

## Pensions Administration Performance Report

Contact Officers

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Papers with this report

### SUMMARY

This report provides an update on the latest pension administration performance data and early retirements in the third 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. Review the latest administration performance statistics.
2. Note the latest information in respect of early retirements.

#### 1. 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 last eight months is shown below, which after the significant low in October 2014 has been maintained above 90%.

July 2014	70.00%
August 2014	54.55%
September 2014	60.13%
October 2014	41.73%
November 2014	93.25%
December 2014	94.93%
January 2015	90.81%
February 2015	94.64%

Reasons for this significant improvement are explained in detail in the Pension Administration Contract report in Part II of this agenda.

Details of performance by area are shown in the table attached.

Focussing on the performance over the last three months, two areas remain a significant cause for concern through very poor levels of performance:

1. Condolence Letters - This area has been brought to Capita's attention on a number of occasions. The average time to complete this task is 4.5 days we are working with Capita to ensure that the target is met and maintained going forward. We have raised this as matter that needs to be discussed with the Administration Team.
2. Estimate of Retirement Benefits - There have been a number of cases where Retirement Benefits have been calculated, within the SLA, however the problem seems to be with the time taken to check these estimates. This has been discussed with Capita, and suggested changes to their workflow system have been raised at our weekly meeting with Capita.

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 2014/15 to 31<sup>st</sup> December 2014 is £11,217.00.

## 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>
<b>2010/2011</b>	<b>20</b>	<b>0</b>	<b>11</b>	<b>34</b>
<b>2011/2012</b>	<b>65</b>	<b>0</b>	<b>12</b>	<b>24</b>
<b>2012/2013</b>	<b>23</b>	<b>0</b>	<b>6</b>	<b>14</b>
<b>2013/2014</b>	<b>50</b>	<b>0</b>	<b>3</b>	<b>45</b>
<b>2014/2015 01.04 14 - 31.12.14</b>	<b>18</b>	<b>0</b>	<b>7</b>	<b>45</b>

As a result of a key recommendation by the Audit and Accounts Commission, local authorities were advised to calculate and monitor early retirement costs as they occurred within the LGPS between formal triennial valuations. With effect from 1 April 2014, the cost of early retirement is re-charged back to the employing department of the former employee. In past years the employer's contribution rates as prescribed in the 2010 valuation were increased by 1%, effective from 1 April 2011 to 31 March 2014, to meet anticipated early retirement costs.

## 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	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	28	28.57
Actual Retirement Benefits	3 Days	23	100	21	100	17	100	33	100
Letter notifying Dependants Benefits	5 Days	N/A	N/A	1	100	N/A	N/A	N/A	N/A
Process Refund	10 Days	11	54.55	8	37.5	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	N/A	N/A	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	N/A	N/A	2	0	2	50.00	5	100
Transfers Out Actual	9 Days	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/A	N/A	1	100

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**PENSIONS ADMINISTRATION PERFORMANCE**

WORK TASK	Target	November 2014		December 2014		January 2015		February 2015	
		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	3	100	12	8.33	12	16.67	4	25.00
Actual Retirement Benefits	3 Days	7	100	16	100	17	100	13	100
Letter notifying Dependants Benefits	5 Days	1	100	5	100	N/A	N/A	2	100
Process Refund	10 Days	5	100	27	100	41	97.56	60	98.33
Transfers in Actual	10 Days	1	100	23	100	21	100	7	100
Transfers in quote	10 Days	1	100	22	100	21	100	11	100
Answer General Letter	5 Days	137	90.51	115	94.78	145	95.86	101	95.05
Calc/Notify Deferred	15 Days	3	100	39	100	42	85.71	38	92.11
Estimate of Retirement Benefits	5 Days	7	85.71	7	100	12	41.67	10	60.00
Transfers Out Quote	5 Days	1	100	2	100	9	100	11	100
Transfers Out Actual	9 Days	4	100	26	100	12	91.67	8	100
New Entrants	20 Days	82	96.34	40	100	27	92.59	51	98.04
Added Years	10 Days	N/A	N/A	1	100	N/A	N/A	1	100

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