

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 16 November 2018

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)
- Data Quality and Preparation for the Valuation of the Fund 2019

FOR INFORMATION AND DECISION

INTRODUCTION

1. This report brings members fully up to date with a range of issues concerning the administration of the Kent Local Government Pension Scheme.

WORKLOAD POSITION

2. Appendix 1 shows the year on year comparison of work levels being received in the section together with the levels in the 6 months ending 30 September 2018.
3. Assuming that workloads continue at the same level for the remainder of 2018/19 then the majority of work categories will have increased when compared to previous years.
4. As reported previously the category where there is a continuing increase year on year is with regard to communications to the section. We encourage members of the scheme to visit our website www.kentpensionfund.co.uk, with a current average of 8280 visits a month, to answer as many of their questions as possible however many still require a personal response. These figures do not include telephone calls received in the section, which averages at approximately 2000 each month.
5. Communications increase following the despatch of the deferred benefit annual updates, normally in June each year, and the Annual Benefit Illustrations, for current members of the scheme, despatched at the end of August. In June 2018, 38303 deferred benefit annual updates were issued with 46291 Annual Benefit Illustrations being issued at the end of August.
6. The number of deferred benefit calculations completed has increased during the first 6 months of the year as we seek to clear some of the outstanding cases we have in this area.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

7. Appendix 2 shows the achievements of the section in meeting its KPIs for the 6 months to 30 September 2018 compared to the previous 4 years.
8. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.
9. You will note in the categories of dependant benefits and correspondence that there has been a slight improvement in the KPI percentage with a fall in the percentage in the other 2 categories. The first 6 months of the year are always particularly busy when dealing with our normal workload as well as the despatch of the deferred benefit update statements and Annual Benefit Illustrations. In addition as has been demonstrated in Appendix1 we have also seen an increase in our workload over this period however we are hopeful that the annual figures for 2018/19 will see an improvement in these areas.

DATA QUALITY AND PREPARATION FOR THE VALUATION OF THE FUND 2019

10. As explained at previous Superannuation Committee meetings The Pensions Regulator now requires all pension schemes to measure the quality of their data with regard to 'Common Data' and 'Scheme Specific Data'.
11. We understand that the LGPS Scheme Advisory Board, together with the Government Actuary Department, are still in discussions with regard to the actual 'Scheme Specific Data' that should apply in the case of the LGPS however a basis has been decided between the software providers in order that information can be provided to the Pensions Regulator with regard to each scheme's quality of data.
12. Our software provider Aquila Heywood have run an analysis against our database and in September 2018 provided reports with regard to the quality of our data. I detail below some of the initial findings.
13. With regard to the 'Common Data', there are 8 categories of data that are measured, such as valid National Insurance number format, name, current address etc 7 of the 8 categories met the highest benchmark of greater than 98% with 2 categories not recording a single failure. Overall the percentage of tests passed for common data is 99.3%.
14. With regard to the 'Scheme Specific Data' the analysis incorporates in the order of 100 individual tests against data. The overall percentage of tests passed for Kent's scheme-specific data is 93.6%.
15. As explained these reports have only been produced recently and therefore we will now study them in detail and produce a data improvement plan, with priority being given to the areas identified as highest risk.

16. In addition to the improvement in data quality we are also considering various options with regard to our outstanding workloads that will need to be completed before August 2019 in order that the scheme actuary can undertake the Valuation of the Fund.
17. Members will be aware of the problems I have reported previously of recruiting and retaining pensions administration staff and so one of the initiatives we undertook during the summer was to employ students on a temporary basis to help with clearing some of the backlogs of work and we currently have some graduates, employed by our actuary Barnett Waddingham, also helping with this task.
18. However it is clear that these initiatives, together with the work that can be undertaken by the existing pensions administration staff will not clear enough of the backlogs of work in order that the actuary can undertake the valuation of the Fund next summer.
19. Members may recall that a National LGPS Framework for Third Party Administration Services has been established by Norfolk CC and that this has been used previously to secure the procurement of various services. One of the services offered by some of the companies listed on the framework is the delivery of a service dealing with the backlogs of various categories of LGPS administration work.
20. Initial costs given by 2 of the companies on the Framework range from £30 to £65 per case, depending on the complexity of each case. As we are seeking for these companies to clear between 8000-10000 cases between January and June 2019 the total figures mean that we would need to engage with KCC's procurement team in order to call off the framework.

RECOMMENDATION

21. Members are asked to note this report and agree that a call off from the Norfolk Framework may be undertaken to engage a company to help to clear backlog cases.

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**Tasks completed in key administration areas
Workload summary**

Case Type	2014/15	2015/16	2016/17	2017/18	6 months to September 2018
Benefit calculation	1928	1766	2238	2008	1220
Correspondence	3450	4719	5370	5339	3175
Divorce case	293	385	381	329	204
Estimate calculation	2541	2810	3145	3025	1891
Deferred benefit	2475	993*	1357*	1720*	2265
Transfer/Interfunds in	189	204	286	422	125
Transfer/Interfunds out	558	651	644	859	347
Dependants	323	377	410	377	249
Total	11,757	11,905	13,831	14,079	9,476

*These represent the number of leavers that have been identified as deferred benefits and have been processed. It does not include members who have left the scheme where we have still to process the leaver

Achievements against Key Performance Indicators

Case Type	Target Time	14/15		15/16		16/17		17/18		6 months to September 2018	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	1928	99%	1766	96%	2238	95%	2008	98%	1220	93%
Calculation and payment of dependant benefit	15 days	323	87%	377	86%	410	95%	578	99%	249	98%
Calculation and provision of benefit estimate	20 days	2541	63%	2810	62%	3145	67%	3025	72%	1891	64%
Reply to correspondence	15 days	3450	98%	4719	98%	5370	99%	5339	99%	3175	100%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task.