

Pensions Administration Performance

Contact Officers

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Papers with this report

None

SUMMARY

This report summarises pension administration performance across key areas of work for the period 1 October 2012 to 31 December 2012. Performance targets were agreed as part of the service level agreement with Capita and conform to national targets set for England and Wales. Previous full year performance data is included in the Annual Report for the fund.

RECOMMENDATION

That the contents of the report be noted

INFORMATION

On 1 April 2012, Pensions Administration was outsourced to Capita Employee Benefits (CEB), as part of a pan London Framework Agreement, delivering annual savings in administration costs of 27% to the pension Fund. Their performance is reported monthly to the Corporate Pensions Manager who monitors performance against the service level agreement contained within the Framework Agreement.

This is the third report since CEB became responsible for pensions administration. Within the framework agreement there is a table of performance targets which CEB report against on a monthly basis. The targets are measured in working days for each function performed as part of the administration function. The contract sets the performance standard at 100% and performance levels are analysed to ensure performance achieves the required level.

- The 3rd quarter performance reports indicated an overall average performance of 97.76% per month over the quarter. Actual performance for each month was October – 98.42%, November – 97.48%, December – 97.56%. Details of performance by area are shown in the table below. The monthly performance on reportable areas has improved over the last quarter, (Q2 96.26%) although there have been problems with regard to the production of Annual Benefit Statements, which is outlined later in this report.

Within the framework contract there is an underperformance “claw back” arrangement, such that should performance across a contractual year fall below 100%, a monthly reduction would be applied to the monthly contract fee. This will be reviewed on the first anniversary of the contract.

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As part of the overall management of the CEB contract, services levels are closely monitored. As a result of both underperformance and concerns regarding the production, accuracy and distribution of the Annual Benefit Statements, Nancy Leroux and Ken Chisholm met with the Operations Director of CEB to discuss these issues in detail. Firstly, the Operations Director apologised and admitted that CEB had performed poorly, that in effect they had taken on too many clients in too short a timeframe and initially did not have the infrastructure to support them all adequately. However, he was able to provide officers with reassurance that they were now adequately resourced and that initial problems had all been resolved. We were given assurance that all benefit Statements have now been sent out. Future statement will all be distributed by 31 August each year.

There was also an issue about the quality of data held by Capita, as our Actuary has made us aware that there have been problems regarding data sent to them by CEB, which we were assured has now been resolved. Officers are working closely with Capita to ensure that the data is clean prior to the valuation on 31 March 2013.

The performance report below shows a summary of monthly performance for the third quarter of 2012/13.

PENSIONS ADMINISTRATION PERFORMANCE

| WORK TASK | ACTION REQUIREMENTS | OCTOBER 2012 | | NOVEMBER 2012 | | DECEMBER 2012 | |
|--------------------------------------|---------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|
| | | Number of cases | % completed in target | Number of cases | % completed in target | Number of cases | % completed in target |
| Condolence Letter | 3 Days | 20 | 100.00 | 13 | 100.00 | 12 | 100.00 |
| Actual Retirement Benefits | 3 Days | 20 | 100.00 | 11 | 100.00 | 10 | 100.00 |
| Letter notifying Dependants Benefits | 5 Days | 2 | 100.00 | 0 | 0 | 2 | 100.00 |
| Process Refund | 10 Days | 0 | 0 | 11 | 100.00 | 3 | 66.66 |
| Transfers in Actual | 10 Days | 0 | 0 | 1 | 100.00 | 0 | 0 |
| Transfers in quote | 10 Days | 8 | 100.00 | 7 | 100.00 | 4 | 100.00 |
| Answer General Letter | 5 Days | 100 | 100.00 | 90 | 98.89 | 60 | 98.33 |
| Calc/Notify Deferred | 15 Days | 57 | 96.49 | 65 | 98.46 | 24 | 100.00 |
| Estimate of Retirement Benefits | 5 Days | 39 | 97.44 | 47 | 100.00 | 33 | 100.00 |
| Transfers Out Quote | 5 Days | 10 | 100.00 | 6 | 100.00 | 19 | 100.00 |
| Transfers Out Actual | 9 Days | 8 | 100.00 | 5 | 100.00 | 7 | 100.00 |
| New Entrants | 20 Days | 14 | 100.00 | 50 | 100.00 | 25 | 100.00 |
| Added Years | 10 Days | 1 | 100.00 | 4 | 100.00 | 9 | 100.00 |

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PENSIONS COMMITTEE – 27 MARCH 2013