

By: Director of Finance

To: Superannuation Fund Committee – 15 June 2007

Subject: **PENSIONS ADMINISTRATION**

- **Key Performance Indicators**
- **New Look Scheme**
- **Valuation Process**

Classification: Unrestricted

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Summary: To advise members of progress against key performance indicators since the last report in March 2007. To provide members with a summary of the key elements of the 'new look' scheme proposed for April 2008 and an update on the 2007 valuation process.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. Members were advised of much improved results against the key performance indicators at the meeting of 16 March 2007. This report confirms the improved position has been maintained since the last report and during the very busy period when the section is preparing for the 2007 valuation.
2. Attached in the Appendix are the results against key performance indicators to 26 May 2007.

### **COMMENTARY ON RESULTS**

3. During a period when production resource has been diverted to assist the valuation team it is particularly pleasing to see the key performance results have been improved against the previous high standards reported at the last meeting.
4. Every effort will be made to maintain this performance through to July 2007 when the valuation work is scheduled for completion.

### **KEY ELEMENTS OF THE NEW LOOK SCHEME**

5. Members are aware that the consultation period on the design of the proposed 'new look' pension scheme ended in February 2007. Since the last committee meeting, regulations have been issued by CLG the main points of which are as follows:

- All scheme members move to the new scheme on 1 April 2008
  - The scheme remains on a 'final salary' basis with a 1/60<sup>th</sup> accrual rate
  - Benefits to be calculated on last years whole time equivalent pay
  - Normal retirement age 65 years
  - Membership can run to age 75 years
  - Immediate payment of benefits upon redundancy/efficiency to be 55 years from 1 April 2008 (current members at age 50 years to 31 March 2010 as present)
  - Two tier ill health benefits
  - Flexible retirement option from age 55 years
  - Death in service lump sum to be 3 times annual salary
  - Partners benefits
  - 7 tiered contribution bands for employees ranging from 5.5% (pay up to £12,000) to 7.5% (pay over £75,000). Average employee rate 6.3%.
  - AVC schemes to be available but contributions limited to 50% of pay
  - Employers may award up to 10 years extra membership or grant extra pension of up to £5,000 per annum.
6. The new look scheme was designed to deliver savings in respect of future service for both existing and new scheme members.
7. It is generally believed that only marginal savings, if any, will result from the above scheme design.
8. It is the opinion of officers that the new look scheme does not deliver sufficient future cost savings, does not encourage membership of young and low paid employees and will be more complex in terms of administration (for both employers and the Pensions Section). The proposals have not generally been well received by employers.
9. Consultation regarding transitional protection in respect of the 85 year rule continues.

## **VALUATION PROCESS**

10. I am pleased to advise members that data returns have been received from 210 of our 253 employers. All districts have responded with the exception of Thanet District Council who have moved to a new payroll provider. The system is not currently able to extract the membership data but efforts are being made to solve this problem.
11. KCC employee returns are being delayed, given, the new Capita 'Midland Trent' payroll system used by schools has no facility to extract data for the valuation. This represents circa 50% of KCC membership and in common with Thanet District Council, all effort is being made to resolve the problem.
12. If these two large issues are resolved then I am confident that the valuation data reports will be available to our actuary by the first week in August (the target date).

## **RECOMMENDATION**

13. Members are asked to note this report.

**Patrick Luscombe  
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## Achievements against Key Performance Indicators

Case Type	Target Time	6 mths to Sept 2006		3 mths to Dec 2006		January 2007		February 2007		March 2007		April 2007		May 2007	
		No	% in Target	No	% in Target	No	% in Target	No	% in Target	No	% in Target	No	% in Target	No	% in Target
Calculation and payment of retirement award	10 days from receipt of all paperwork	748	85%	406	87%	102	99%	126	100%	128	99%	115	99%	148	100%
Calculation and payment of dependant benefits	10 days from receipt of all paperwork	138	88%	82	96%	19	100%	33	94%	21	100%	31	100%	32	100%
Provision of Benefit estimate	20 days from receipt of all paperwork	1081	73%	463	85%	145	97%	150	92%	245	95%	204	94%	193	94%
Reply to correspondence	Full reply within ten working days	567	69%	268	81%	90	98%	105	94%	116	93%	125	97%	129	97%