

Report to: Pension Board

Date of meeting: 4 August 2016

By: Chief Operating Officer

Title: Officers' Report – Business Operations

Purpose: To provide an update on current administration themes in relation to the service provided to the East Sussex Pension Fund by Orbis Business Operations

RECOMMENDATIONS

The Board is requested to 1) note the update provided; and 2) provide any feedback on the proposed changes to Key Performance Indicators which Business Operations wish to apply from Quarter 3 of 2016/17.

1 Background

1.1 Business Operations within Orbis has prepared this summary of topical administration areas that may be of interest to the Pension Board. This report is provided for information and subjects are presented in alphabetical order and not perceived importance.

2 Review of Key Performance Indicators (KPIs)

2.1 The Board and Committee were previously advised that Business Operations were proposing to review the existing KPIs and present a document for consideration initially to the Board. The KPIs currently in use (see **Appendix 1**) have served their purpose in providing oversight to the Board and Committee, but they were a legacy from a previous 3rd party contract agreement with SERCO and had not been reviewed for many years.

2.2 Preparation for the proposed new format included close consultation with members of the administration team who have direct dealing with the customer base as well as comments fed back from the Pension Board and Committee members. Activities and measures were considered that directly affect the customer experience as well as statutory obligations. A review of other Pension Fund schemes (Essex, West Sussex, Kent, Gloucestershire, Hampshire, Surrey and LGSS) was also carried out, to compare measures and report formatting. The outcome of this exercise confirmed that there is no single "standard benchmark" for local government pension fund administration performance.

2.3. In order to provide full transparency of the scale of the scheme administration, and to provide assurance of key standards and deadlines being met, it is proposed to introduce additional measures previously not incorporated in KPI's. Furthermore, a customer feedback section is now included allowing a sense check of how customers and employers rate the service. To ensure our measures and targets meet employers expectations, engagement will take place with employers through informal communications as part of the on-going partnership development and where possible opportunity will be leveraged more formally through employer forums, with the support of the Governance team. Feedback will be sought and where a common theme occurs, changes to the proposed format will be made. It is intended to commence the new reporting method from October.

2.4 The proposed format is shown as **Appendix 2**. The Board is invited to feedback their views to Business Operations.

3 Scheme Member communications – Annual Benefit Statements

3.1 The Board and Committee have previously expressed an interest in being sighted on global member communications and will be aware that the statutory target date for production of annual benefit statements to scheme members is 31 August of each year.

3.2 The Board may recall that administrators nationally found this target date challenging in 2015/16 because of the complexities of producing statements with both 'final salary' and 'career average' benefits for the first time following the changes to the LGPS on 1 April 2014. Business Operations is confident of meeting the target date this year.

3.3 A revised format for the statements was introduced by Business Operations in 2015/16 aimed at providing more information but in a user friendly way. Feedback from scheme members at the time indicated that this change in format was welcomed and Business Operations intend to continue with the revised format for this year. We will continue to seek feedback from scheme members following the issue of the statements. Copies of the 2015/16 statements for both active and deferred members are shown at **Appendices 3 and 4**, and these will be updated for issue in 2016/17. Business Operations would welcome any feedback from the Board.

4. Valuation and Progress on End of Year (EOY) Returns from Employers

4.1 To ensure an accurate set of data is provided to the fund actuary to carry out the triennial valuation and to ensure timely issue of annual statements, employers were requested to provide their EOY returns by 30 April. Business Operations took a very pro-active approach to collection of the EOY returns this year given the importance for the valuation and I am pleased to report that only 4 very small employers (primarily Parish Councils with one member) have yet to provide their data submissions – the number of scheme members affected is 6 in total.

4.2 The vast majority of the EOY returns have been successfully processed and at the time of writing Business Operations expects to complete a clean data submission to the Actuary by the target date of 31 July to enable the Actuary to complete the Valuation.

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