

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

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)
- Pension Administration team redesign
- Clearance of unprocessed cases

FOR INFORMATION

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 2019.
3. As at 30 September 2019 the total number of tasks completed was 11,738. If workloads continue at the same level for the remainder of 2019/20 then the total number completed during the year will far exceed completed tasks in previous years. This is due to increases in workloads in certain areas however also as a result of the work undertaken by external companies, as detailed in previous meetings, in processing deferred benefits.
4. In previous years communications have shown a year on year increase, however there has been a decrease during the first 6 months of this year. The reason for this could be as a result of backlogs of cases being processed which means that scheme members no longer call regarding the progress of their case. This was particularly noticeable after Annual Benefit Illustrations were issued when calls fell by approximately 40%. We encourage members of the scheme to visit our website www.kentpensionfund.co.uk, with a current average of 11,000 visits a month, to answer as many of their questions as possible. However many still require a personal response with an average of 1575 calls a month received.
5. The number of deferred benefit calculations completed has increased as these were one area of work undertaken by external companies.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

6. Appendix 2 shows the achievements of the section in meeting its KPIs for the 6 months to 30 September 2019 compared to the previous 4 years.
7. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.
8. The 4 areas are either equal to last year or have improved however the completion of estimates in the 20 day turnaround time unfortunately still falls below the 95%. 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 Appendix 1 we have also seen an increase in our workload over this period however we are hopeful that the annual figures for 2019/20 will see an improvement in this area.

PENSIONS ADMINISTRATION TEAM REDESIGN

9. As explained at previous Superannuation Committee meetings the Pensions Administration team has for many years suffered difficulties with recruiting, and the retention, of staff.
10. Part of the team has, since the 1990s, operated on a career structure consisting of 5 different Grades. The structure was in place when KCC had incremental steps within the Grades which is no longer in place. This, together with the lack of progression, and the need to increase collaborative working across the whole team has prompted a review of the service.
11. A review was undertaken and changes were proposed. These changes aimed to provide:
 - (i) An efficient and professional pensions administration service,
 - (ii) Customer orientated service for current and previous members and proactive support for employers,
 - (iii) A clear career pathway for all employees within the Pensions Administration team,
 - (iv) A flexible pension administration service fit to deal with changes to Pensions in the future along with technological advances, and
 - (v) Collaborative working across the Pensions Administration teams.
12. The proposal also made clear that this was not a cost saving exercise.
13. Consultation on the redesign was launched on 10 September 2019. Feedback and questions on the whole proposal, particular aspects of it and any counter-proposals were invited from staff directly affected by the redesign. After the consultation period concluded on 10 October 2019 all responses were considered. The feedback was varied ranging from support for the new structure to alternative proposals and as a result changes to the proposal were made.

14. Appendix 3 shows the old structure with Appendix 4 detailing the new structure. Distinct job descriptions now exist for each role, apprenticeship roles have now been included with the entry level of a pension assistant being raised from KR4 to KR5.
15. In the majority of cases staff have been deployed into the new roles with recruitment to other roles taking place. Implementation of the new structure will commence on 1 December 2019.
16. As explained this was not a cost saving exercise with the additional staffing costs estimated at £90,000.

CLEARANCE OF UNPROCESSED CASES

17. As Members will recall during the last year, in preparation for data to be sent to our actuary for the valuation, use was made of the National LGPS Framework for Third Party Administration Services, established by Norfolk CC, to engage with 2 companies to assist with the clearance of unprocessed cases.
18. Each company was tasked with completing 5000 cases during a 6 month period ending 30 September 2019. During this period 7172 tasks were completed at a cost of approximately £350,000. There were differing reasons for the non completion of the targeted 10,000 cases with the absence of the required paperwork from employers being the prime reason.
19. Although the submission of the valuation data has been completed work still needs to be undertaken on the outstanding unprocessed cases in order that our data meets The Pensions Regulator's code of conduct and expectations around the administration of pensions and the accuracy of data, with the public sector coming under more and more scrutiny. In addition the pension scheme regulations and the statutory disclosure regulations require that casework is completed under statutory deadlines and require schemes to hold up to date and accurate information.
20. As a result we are discussing with KCC's Commissioning team to undertake a further call off from the framework to engage with a company to assist us with this task. The new contract would be for a longer period with the expectation that all the backlog of cases are cleared. This will mean that from next year the redesigned pension administration team will deal with all new casework ensuring that it is all completed in the statutory deadlines.

RECOMMENDATION

21. Members are asked to:
 - (1) Note this report, and
 - (2) Agree that a call off from the Norfolk Framework may be undertaken to engage a company to help to clear backlog cases.

Barbara Cheatle
Pensions Manager
03000 415270