

## Pensions Administration Report

Contact Officers

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Papers with this report

Administration Strategy

### SUMMARY

This report provides an update on Pension Fund Administration and includes details on progress of the project to transfer Administration to Surrey County Council; the latest update on administration performance; and an update on early retirement statistics. Committee are also asked to give approval to the Administration Strategy.

### RECOMMENDATIONS

It is recommended that Pension Committee:

1. Note the progress on the transfer of Administration;
2. Review the latest administration performance figures;
3. Note the latest information in respect of early retirements;
4. Approve the Administration Strategy.

#### 1. TRANSFER OF ADMINISTRATION FROM CEB TO SURREY COUNTY COUNCIL with effect from 1 November 2016

The project to transfer administration to Surrey County Council is now at an advanced stage and all actions are on track. Weekly conference calls between LBH, Surrey, CEB and Heywood (the administration system provider) ensure that activity is tracked and monitored. An updated data cut has been uploaded from the Capita system to the test environment of Surrey's system and Hillingdon officers have access to that system. Testing has taken place by both by Surrey and Hillingdon Officers and issues have been reported back to Heywood for rectification. Generally the majority of the data received has been mapped on to Surrey's system. The first parallel run of the payroll is due to take place in September.

Monthly project Board meetings are also held to ensure escalation of any issues as they arise. At this stage there are no issues to report to Committee.

#### 2. 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 each month in this year is shown below, with detail on the last three months detailed at the end of this report.

Month	Performance
April 2015	90.91%
May 2015	98.96%

June 2015	96.40%
July 2015	99.45%
August 2015	97.87%
September 2015	99.22%
October 2015	98.61%
November 2015	100%
December 2015	99.66%
January 2016	99.23%
February 2016	99.36%
March 2016	99.60%
April 2016	98.42%
May 2016	98.73%
June 2016	97.32%
July 2016	98.33%
August 2016	97.22%

Whilst overall performance has been consistently above 97%, there remain a few areas of concern where performance is below an acceptable level, particularly during August. Condolence letters once again only achieved 70% during August; the calculation of deferred benefits was at less than 90% and the estimate of benefits was also fairly poor during August.

However, the performance data does not report on the other ongoing rectification issues such as data cleanse work where Hillingdon officers are continuing to work with CEB administrators to amend and update members' records where errors have been identified. A number of additional amendments have been identified as a result of the analysis of the year-end data received from external employers, schools and academies.

### **Annual Benefit Statements (ABS) 2016**

Capita have confirmed that all annual benefit statements were sent to scheme members and deferred members, by 31 August 2016.

### **Transfer Requests**

Officers were asked to monitor and 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. For the 3 months from March 2016 to June 2016 there were 25 requests for transfer out quotations, of which 11 were in relation to the new freedoms. There was 1 transfer made under the New Freedoms. This transfer was for £11,350 and as this figure is less than £30k payment was made without reference to an Independent Financial Advisors Certification.

### 3. 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. The earliest age a scheme member can retire voluntarily is age 55.

	Redundancy	Efficiency	Ill Health	Voluntary over 55
2012/13	23	0	6	14
2013/14	50	0	3	45
2014/15	23	0	8	52
2015/16	19	0	6	68
2016/17 1 <sup>st</sup> Quarter	17	0	2	48

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.

### 4. Administration Strategy

In June 2016, Committee approved the draft Administration Strategy for consultation with other employers in the Fund. Employers were invited to submit their comments by 31 August 2016. At the time of writing this report no comments had been received, therefore Committee is asked to approve the Strategy without amendment.

### FINANCIAL IMPLICATIONS

The financial implications are contained within the report.

### LEGAL IMPLICATIONS

There are no legal implications within this report.



### PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	Target	June 2016		July 2016		August 2016	
		Number of cases	% completed in target	Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	15	93.33	17	88.24	10	70
Actual Retirement Benefits	3 Days	40	100	22	100	56	100
Letter notifying Dependants Benefits	5 Days	6	100	6	100	3	100
Process Refund	10 Days	62	100	75	98.67	64	98.44
Transfers in Actual	10 Days	2	100	3	100	5	100
Transfers in quote	10 Days	6	100	11	100	9	100
Answer General Letter	5 Days	85	100	93	97.85	87	97.70
Calc/Notify Deferred	15 Days	66	100	61	100	48	89.58
Estimate of Retirement Benefits	5 Days	38	97.37	42	100	38	92.11
Transfers Out Quote	5 Days	0	N/A	0	N/A	14	100
Transfers Out Actual	9 Days	4	100	2	100	10	100
New Entrants	20 Days	95	100	105	98.10	159	100
Added Years	10 Days	0	N/A	0	N/A	0	NA