members into the fund, an update will be given in the next Board report.