

# PENSIONS ADMINISTRATION PERFORMANCE REPORT

Contact Officers

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Papers with this report

## SUMMARY

This report provides an update Pensions Administration performance and early retirements in the second 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 Pensions Committee:**

- 1. Review the latest administration performance statistics.**
- 2. Note the latest information in respect of early retirements.**

### 1. UPDATE ON THE PENSIONS ADMINISTRATION PERFORMANCE

Previous reports to Pensions Committee have highlighted officers concerns with the management of the Pensions Administration contract by Capita Employee Benefits (CEB) and the ongoing actions being taken to address the issues. This issue is further addressed later on this agenda.

Performance is monitored monthly against the service level agreement contained within the Framework Agreement. Since the start on November, this has been escalated to weekly monitoring and weekly reports are now being received. 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 seven months to October 2014 is detailed below, which clearly shows declining performance.

April 2014	93.43%	July 2014	70.00%
May 2014	89.71%	August 2014	54.55%
June 2014	74.48%	September 2014	60.13%
		October 2014	42.74%

Over the 2<sup>nd</sup> quarter of 2014/15, the overall average performance was 61.84% per month, which was down 24.03% on the previous quarter. Details of performance by individual KPI for the last four months are shown in the attached appendix.

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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. The total underperformance rebate for the year to 31 October 2014 is £8,413.

Over the last 4 months CEB's performance on reported tasks has again been variable, with extremely poor performance in August 2014. Officers are in continual discussion with CEB management about performance, explained later in this agenda, but a few specific areas of concern are detailed below:

**Annual Benefit Statements** have now been sent out to a majority of staff, however, they were sent much later than planned. Whilst the figures are largely accurate, the format of the statements is not very useful or informative for Scheme Members.

Actual Retirements and transfers in were all processed within target, and records for new starters were created in a timely manner. However, in all other areas, performance was well behind target.

**Condolence Letters:** Changes to Capita's workflow system have still not been made, and therefore the "Condolence Letter" performance indicator is still not reflecting the true performance, against the 3 day target. Actions to amend this work task are still in progress and should be completed, and reflected in future reports to Committee.

Performance on **Estimates of Retirement Benefits** has been particularly poor, not exceeding 50% over the last 4 months. This is an area where performance needs to be much higher to provide an information in a timely manner to employees when they are making serious decisions about their futures.

The provision of data to our actuary to enable them to produce **FRS 17** reports for schools and academies has been particularly slow, leading to numerous complaints from schools. The deadline for Schools to finalise their accounts is 31 December and the long delay in CEB providing information is causing real concern. Officers have been chasing this information on a daily basis.

Finally, the level of **complaints** has increased considerably as the level of performance has become worse.

As mentioned above, officers are in continual communication with CEB trying to get resolution to the above issues. The Chief Executive Officer of CEB, Susan Ring, is now personally involved in the management of the Hillingdon contract and many of the complaints are being directed to her for an answer.

## 2. EARLY RETIREMENT STATISTICS

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

	<b>Redundancy</b>	<b>Efficiency</b>	<b>Ill Health</b>	<b>Voluntary over 60</b>
2010/11	20	0	11	34
2011/12	65	0	12	24
2012/13	23	0	6	14
2013/14	50	0	3	45
2014/15 to 30.09.14	12	0	5	39

### FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

### LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

## APPENDIX

## PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	Target	July 2014		August 2014		September 2014		October 2014	
		Number of cases	% completed in target	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	13	53.85	19	42.11
Actual Retirement Benefits	3 Days	23	100	21	100	17	100	33	100
Letter notifying Dependants Benefits	5 Days	0	-	1	100	0	-	0	-
Process Refund	10 Days	11	54.55	8	37.50	13	30.77	75	12.00
Transfers in Actual	10 Days	1	100	1	100	3	100	2	0
Transfers in quote	10 Days	1	0	2	50	0	-	3	0
Answer General Letter	5 Days	56	76.79	48	58.33	34	55.88	73	47.95
Calc/Notify Deferred	15 Days	19	47.37	18	33.33	15	33.33	80	6.25
Estimate of Retirement Benefits	5 Days	14	35.71	23	47.83	21	23.81	26	38.46
Transfers Out Quote	5 Days	0	-	2	0	2	50.00	5	100
Transfers Out Actual	9 Days	0	-	0	-	4	75.00	3	66.67
New Entrants	20 Days	24	95.83	7	71.43	31	90.32	52	98.08
Added Years	10 Days	0	-	0	-	0	-	1	100

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