

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Board

Date: 07/06/2023

Subject: Key Performance indicators

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Responsible Director: Sukvinder Kalsi, Director of Finance

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 – March 2023, i.e, Quarter 2 (Q2) and Quarter 4 (Q4) inclusive, are shown in Appendix 1.

RECOMMENDATIONS

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

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
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, 17th May 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 26th 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) 19th May 2023

Background Papers Used in Preparing This Report

None

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 covers the performance of our administration partner LPPA over Q3 and Q4 of the pension fund scheme year 2022/23. The KPI’s detailed in Appendix 1 of the pension administration report cover the period 01 October 2022 to 31 December 2022 and 01 January 2022 to 31 March 2023 inclusive.
3. During the period October 2022 to March 2023, LPPA processed 2168 SLA cases, a decrease of 21 cases from Q1 and Q2 for the Hammersmith & Fulham Fund. The KPI performance target of 95% was only met for 3 case types in Q3 and 4 case types in Q4. However overall KPI’s increased from 82.2% to 91.9%.
4. There is no KPI measure for the telephone Helpdesk, but the service provision continues has improved, in Q3 average call wait times were 11 minutes which LPPA were successful in bringing down as in Q4 this fell to around 6 minutes at the end of Q4.

Performance in key areas

5. Retirements – Performance on this task area has seen a much needed improvement. For active retirements a KPI of 73.3% in Q3 and a disappointing 68.8% in Q4. The processing of deferred retirements saw a KPI of 75.9% with a improved KPI of 96.1% in Q4.
6. Deaths – The processing of death cases was particularly poor in Q3 with only 44.3% of cases being completed on time in Q3, this improved slightly to 73% processed within the 5 day SLA in Q4. The Head of Pensions continues to work with the LPPA team to improve this performance.
7. Transfers – There were 210 transfer cases in total (an increase of 56 cases from Q3), that were received by LPPA in Q4.
8. Refunds – Despite the number of cases processed in Q4 nearly double that processed in Q3, there was a significant increase in cases processed within SLA from 79.4% of cases in Q3 versus the 91 % of cases in Q4.
9. LPPA entered 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 will have impacted on the Fund's KPI's particularly for Q3 and the first part of Q4 as LPPA resources are stretched and there were periods of system outage alongside reporting challenges that have impacted the accuracy of past reporting. In addition to acknowledging the resource challenges LPPA reduced their SLAs from 95% for high priority cases (which are death and retirement cases), being processed on target to 90%. With all other cases including transfers, refunds and estimates falling from 95% to 70%. We hope Q1 will show further recovery in the meeting of KPI targets and the provision of accurate reporting metrics to enable LPPA's progress to be monitored effectively.

Summary

10. We have seen a small improvement in the pension administration service provided between Quarter 3 and Quarter 4 by LPPA. However, there remains room for improvement from LPPA in particular in the processing of death cases that saw a very poor performance in Q3. The Head of Pensions hopes to see continued improvement in KPI performance, the quality and accuracy of reporting and quality of the processing in the next quarter with further progress towards reaching SLA targets after receiving assurances from the LPPA senior leadership team.
11. None

Risk Management Implications

12. None

Climate and Ecological Emergency Implications

13. None

Consultation

14. None

LIST OF APPENDICES

Appendix 1 – LPPA Pension Administration report (Q3) October – December 2022

Appendix 2 – LPPA Pension Administration report (Q4) January – March 2023

Appendix 3 – LPPA 12 month pension administration activity overview