


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>PENSIONS BOARD</b></p> <p style="text-align: center;"><b>6 February 2019</b></p>	
<p><b>LOCAL GOVERNMENT PENSION SCHEME (LGPS) ADMINISTRATION PERFORMANCE UPDATE REPORT.</b></p>	
<p><b>Report of the Mark Grimley – Director of Corporate Services</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For Information <b>Key Decision:</b> No</p>	
<p><b>Consultation:</b> N/A</p>	
<p><b>Wards Affected:</b> N/A</p>	
<p><b>Accountable Director:</b> Mark Grimley – Director of Corporate Services</p>	
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## 1. EXECUTIVE SUMMARY

- 1.1. The day to day administration of the LBHF LGPS is delegated to Surrey County Council (SCC) under a Section 101 agreement effective from 1 September 2015.
- 1.2. The Section 101 agreement includes Key Performance Indicators (KPIs) which are generally consistent with national standards, are monitored by the Bi-Borough Pensions and LBHF Human Resources teams.
- 1.3. In addition to the transactional administration service delivered by SCC there are also agreed service improvements in progress, an employee engagement plan and data cleansing deliverables agreed between LBHF and SCC.
- 1.4. This report provides an update of performance against the agreed KPIs, shows the priorities within service improvement plan, updates the employee engagement plan and highlights the data cleansing deliverables.

## **2. RECOMMENDATIONS**

2.1 That the Pensions Board notes the contents of this report.

## **3. SURREY COUNTY COUNCIL'S PERFORMANCE AGAINST THE KPIS**

3.1. SCC's performance against the agreed KPIS is shown in Appendix 1 covering Q2 of the financial year 2018/19, the average performance for the years 2016/17 and 2017/18, and the very most up to date information covering the month of December 2018.

3.2. In 2016 it was agreed between LBHF and SCC that SCC should focus resources on the resolution of queries at the first point of contact via a dedicated help desk to enhance the user experience.

3.3. As a result, the current rate of first point of contact resolution based on an average of 500 queries per month is 89%

3.4. In 2017/18 the first point of contact rate was 87% and in 2015/16 it was 81%.

3.5. Following the Q2 KPIS results being received October 2018 it was recognised that Transfer In and Transfer Out performance was unacceptable. Transfers are complex calculations that need the active support of other employers.

3.6. In response SCC created a specialist team to deal with all Transfers and performance in this area has now significantly improved.

3.7. It has also been agreed that KPI information will be provided by SCC monthly from December 2018 rather than quarterly, so that performance can be tracked in a timelier fashion.

## **4. UPDATE ON THE SERVICE IMPROVEMENTS IN PROGRESS**

4.1. In addition to the delivery of the transactional pensions service detailed in the Section 101 agreement, SCC and LBHF have agreed service improvements focussed on enhancing the Scheme Member and Employer experience.

4.2. To support the generic pensions website, in Q2 two new portals were launched. These portals are designed for use by Scheme Members and Employers with the aim of providing better more up to date paperless information.

4.3. For the first time the Annual Benefit Statements (ABSs) for the year 2017/18 were made available online via the portal to Scheme Members. Automatic paper copies of ABSs were simultaneously withdrawn with the subsequent reduction in printing and postage costs realised.

- 4.4. The functionality of the Scheme Member Portal also allows for members to view their own personal pensions records and to calculate estimated projected pensions benefits.
- 4.5. The Employers Portal has been developed with the intention of allowing Admitted Body and Scheduled Body Employers to submit notifications and returns on line in the future.
- 4.6. In order to realise the full benefits from the Employers Portal, LBHF recognises that further engagement with third party employers will be required as part of the service development plans for the next year.

## **5. STAFF ENGAGEMENT**

- 5.1. During Q2 LBHF employees were offered 1-2-1 sessions with SCC Pensions Advisors. Over 40 employees were given slots and positive feedback was received. The sessions were oversubscribed so there are developing plans to hold lunch and learn engagement events for a wider number of people in the future linked to the wider HR strategy.

## **6. TRIENNIAL VALUATION 2019**

- 6.1. The data for the next triennial valuation will be cut from SCC's Pension Administration System (Altair) as at the 1<sup>st</sup> April 2019.
- 6.2. The data is sent by SCC to the Pension Fund Actuary (Barnett Waddingham), whose role is to perform a valuation of the whole Pension fund income against its current and projected liabilities, using a series of sophisticated industry recognised algorithms.
- 6.3. The output from this exercise is an actuarially assessed LGPS employer rate for each employer for the next three years starting from 1<sup>st</sup> April 2020, which may in some rare cases include an additional lump sum to cover historic liabilities.
- 6.4. In conjunction with the Pensions Actuary, SCC are currently carrying out a data error identification exercise to ascertain what historical data inaccuracies and inconsistencies inherited from Capita must be addressed prior to the start of the data extract this is to ensure that the Employers' rates are calculated accurately. This work has started and is ongoing.

## **7. EQUALITY IMPLICATIONS**

- 7.1. None

## **8. LEGAL IMPLICATIONS**

- 8.1. None

## **9. FINANCIAL IMPLICATIONS**

9.1. None

**10. IMPLICATIONS FOR LOCAL BUSINESS**

10.1. None

**11. COMMERCIAL IMPLICATIONS**

11.1 None

**12. IT IMPLICATIONS**

12.1. None

**13. RISK MANAGEMENT**

13.1 N/A

**14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

14.1 None

**LIST OF APPENDICES:**

*Appendix 1 KPI Report – Hammersmith & Fulham Fund*

## KPI Report – Hammersmith & Fulham Fund

Description	Target as per Section 101 agreement (working days)	Target	2016/17	2017/18	2018/19 Q2	December 2018	Comments
<b>Monthly Pensioner Payroll</b>							
Full reconciliation of payroll and ledger report provided to Borough	Last day of month	100%	100%	100%	100%	100%	
Issue of monthly payslips	3 days before pay day	100%	100%	100%	100%	100%	
RTI file submitted to HMRC	3 days before pay day	100%	100%	100%	100%	100%	
BACS File submitted for payment	3 days before pay day	100%	100%	100%	100%	100%	
<b>Annual Exercises</b>							
Annual Benefit Statements Issued to active and deferred members	31 August		September	On line	On line	N/A	
P60s Issued to Pensioners	31 May		Achieved	Achieved	100%	N/A	
Apply Pensions Increase to Pensioners	April		Achieved	Achieved	100%	N/A	
Pensioners Newsletter	April		Achieved	Achieved	Achieved	N/A	
<b>Pension Administration</b>							
Help desk (resolution of queries at the first point of contact) – 500 cases per month	N/A	N/A	81%	87%	93%	89%	
Death Benefits Write to dependant and provide relevant claim form	5 days	100%	80%	N/A	100%	100%	

Description	Target as per Section 101 agreement (working days)	Target	2016/17	2017/18	2018/19 Q2	December 2018	Comments
Set up any dependant's benefits and confirm payments due	10 days	100%	93%	N/A	94%	67%	
Retirements New retirement benefits processed for payment following receipt of claim forms	7 days	100%	71%	94%	89%	100%	
Deferred retirement benefits processed for payment following receipt of claim forms	7 days	100%	78%	70%	95%	80%	
Refunds of Contributions Refund paid following receipt of claim form	10 days	100%	98%	100%	42%	100%	
Deferred Benefits Statements sent to member following receipt of leaver notification	20 days	100%	65%	63%	58%	85%	Includes inherited historical Capita backlog
Estimates Early Retirement requests from employer privileges	10 days	100%	70%	89%	90%	100%	
Projections Requests from employees	10 days	100%	51%	50%	89%	100%	

Description	Target as per Section 101 agreement (working days)	Target	2016/17	2017/18	2018/19 Q2	December 2018	Comments
New Joiners New starters processed	30 days	100%	94%	100%	100%	N/A	
Transfers In Quote estimate to scheme member (includes inter-funds)	20 days	100%	80%	50%	36%	100%	
Transfers-in payments processed	20 days	100%	89%	100%	100%	83%	
Transfers Out transfers-out quotations processed (includes inter-funds)	20 days	100%	77%	86%	71%	100%	
Transfers out payments processed	20 days	100%	92%	100%	100%	N/A	