

ADMINISTRATION REPORT

Contact Officers

Nancy Leroux, 01895 250353

Papers with this report

SUMMARY

This report provides an update on the outsourced Pensions Administration contract, the latest pension administration performance data, and early retirements in the first quarter of 2014/15. Performance targets were agreed as part of the service level agreement with Capita and conform to national targets set for England and Wales.

RECOMMENDATIONS

It is recommended that Pension Committee:

1. Note the ongoing Officer action in relation to the Capita Pensions Administration contract.
2. Review the latest administration performance statistics.
3. Note the latest information in respect of early retirements.
4. Revision of designated decision makers in the award of Death Grant payments.

1. UPDATE ON THE PENSIONS ADMINISTRATION CONTRACT

On 1 April 2012, Pensions Administration was outsourced to Capita Employee Benefits (CEB), as part of a pan London Framework Agreement, delivering potential annual savings in administration costs of 27% to the pension Fund. The Framework contained performance levels expected to be delivered. These levels have declined over the last year, and data quality issues have also been raised.

Previous reports to Pensions Committee have highlighted officers concerns with the management of this contract by CEB and the ongoing actions being taken to address the issues.

Since the last Pensions Committee, officers have visited CEB's offices on 5 occasions to discuss performance, offer help and advice on operational matters, and an improvement plan has been developed and agreed. During this time, CEB lost one member of staff from the Hillingdon contract, who has since been replaced. In addition they now have approval to increase their staffing levels, which should help their overall performance.

The quality of data held by Capita remains a concern. CEB produced comparison reports against the data held and the original data transferred from Hillingdon which

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has identified errors in the transferred data. They are working closely with their IT department to amend and update records. To date 1,100 records have been checked and amended where necessary.

As part the agreed improvement plan, 85% of all pension records should have been check and amended by 31 October 2014. They have guaranteed to issue annual benefit statements to all current scheme members by the end of September. The number of resultant query's on benefit statement will provide evidence to Officers on the quality of the review of pension records.

Over the last 3 months CEB's performance has varied greatly on reported tasks and Officers are working with CEB to ensure a stable and acceptable level of performance is attained, and maintained by our target date of December 2014. The improvement in performance is not limited to the reported tasks, but all the administration duties CEB have to perform under the contract. It had been expected that scheme member access to the CEB online system would have been live by now, but this has also not gone to plan. There seem to be recurring issues with capita's IT systems and function, which is a major concern.

To ensure speedier identification of underperformance going forward weekly performance reports are now being developed with CEB, which will be monitored and recorded.

Administration Performance Information

Performance has been reported monthly and monitored against the service level agreement contained within the Framework Agreement. Targets are measured in working days for each function performed as part of the administration contract, against a target of 100%. An overall performance measure for the six months to June 2014 is detailed below, which shows fluctuating performance, consistent with experience being seen in closer working with the CEB administration team.

January 2014	88.19%	April 2014	93.43%
February 2014	84.25%	May 2014	89.71%
March 2014	89.71%	June 2014	74.48%

Over the 1st quarter of 2014/15, the overall average performance was 85.87% per month, which was down 1.5% on the previous quarter. This was due mainly to the poorer performance recorded in June 2014. Performance on a monthly basis has been very erratic, with monthly performance ranging from 45.03% to 93.43% over the last 11 months.

Details of performance by area are shown in the table attached. The performance in respect of sending condolence letters continues to be an area of concern however the underlying performance may not be as poor as the figures indicate. There is a weakness in CEB's internal process when deaths are reported directly to their payroll and required information is not being recorded. This causes a delay in obtaining the

details of the next of kin is in some cases. Hillingdon have followed up on this issue and helped CEB to create a better working process to resolve this issue.

Within the framework agreement, CEB allowed for 100% performance against agreed tasks. As this level of performance has not been achieved, monthly fees have been reduced by the maximum allowable under the contract, resulting in a rebate of 10% of the monthly management contract charge. Since April 2014 the total underperformance rebate is £3,739.

2. EARLY RETIREMENT STATISTICS

The table below shows the number of employees, by category, where LGPS benefits have been put into payment. In the case of redundancy and efficiency this relates to members over 55 years of age.

	Redundancy	Efficiency	Ill Health	Voluntary over 60
2010/2011	20	0	11	34
2011/2012	65	0	12	24
2012/2013	23	0	6	14
2013/2014	50	0	3	45
2014/2015 - to 30.06.14	2	0	2	18

3. DEATH GRANT AUTHORISATIONS

Under the Local Government Pension Scheme Regulations 2013, the Administering Authority may, at its absolute discretion, pay any death grant to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependant of the member. When a Death Grant is due, a report is produced by the in-house pensions team, with a recommendation on who should receive the death grant. In normal circumstances this would be to a surviving Spouse or Children of the deceased. The recommendation is then passed to 3 senior officers for their approval. As a majority of these cases are non-contentious, it is proposed that in future only 2 senior officers need to agree the recommendation. Where there is a more contentious situation, legal advice would be sought. Pensions Committee are also being asked to approve a revised list of post holders authorised to make these decisions. The proposed post holders are:

- Corporate Director of Finance
- Deputy Director, Strategic Finance
- Head of Human Resources
- Chief Accountant

FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	ACTION REQUIREMENTS	APRIL 2014		MAY 2014		JUNE 2014	
		Number of cases	% completed in target	Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	9	100	6	100	10	20
Actual Retirement Benefits	3 Days	32	90.63	17	100	18	100
Letter notifying Dependants Benefits	5 Days	11	63.64	2	50	n/a	n/a
Process Refund	10 Days	21	100	18	83.33	6	66.67
Transfers in Actual	10 Days	4	100	2	100	n/a	n/a
Transfers in quote	10 Days	7	71.43	5	100	n/a	n/a
Answer General Letter	5 Days	150	96.00	99	94.95	37	62.16
Calc/Notify Deferred	15 Days	29	95.55	12	83.33	7	42.86
Estimate of Retirement Benefits	5 Days	25	88.88	15	66.67	9	2.22
Transfers Out Quote	5 Days	3	100	3	66.67	3	66.67
Transfers Out Actual	9 Days	7	85.71	1	100	1	0.0
New Entrants	20 Days	52	96.15	24	83.33	54	100
Added Years	10 Days	n/a	n/a	n/a	n/a	n/a	n/a

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PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	ACTION REQUIREMENTS	JULY 2014		AUG 2014		SEP 2014	
		Number of cases	% completed in target	Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	11	27.27	12	8.33		
Actual Retirement Benefits	3 Days	23	100	21	100		
Letter notifying Dependants Benefits	5 Days	n/a	n\	1	100		
Process Refund	10 Days	11	54.55	8	37.50		
Transfers in Actual	10 Days	1	100	1	100		
Transfers in quote	10 Days	1	0	2	50		
Answer General Letter	5 Days	56	76.79	48	58.33		
Calc/Notify Deferred	15 Days	19	47.37	18	33.33		
Estimate of Retirement Benefits	5 Days	14	35.71	23	47.83		
Transfers Out Quote	5 Days	n/a	n\	2	0		
Transfers Out Actual	9 Days	n/a	n\	n/a	n\		
New Entrants	20 Days	24	95.83	7	71.43		
Added Years	10 Days	n/a	n\	n/a	n\		

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