By:	The Chairman Superannuation Fund Committee
	Director of Finance
To:	Superannuation Fund Committee – 18 June 2010
Subject:	**PENSIONS ADMINISTRATION**
Classification:	Unrestricted

| Summary: | To provide members with a comprehensive update of administration issues including:- |

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Future technology strategy
- Other topical issues

FOR INFORMATION

INTRODUCTION

1.   This report is to update members on a range of administrative issues.

WORKLOAD POSITION

2.   Members were advised in November 2009 of the increasing workload for the Pension Section. Appendix I updates the workload position.

3.   The figures demonstrate that the increase in workload over the preceding 4 year period, appears now to have levelled out, albeit, at the increased levels.

4.   The section now has its lowest level of cases outstanding, at 6604, over the 5 year period. Some caution must be applied to this position, given, it represents cases where we have the data to proceed, but, excludes cases where we await further information from the employer to commence the task.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

5.   I am delighted to confirm to committee that for the third consecutive 6 month period, the section has outperformed the target of 95%, in each of the KPI areas.

6. The tasks which are identified to be key tasks represent those with a direct scheme member output and reflects to a large extent the quality of service provided.

7. It is intended in the medium term to improve 'turnaround' times. Although, during 2010/2011 this will not be possible due to the valuation process and our recent losses of 3 FTE positions.

FUTURE TECHNOLOGY STRATEGY

8. In common with all business, particularly those businesses engaged in processing/production operations, the most significant improvements and efficiency's will be achieved through the use of the latest technology.

9. As confirmed in my last report, our concentration in this area to date has been in the development of technology which has increased sharply of efficiency in completing tasks within the unit. (Electronic imaging, electronic workflow, task allocation etc).

10. Our focus in the future is very much more designed to provide employers and scheme members, an on-line facility to get information, undertake calculations and amend basic data. This work is now progressing well.

PENSION FUND WEBSITE

11. We presently have a 'Pension Scheme' website located on the Kent County Council website which provides scheme information for employers, scheme members and pensioners. The website has no interactive on line facilities.

12. Agreement and much progress has been made in the development of a 'Kent Pension Scheme' website, located at its own domain address, incorporating the ability to provide on-line access to both employers and scheme members.

13. Access will be via 'PIN' identification from remote desktop. Scheme members will eventually be able to obtain Annual Benefit Statements, Deferred Benefit Statements, Benefit Predictions and change basic scheme member data, on-line via their personal desktop at home or work.

14. At present, the design of the website, incorporating areas for employers, pensioners and investments, is well underway. The scheme members area is presently under construction. I anticipate it will be up to two years before interactive on-line functionality is available.

AXISe EMPLOYER

15.   Discussions with IS have resulted in agreement that this software, enabling employers to undertake administrative tasks on line, will be housed on a KCC server and provide desktop access for all employers.

16.   It is anticipated that by the end of June 2010, employers selected to test this system and functionality will have access to commence tasks. This is an important step forward in our effort to provide interactive processes which will, it is hoped, much improve the quality and timeliness of data input from employers.

BAR-CODING

17.   We are currently investigating the benefits of bar-coding documentation. This enables the section to bar-code documentation, which, when returned to the section, is automatically scanned and indexed to the members record, attached to the current task and is highlighted on the workflow system as having been returned and needing action. This should save enormous time compared to the current process of manual scanning and indexation to the clients file/task.

18.   In summary, we are seeking to provide employers, scheme members and pensioners, every available opportunity, to gain information and conduct basic transactions on an on-line basis. This should in turn reduce the current number of enquiries, estimate requests and basic administrative tasks to a minimum, freeing up our experience administrators to undertake more complex procedures and reduce our KPI turnaround times.

OTHER TOPICAL ISSUES

19.   I felt it would be useful to advise members of our key achievements in the year ending 31 March 2010:

- KPIs maintained in excess of target levels
- New phone system installed and working efficiently on a 'hunt' line basis
- High performance in CIPFA Benchmark Survey
- 'High Assurance' and 'Substantial Assurance' audit outcomes from internal and external reviews
- Annual Benefit Statements (ABI) project completed to timescale and the number of suppressed ABIs was the lowest ever
- Reduction in overall workload outstanding
- Deferred benefits brought up to date and under control
- Risk register reviewed and up to date

- Employer data improved with key employers
- Pensioner newsletter published

MORTALITY SCREENING

20. We have not yet selected our preferred provider for mortality screening service. We have three options and are investigating which provider has the most secure data transfer arrangements in place to protect data in transit.

STAFFING

21. During the year ending 31 March 2010 we have been operating with 4 FTE vacancies following natural wastage across the Production Team. Three further FTE losses have occurred in the last two months leaving the section with 7 FTE vacancies on the Production Team. I am delighted that we have achieved so much, despite this reduction in resource, but, propose to recruit new trainees during 2010/11 to fill a number of these vacancies. The process, if started now, would result in the first trainees starting in September/October when the valuation is completed.

VALUATION

22. The valuation process is progressing very well. Of 262 employers no less than 260 returns have been received with the largest part within the agreed deadline. This represents the best outcome during my time as Pensions Manager at KCC. The contribution returns have been posted and our year end term is sifting through the data exceptions to update records in readiness for the valuation report to be sent to our actuary Barnett Waddingham. It is hoped therefore that the valuation results will be available in good time to advise employers of the revised rates in the future.

ADMINISTRATION SOFTWARE SYSTEM

23. All but two of 90 Administering Authority's use the Aquila (Heywood) administration system. Each authority has its own contract as required by EU Procurement rules but, we all belong to CLASS being the collective informal body which overseas, via a number of User Groups, the operation, development and functionality of the system, Technical Groups, Testing Groups and Management Team. As Chair of the Management Team, I am seeking to create a framework tender arrangement to create a single provider contract to cover all CLASS member authorities.

I will keep members advised of progress in this critical tender process, designed to provide all administering authorities, with maximum stability over what will be further times of change in the next five years.

SUMMARY

24.   I am satisfied the Pensions Section continues to deliver a good service to its many and varied customers in demanding times for pension scheme administrators. Our plans for the development of our uses of technology will place us in good stead for the future. I am confident that the valuation process will conclude fully satisfactorily despite our current staff resource vacancies. We face a very challenging agenda in the next three to five years but hope our business model will enable us to deliver a high quality performance.

RECOMMENDATION

25.   Members are asked to note the content of this report.

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Workload Summary

Cases completed in key administration areas.

Case Type	2005/06	2006/07	2007/08	2008/09	2009/10
Benefit calculation	1255	1547	1544	1814	1797
Divorce quotations	-	304	306	373	490
Estimate calculations	1206	2302	2121	2364	2348
Preserved Benefit Calculations	-	3810	3923	4443	3913
Transfers in (Actual and Quote)	-	499	754	597	664
Transfers Out (Actual and quote)	-	239	430	542	555
Widows benefits	342	307	346	379	311

Total cases completed and total cases outstanding (20 weeks comparison each year May/September).

	2006	2007	2008	2009	2010
Total cases completed	11464	15240	14885	15641	N/A
Total cases outstanding	7844	9937	9129	7753	6604

Achievements against Key Performance Indicators

Case Type	Target Time	6 months 04/08		6 months 09/08		6 months 04/09		6 months 09/09		6 months 03/10	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement award	20 days*	731	96%	977	92.5%	837	98.5%	907	98%	913	98%
Calculation and payment of dependant benefit	15 days*	170	91%	172	95.8%	200	100%	134	99%	178	98%
Calculation and provision of benefit estimate	20 days*	951	95%	1198	91.5%	1166	98%	1161	98%	1244	99%
Reply to correspondence	Full reply 10 days	607	95%	741	91.0%	862	98%	785	99%	893	98%

* All targets run from the day all the necessary data is received from the employer.