

Report to: Pensions Committee

Date of meeting: 8 September 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 Pension Fund by Orbis Business Operations

RECOMMENDATIONS

The Committee 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 Review of Key Performance Indicators (KPIs)

1.1 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 (which are shown as **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.

1.2 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 Pensions Board 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 (LGPF) administration performance.

1.3. 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.

1.4 The proposed format is shown as **Appendix 2**. The Board were supportive of the proposed revisions and the Committee is invited to feedback their views to Business Operations.

2 Scheme Member communications – Annual Benefit Statements

2.1 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.

2.2 The Committee 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 expects the statements to be issued on or very near to the target date this year.

2.3 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 have been updated for issue in 2016/17.

3. Valuation and Progress on EOY Returns from Employers

3.1 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 End of Year (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 six in total.

3.2 The vast majority of the EOY returns have been successfully processed and Business Operations submitted the initial valuation data to the actuary. A large number of data validation errors (13,000) were generated as a result of transitional issues with a new universal data capture agreed between the main Local Government Pension Scheme (LGPS) actuarial firms and software providers which prevented completion of a clean data submission to the Actuary by the original target date of 31 July. An extended submission date of 19 August was agreed with the actuary and all validation errors were subsequently resolved by this date.

4. Pensions Processes and Systems Audit Report

4.1 The Audit team has provided a summary (**see Appendix 5**) of the 2015/16 audit that was conducted at the end of the last calendar year. As indicated, a significant number of improvements have been implemented within Business Operations since the 2015/16 report was drafted and these will be reviewed in the 2016/17 report to be initiated in the Autumn – the results of which will be fed back to the Committee and Board.

4.2 The 2015/16 report will be considered as part of the Internal Audit Q1 report at the Audit, Best Value and Community Services Scrutiny Committee on 27 September.

5. Conclusion and reasons for recommendations

5.1 The Committee 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.

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Background documents:

None