

# Croydon Council

<b>REPORT TO:</b>	<b>Local Pension Board 18 October 2018</b>
<b>AGENDA ITEM:</b>	<b>8</b>
<b>SUBJECT:</b>	<b>LGPS Administration: Key Performance Indicators</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook, Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> <b>Sound Financial Management:</b> The Pension Committee is responsible for the effective administration of the Local Government Pension Scheme and the Pension Board is charged with supporting this activity. These Key Performance indicators provide a measure of how well that administration operates.	
<b>FINANCIAL SUMMARY:</b> Poor administration may ultimately lead to incorrect calculation or payment of benefits or indeed financial penalties.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## **1 RECOMMENDATIONS**

- 1.1 The Board is asked to note the Key Performance Indicators set out in this report.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme for the period April 2017 to August 2018.

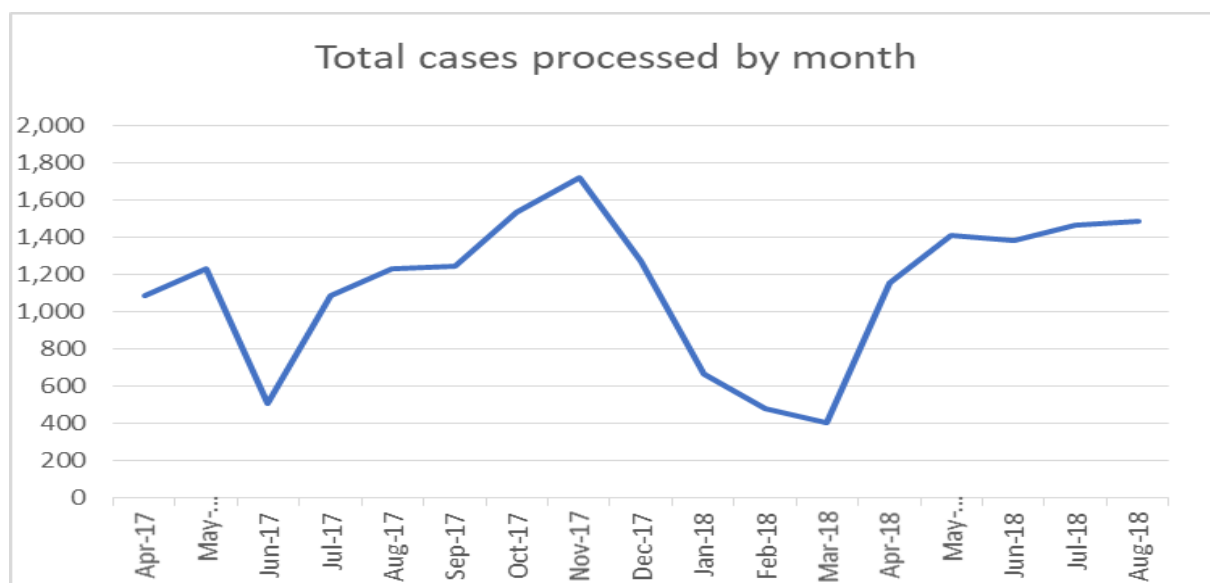
## **3 DETAIL**

- 3.1 Good governance suggests that the performance of the administration of the Local Government Pension Scheme should be monitored. The standards by which performance can be assessed are set out in the Administration Strategy and published on the Scheme's website so as to be available for scrutiny by stakeholders, who include elected Members and other Scheme employers.
- 3.2 In November 2016 the Local Government Pension Scheme (LGPS) pensions administration teams reviewed and revised many of the systems and processes in place with the view to improving efficiency and performance. One of the changes made was to introduce the concept of measuring Business As Usual (BAU) activity separately from the inherited backlog cases. The backlog cases date to when the service was provided by an external service provider and was one of the reasons

that the service was brought back in house. This involves putting cases outstanding as at 6 November 2016 in to a “Backlog” file. All new cases received since that date are placed in BAU. This has enabled the team to manage their workload more effectively and help ensure all BAU cases are processed in line with the Key Performance Indicators (KPIs) as set out in the Administration Strategy as described above. Cases that are in this “Backlog” file are processed as and when resources become available. There are no death or retirement cases in this backlog.

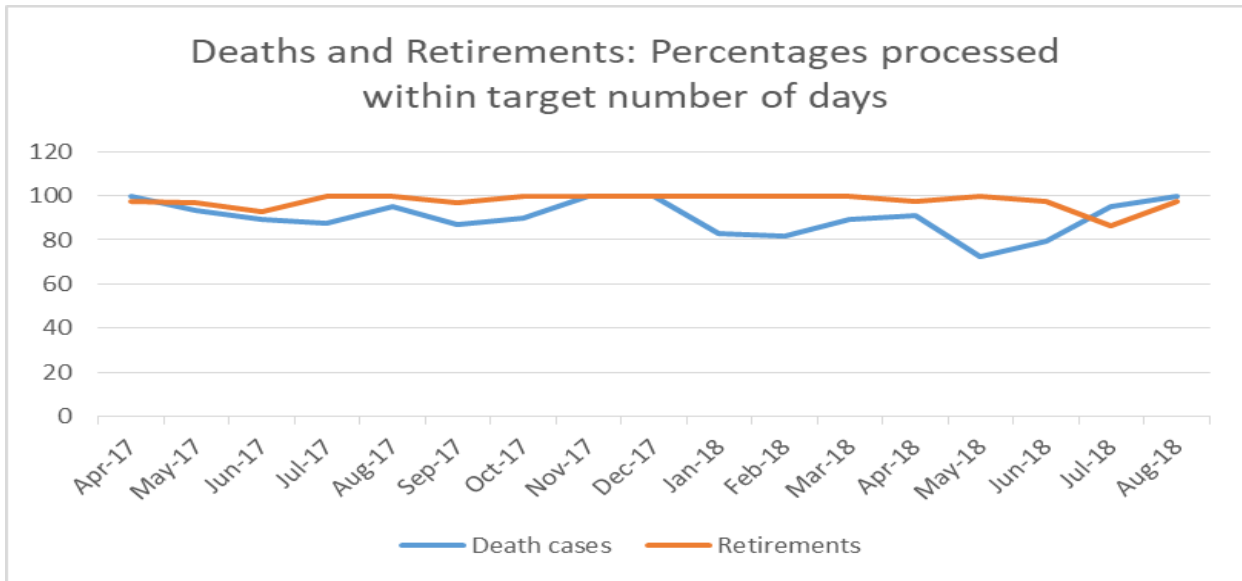
3.3 The following graph illustrates the total number of cases processed by the administration team, month by month.

**Figure 1: Total Cases Processed by Month**



3.4 The tables illustrating the administration team’s performance against the KPIs for priority cases: deaths and retirements are included at Figure 2 below. Additional data that show this indicator as well as the total number of cases processed by the team are included as an appendix to this report (Appendix A). The volume of cases processed each month remains high, averaging 1,138 each month.

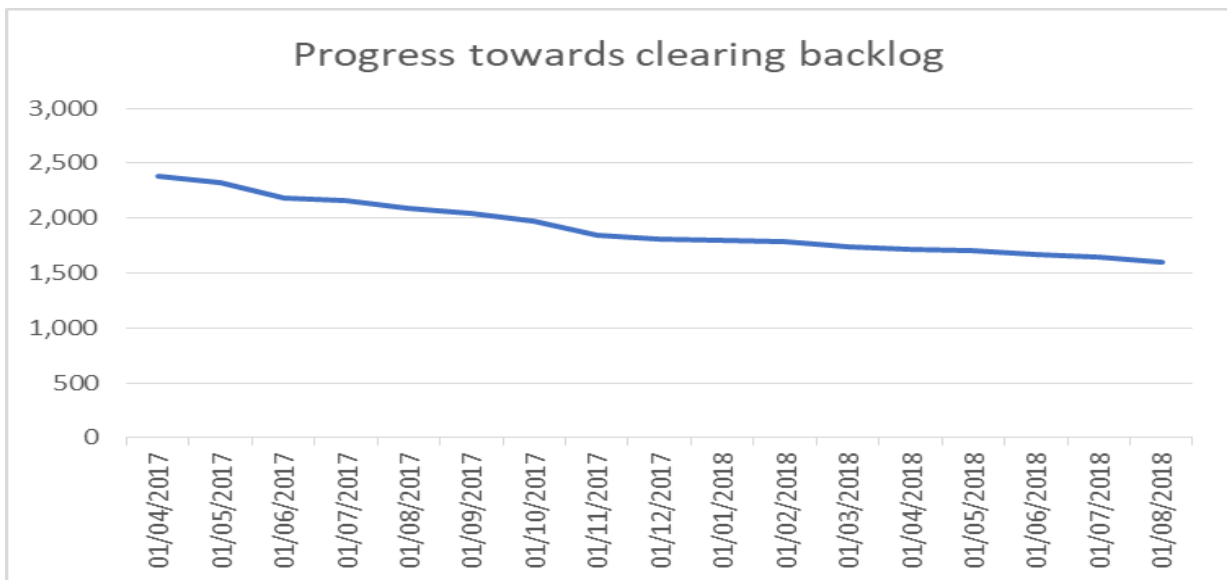
**Figure 2: Deaths and Retirements: Percentages processed within the target number of days.**



3.5 As can be seen from the figure above, death and retirement cases are overwhelmingly being processed with the target period of 5 and 10 days respectively.

3.6 Appendix B reports the position with regards to the project to address the backlog cases. The top-line figures are illustrated in this graph.

**Figure 3: Progress towards clearing backlog cases**



3.7 Together these figures point to high volumes of work but the revised processes described in this report are helping the team to keep on top of the workload.

3.8 The pensions team also carries out a number of “employer” functions mainly around ensuring the pay used for calculating benefits is correct. There are historic data issues which means that the time taken in dealing with some cases may be longer than would be considered ideal.

3.9 After a number of experienced colleagues left the team, a review of the requirements, objectives, and resources required to administer the LGPS was undertaken. As a result, a new team structure has been proposed which is designed to meet the challenges that will face the section over the next few years. The team now has recruited replacements with the new team members having started from mid-June to August. The new staff are not experienced in the LGPS so there will be some time before they are fully up and running. Clearly this has had and will continue to have an impact on the performance of the team. However, the remaining team members have worked extremely hard to ensure that the key case types, retirements and deaths, have been processed on time. The main targets for this year are to ensure new colleagues are trained in all areas of work, get up to date with BAU work and make better use of IT including rolling out the I-connect system to main employers and payroll providers. Depending on the success of this plan will depend on how quickly the historic backlog is addressed.

### **I-connect**

3.10 The team has done a lot of work on developing Iconnect. This IT package will streamline the new starter process as well as identify leavers much earlier than was previously the case. The team is using Iconnect for the Council with the view to a managed roll out to other Scheme employers throughout the year. This has caused considerable work for the pensions team as they are resolving the data issues that would normally fall to the other Scheme employers. Although this causes short term additional administration resource pressures, it will generate benefits in the long run. The Iconnect package will be rolled out to other Scheme employers once there is assurance that there are the necessary resources available to provide similar administrative support for each employer.

### **Guaranteed Minimum Pension**

3.11 The Guaranteed Minimum Pension (GMP) reconciliation project is progressing and should be completed in advance of the HMRC deadline of December 2018. This exercise requires pension scheme administrators to reconcile their membership and GMP data against the records held by HMRC. Any errors that come to light after this deadline may result in a liability for the Croydon scheme.

3.12 The majority of Annual Benefit Statements were produced so that there is no obligation to report a breach to the Pensions Regulator.

## **4 FINANCIAL CONSIDERATIONS**

4.1 There are no further financial considerations flowing from this report.

## **5. OTHER CONSIDERATIONS**

5.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

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**CONTACT OFFICER:**

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Resources department, ext. 62552.

**BACKGROUND DOCUMENTS:**

None

**Appendices**

**Appendix A: Business as Usual Cases (April 2017 to July 2018)**

**Appendix B: Backlog Cases**

## Appendix A: Business as Usual Cases (April 2017 to July 2018)

Case type	Month 2017	KPI (number of days to process)	Total cases processed	Average days taken to completed case	% with target	Total cases processed*
Deaths	April 2017	5	20	4	100	
Retirements	April 2017	10	39	5	97.5	
Total cases processed	April 2017					1,086
Deaths	May 2017	5	15	8	93.33	
Retirements	May 2017	10	29	7	96.55	
Total cases processed	May 2017					1,229
Deaths	June 2017	5	19	7	89.4	
Retirement	June 2017	10	28	5	92.8	
Total cases processed	June 2017					504
Deaths	July 2017	5	15	4	87.5	
Retirement	July 2017	10	32	3	100	
Total cases processed	July 2017					1,082
Deaths	August 2017	5	22	3	95	
Retirements	August 2017	10	25	4	100	
Total Cases	August 2017					1,233
Deaths	Sept 2017	5	30	4	87	
Retirements	Sept 2017	10	34	6	97	
Total Cases	Sept 2017					1,241
Deaths	October 2017	5	20	3	90	

Retirements	October 2017	10	39	4	100	
Total Cases*	October 2017					1,532
Deaths	Nov 2017	5	15	3	100	
Retirements	Nov 2017	10	39	4	100	
Total Cases*	Nov 2017					1,720
Deaths	Dec 2017	5	23	3	100	
Retirements	Dec 2017	10	26	5	100	
Total Cases*	Dec 2017					1,270
Deaths	January 2018	5	29	4	83	
Retirements	January 2018	10	37	37	100	
Total Cases*	January 2018					663
Deaths	Feb 2018	5	17	4	82	
Retirements	Feb 2018	10	19	5	100	
Total Cases*	Feb 2018					480
Deaths	March 2018	5	20	4	89	
Retirements	March 2018	10	30	5	100	
Total Cases*	March 2018					400
Deaths	April 2018	5	34	3	91.18	
Retirements	April 2018	10	43	3	97.67	
Total Cases*	April 2018					1,154
Deaths	May 2018	5	18	4	72.2	
Retirements	May 2018	10	17	3	100	

Total Cases*	May 2018					1,412
Deaths	June 2018	5	24	3	79.17	
Retirements	June 2018	10	38	4	97.37	
Total Cases*	June 2018					1,382
Deaths	July 2018	5	22	4	95.35	
Retirements	July 2018	10	43	5	86.36	
Total Cases*	July 2018					1,465
Deaths	August 2018	5	16	3	100	
Retirements	August 2018	10	38	6	100	
Total Cases Processed	August 2018					1,485

\*Total cases processed includes all categories processed by the administration team in the month.



## Appendix B: Backlog Cases

	Deferreds	Transfers	Combined	Misc	Total
April 2017	1,381	462	271	274	2,388
May 2017	1,356	431	271	261	2,319
June 2017	1,333	392	271	185	2,181
July 2017	1,325	385	268	181	2,159
August 2017	1,302	358	264	163	2,087
September 2017	1,287	352	259	144	2,042
October 2017	1,258	318	258	134	1,978
November 2017	1,251	301	255	36*	1,843
December 2017	1,240	281	252	35	1,808
January 2018	1,237	280	252	33	1,802
February 2018	1,225	277	250	33	1,785
March 2018	1,211	256	248	25	1,740
April 2018					
May 2018	1,195	232	247	27	1,701
June 2018	1,180	219	247	22	1,668
July 2108	1,172	210	243	21	1,646
August 2018	1,136	204	241	21	1,602

Note: 'Deferreds' relate to cases where the member of staff had in the past belonged to the LGPS but now did not and was not in receipt of a pension. 'Transfers' relate to scheme members transferring between administering authorities usually as part of a recruitment process.