

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 13/06/2023

Subject: Key Performance indicators

Report author: Eleanor Dennis, Head of Pensions

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 January 2023 – March 2023, i.e., Quarter 4 (Q4), there is also a summary of LPPA's KPI performance over the last 12 months shown in the Appendices.

RECOMMENDATIONS

The Pension Fund Committee 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, 25th 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) 24th 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. It has been identified by LPPA that their KPI reporting was not correctly configured when measuring previous KPI performance however this has been corrected with effect from February and reflected in the Q4 KPI’s.
2. This report covers the performance of our administration partner LPPA 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 January 2022 to 31 March 2023 inclusive.
3. During the period January 2023 to March 2023, LPPA processed 1424 SLA cases, an increase of 466 cases from Q3 for the Hammersmith & Fulham Fund. The KPI performance target of 95% was only met for 4 case types in Q4. However overall quarterly KPI performance was 91.9%.
4. There is no KPI measure for the telephone Helpdesk, but the service provision continues has improved, in Q4 this fell to around 6 minutes.

Performance in key areas

5. Retirements – Performance on this task area has seen a much needed improvement. For active retirements despite an improved KPI of 73.3% in Q3 this fell disappointingly to 68.8% in Q4. The processing of deferred retirements in Q3 saw a KPI of 75.9% but an 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, this improved slightly to 73% being 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 being 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 and Q4, 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 were stretched and there were periods of system outage alongside reporting challenges that have impacted the accuracy of past reporting to 70%.
10. The Head of Pensions is continuing to challenge LPPA to meet their SLA targets in Q1 and to provide accurate reporting metrics to enable LPPA's progress to be monitored effectively.

Summary

11. 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 and a small improvement in Q4. The Head of Pensions hopes to see continued improvement in the quality and accuracy of reporting and processing in the next quarter. As well as further progress towards reaching SLA targets after receiving assurances from the LPPA senior leadership team.
12. None

Risk Management Implications

13. None

Climate and Ecological Emergency Implications

14. None

Consultation

15. None

LIST OF APPENDICES

Appendix 1 – LPPA Pension Administration report (Q4) January – March 2023

Appendix 2 – LPPA supplementary pension administration KPI data

Appendix 3 – LPPA 12 month pension administration activity overview