

## Administration Report

Contact Officers

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Papers with this report

Copy of Capita Transfer Out Declaration forms

### SUMMARY

This report provides an update on the latest pension administration performance data and early retirements for the year 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.
3. Note the details on transfer requests received since 1 April 2015.

### 1. ADMINISTRATION PERFORMANCE INFORMATION

Performance is 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 eleven months is shown below, which after the significant low in October 2014 has been maintained above 90%. There was a slight drop in performance during April, which was caused by a high level of sickness and annual leave during the Easter period. This was discussed with Capita and assurances have been made that contingencies will be put in place to ensure that this does not happen again in the future. Composite monthly performance figures are shown in the table below with the detailed reports in the tables attached.

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%
March 2015	92.88%
April 2015	90.91%
May 2015	98.96%

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Whilst the overall performance is being maintained at a higher level there remain a few areas of concern:

- Condolence Letters - This area has been brought to Capita's attention on a number of occasions. The average time to complete this task is 5 days, whereas the target is 3 days. This is not an acceptable level of performance. The processing of these cases was moved to Capita's offices in Darlington in an attempt to improve performance, but as this has not made any significant difference they have now been transferred back to Surbiton office where close scrutiny by Hillingdon Officers will continue and will be part of the weekly performance review.
- Estimate of Retirement Benefits - There has been no sustained improvement in this area, with only 75% of cases completed within target in May. This is a further area of work which is being provided by the Darlington office. These cases will continue to be monitored and discussed with Capita.
- Performance on deferred benefit calculations dropped sharply in May. The reason is being investigated, although in times of high pressure we would expect this area to have the lowest priority.

Officers are continuing to attend Capita's office in Surbiton and are working together to improve the service. Recently we have also been facilitating meetings between Capita, Schools HR Co-operative and the payroll provider to the majority of schools, to overcome problems identified recently. Staffing levels are now at a level where performance should be maintained.

There remains a backlog of cases which have not been completed within the SLA, and as at 29 May this figure stood at 17 cases. Capita are working to reduce this figure to zero by 31 July 2015. During the period 1 January 2015 to 31 May 2015 we have had to escalate 5 individual cases to the Chief Executive at Capita, as the members were not receiving information in a timely manner from 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 was £14,021.00.

## **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</b>	<b>23</b>	<b>0</b>	<b>8</b>	<b>52</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. The capital cost of early retirement is charged back to the employer at the time of retirement and is closely monitored by Officers to ensure the Fund is not disadvantaged.

### **3. TRANSFER REQUESTS**

At the last meeting there was discussion regarding the potential impact on the pension fund if there was a significant increase in the number of transfers paid out to pension providers as a result of the new "Pension Freedoms" from 1 April 2015.

Officers were asked to provide Committee with details of the Capita process to ensure that scheme members were being made fully aware of the consequences of transferring their benefits. A copy of the paperwork sent out by Capita is attached to this report for information. In addition Officers were asked to monitor such requests and to ensure that the Administering Authority was involved in the decision process. For the period 1 April to 31 May 2015, there were 10 requests for a transfer out quotation, of which 6 were in relation to the new freedoms. As yet there have been no actual transfer requests.

In relation to new members joining the scheme, additional steps are being introduced into the process to ensure that the authority makes the decision in relation to accepting transfers into the Fund. The Fund needs to ensure that all benefits coming into the Fund are fully funded and there are circumstances where it may be better for the fund not to accept a transfer. A formal sign off process is being developed.

### **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	January 2015		February 2015		March 2015	
		Number of cases	% completed in target	Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	12	16.67	4	25.00	8	25.00
Actual Retirement Benefits	3 Days	17	100	13	100	17	100
Letter notifying Dependants Benefits	5 Days	N/A	N/A	2	100	1	0.00
Process Refund	10 Days	41	97.56	60	98.33	90	100
Transfers in Actual	10 Days	21	100	7	100	3	100
Transfers in quote	10 Days	21	100	11	100	5	100
Answer General Letter	5 Days	145	95.86	101	95.05	256	98.44
Calc/Notify Deferred	15 Days	42	85.71	38	92.11	65	95.38
Estimate of Retirement Benefits	5 Days	12	41.67	10	60.00	30	83.33
Transfers Out Quote	5 Days	9	100	11	100	7	85.71
Transfers Out Actual	9 Days	12	91.67	8	100	6	83.33
New Entrants	20 Days	27	92.59	51	98.04	102	99.02
Added Years	10 Days	N/A	N/A	1	100	0	0.00

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**PENSIONS ADMINISTRATION PERFORMANCE**

WORK TASK	Target	April 2015		May 2015	
		Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	18	22.22	17	100
Actual Retirement Benefits	3 Days	32	100	22	100
Letter notifying Dependants Benefits	5 Days	5	60.00	2	100
Process Refund	10 Days	87	97.70	55	100
Transfers in Actual	10 Days	11	100	6	100
Transfers in quote	10 Days	20	95.00	3	100
Answer General Letter	5 Days	257	96.50	119	100
Calc/Notify Deferred	15 Days	42	83.33	27	27
Estimate of Retirement Benefits	5 Days	56	62.50	16	75.00
Transfers Out Quote	5 Days	14	85.71	8	100
Transfers Out Actual	9 Days	12	100	1	100
New Entrants	20 Days	95	98.95	104	100
Added Years	10 Days	0	0.00	0	0.00

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