

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 28/02/2023

**Subject:** Pension Administration – Key Performance Indicators

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**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## SUMMARY

This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Fund. The Key Performance Indicators (KPIs) for the period October 2022 – December 2022, Quarter 3 (Q3), inclusive are shown in the Appendix 1 and 2 with additional data on cases that were processed outside of target.

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## RECOMMENDATIONS

The Pension Fund Committee is asked to consider and note the contents of this report.

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**Wards Affected:** None

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer.

## Finance Impact

There are no direct financial implications as a result of this report. Costs of the pensions administration service, including costs of additional commissioned work provided by LPPA are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance, 14<sup>th</sup> February 2023

## **Legal Implications**

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26<sup>th</sup> January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. The Service Levels are set out in the Addendum to Schedule 1 of the contract with Lancashire County Council. This report asks that the Pension Fund Committee notes the performance against those Service levels.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 14<sup>th</sup> February 2023

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## **Background Papers Used in Preparing This Report**

None.

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## **DETAILED ANALYSIS**

### **Analysis of Performance**

1. The KPIs have been set out in the discharge agreement between the LPPA (Local Pension Partnership Administration) and the London Borough of Hammersmith & Fulham (LBHF). The Head of Pensions ensures performance measures are discussed and reviewed between both parties on a monthly basis in accordance with Code 14 of the Pension Regulator’s Code of Practice that states that the scheme manager should hold regular meetings with their service providers to monitor performance.
2. This report is on the performance of our administration partner LPPA it covers Q3 of the pension fund scheme year. The KPI’s detailed in Appendix 1 of the pension administration report cover the period 01 October 2022 to 31 December 2022 inclusive.
3. During the period October to December 2022, LPPA processed 958 SLA cases, a 224 decrease in the number cases processed from the previous quarter for the Hammersmith & Fulham Fund. The KPI performance target was reduced to 90% (from 95%), during quarter 3 for high priority cases (retirements and deaths) due to the final phase of migration of LPPA clients to their new UPM system. For transfer, refund and estimate cases the SLA was reduced to 70%. These reduced SLA measures will remain in place until the end of January 2023. Unfortunately, targets were not met for any of the high priority cases, however processing of aggregations and new joiners exceeded even the normal target with all cases with the exception of transfer out cases.

4. There is no KPI measure for the telephone Helpdesk, but the service provision continues to improve, with average call wait times around 6 minutes.

### **Performance in key areas**

5. Retirements – 138 cases were processed in Q3 (251 in Q2 and 228 in Q1) Performance on this task area has declined. For active retirements the 100% achieved in Q2 has fallen to 73.3% of cases processed within the 5 working day service level agreement (SLA). The processing of deferred retirements also declined with only 75.9% of cases processed on time compared to 97.2% in Q2 and 90.4% in Q1. Of the retirements that were not processed on time, 10 were retirements that were put into payment late. One case was processed 22 days late.
6. Deaths – In Q3 the processing of death cases has declined with only 59.2% of cases (up from Q1's 48.8% but down from Q2's 80%), processed within the 5 day SLA. Of the 30 death cases that were not processed on time, 29 cases were in respect of payments to beneficiaries.
7. Transfers – In Q3, 154 cases (an increase of 19 cases from Q2 and 8 cases from Q1) were processed by LPPA. 54 transfer in's (down from 81 in Q2) were processed within the 6 working days SLA and 81 (up from 66 in Q2) transfer out's. Only 50.6 % of transfer ins and 76.6% of transfer outs were processed on time.
8. Refunds – There was an increased number of cases that were processed, 63 (44 in Q2 and 41 in Q1) in Q3 as well as a slight increase performance for this area with 79.4% of cases processed within the reduced KPI compared to 75% in Q2 of cases within the 6 day turnaround, and 97.6 % of cases in Q1.
9. During Q3 LPPA were entering the final phase of migrating 9 clients (300,000 members) to their new pension administration platform UPM in Q3, between October 2022 to January 2023 inclusive. This has clearly had a significant impact on the Fund's KPI's as LPPA resources are stretched and there have been periods of system outage. However even the reducing their SLA's from 95% to 90% of high priority cases, has led to a very disappointing quarter where LPPA have underestimated their ability to process cases for the Fund.

### **Summary**

10. Period quarter 3 of LPPA providing an administration service to the Fund has seen a disappointing performance especially in key areas such as death and retirements. The Head of Pensions hopes to see a much needed improvement in the next quarter despite LPPA's internal migration project and further commitment from LPPA with a significant improvement in KPI in particular with deaths and retirements.

**LIST OF APPENDICES**

Appendix 1 – LPPA Pension Administration report October – December 2022

Appendix 1 – LPPA Pension Administration KPI additional data October – December 2022