

## **Review of Administration Performance**

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*Executive Portfolio Holder:* Not applicable

*Division and Local* Not applicable

*Member:*

### **1. Summary**

- 1.1 The Pensions Committee at its September 2016 meeting requested a bi-annual update on the performance of Peninsula Pensions, the shared service that provides benefits administration to the Somerset and Devon Pension Funds.

### **2. Issues for consideration**

- 2.1 The report is for information only unless the committee deems that action is necessary having reviewed the report.

### **3. Background**

- 3.1 In February 2014 the shared service began in earnest when staff moved into one main office, using one database with staff learning new skills and many took on new roles.
- 3.2 The LGPS changed on 1 April 2014 and brought with it its own challenges, not helped with the late regulation changes which impacted on the development of the pension database.
- 3.3 Our main service standard is to complete 90% of work within 10 working days once all necessary information has been received. This is monitored every month through our task management system (TMS), which is an in-house performance tool within our pension database.
- 3.4 We also participate in the CIPFA Benchmarking Club which provides a yearly comparison of performance with other LGPS administration services. Approximately 50 LGPS Funds take part each year.

#### 4. Team performance

- 4.1 As a whole the Team for 2014/15 issued 88% of work within target, though backlogs of work in some areas were building up. In 2015/16 the team issued 71% of work within target seeing a reduction; however, there was a backlog of 11,000 Deferred Benefit calculations which were cleared during this period.
- 4.2 Performance to date for the whole team for 2016/17 is 76%. All processes bar 4 (Divorce, Non Priority General work, Transfers in and out) show an improvement on last year.
- 4.3 The table in Annexe A shows performance relating to the Somerset Fund only for this financial year.

#### 5. CIPFA benchmarking

- 5.1 Data is collected annually in various areas including membership analysis, employer analysis, quotations and charges, costs and administration performance.
- 5.2 This enables informed comparisons to be made of the net cost per member, payroll cost per pensioner, number of members per admin FTE and also highlights differences of approach.
- 5.3 In December 2016 we received the draft report for 2015/16 year. The key performance indicator that we obtain from this report is the cost per member. This year it has come out at £16.37 compared to the average of £18.55.
- 5.4 Our CIPFA performance results for 2015/16 were in some categories, below the benchmarking average this year. Outstanding PB's are also above the average, we had 2.8% at March 2016 compared to the average of 1.8%.

Process	Target	Our achievement	Average
Transfer in	10 days	76.0%	88.1%
Transfer out	10 days	83.3%	91.0%
Letter notifying <b>actual</b> retirement benefits	5 days	86.4%	89.9%
Letter notifying <b>estimated</b> retirement benefits	10 days	93.0%	86.5%
Letter acknowledging death	5 days	100%	97.1%
Refunds	5 days	93.2%	92.3%
Letter notifying dependants benefits	5 days	82.0%	86.3%
Deferred	10 days	39.1%	62.0%

**6. Actions implemented**

- 6.1 Additional team resource approved in Autumn 2015 has been extended until 31<sup>st</sup> August 2017 at which time we expect both preserved benefits and amalgamations to be at a manageable level. We also increased the team by 2 permanent members of staff in December 2016 to work across the benefit teams. This is proving positive with an improvement in January with retirements being dealt with within target increasing to 74%.
- 6.2 A Performance review is currently under way to look at how we work, with a main aim to streamline processes without affecting quality of work. Part of the review will also be looking at employers/payroll providers and the quality of data they provide to us.

**7. Conclusions**

- 7.1 We are working towards improving our performance this year, keeping a close eye on the changes we have made to ensure a positive long term outcome for the team and stakeholders.

**8. Consultations undertaken**

None

**9. Financial Implications**

None

**10. Background Papers**

None

**Note** For sight of individual background papers please contact the report author.

**Annexe A****Summary of completed work April 2016 to January 2017**

	<b>Within Target</b>	<b>Over Target</b>	<b>Total</b>	<b>Success Rate</b>
<b>Priority Procedures</b>	1384	485	1869	74%
<b>Non-Priority Procedures</b>	6583	2524	9107	71%
<b>Priority</b>	<b>Within Target</b>	<b>Over Target</b>	<b>Total</b>	<b>Success Rate</b>
Death	156	62	218	72%
Employer Estimates	247	29	276	89%
Priority General	562	69	631	89%
LGPS Retirements	196	230	426	46%
Deferred Benefit retirements	219	95	314	70%
	<b>1384</b>	<b>485</b>	<b>1869</b>	<b>74%</b>
<b>Non-Priority</b>	<b>Within Target</b>	<b>Over Target</b>	<b>Total</b>	<b>Success Rate</b>
Amalgamation of records	170	110	280	61%
Additional Voluntary Contribution calculations	311	126	437	71%
Deferred Benefit calculations (including recalculations)	635	709	1344	47%
Divorce calculations	90	7	97	93%
Frozen Refunds	362	53	415	87%
Non Priority General work	3689	997	4686	79%
Payroll	579	13	592	98%
Actual Refunds	133	10	143	93%
Retirement estimates (includes member and other estimates)	484	297	781	61%
Starters	35	2	37	95%
Transfer Values In	25	112	137	18%
Transfer Values Out	69	88	157	44%
	<b>6583</b>	<b>2524</b>	<b>9107</b>	<b>71%</b>

## Outstanding Work

### Priority

	<b>Total</b>	<b>Reply due</b>	<b>Outstanding</b>
Death	1	0	1
Employer Estimates	0	0	0
Priority General post	6	3	3
Deferred Benefit retirements	19	0	19
LGPS Retirements	15	8	7
	41	11	30

### Non Priority

	<b>Total</b>	<b>Reply due</b>	<b>Outstanding</b>
Additional Voluntary Contribution calculations	28	15	13
Amalgamation of records	2446	222	2224
Deferred Benefit calculations(including recalculations)	898	66	832
Divorce calculations			
Non Priority General post	804	32	772
Payroll adjustments	7		7
Actual Refunds	1	1	0
Frozen Refunds	201	10	191
Retirement estimates (includes member and other estimates)	35	8	27
New Starters			
Transfer Values In	14	7	7
Transfer Values Out	89	11	78
	4523	372	4151