

# Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>13 March 2018</b>
<b>SUBJECT:</b>	<b>Key Performance Indicators for the Local Government Pension Scheme</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook Head of Pensions and Treasury</b>
<b>CABINET MEMBER</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>All</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. These Key Performance indicators provide a measure of how well that administration works.	
<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.: N/A</b>	

## 1. RECOMMENDATIONS

- 1.1 The Committee 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 nine months to 31 December 2017.

## 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. The backlog cases are prioritised and processed accordingly. There are no death or retirement cases in this backlog. The tables below illustrates the administration team’s performance against the KPIs for priority cases: deaths and retirements. It also shows the total number of cases processed by the team.

**Table 1: Business as Usual Cases (April to December 2017)**

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

Total Cases*	Oct					1,532
Deaths	Nov	5	15	3	100	
Retirements	Nov	10	39	4	100	
Total Cases*	Nov					1,720
Deaths	Dec	5	23	3	100	
Retirements	Dec	10	26	5	100	
Total Cases*	Dec					1,270

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

3.3 As can be seen from the table:

- Death and retirement cases are overwhelmingly being processed with the target period of 5 and 10 days respectively;
- The volume of cases processed each month remains high, in the range 1,000 to 1,200 each month, peaking in September / October before falling back.

3.4 Table 2 reports the position with regards to the project to address the backlog cases. Together these tables show that there continues to be high volumes of work but the revised processes described in this report are helping the team to keep on top of the workload. The high number of cases processed in April and May reflects the missing starters that have been identified by the year end-process.

**Table 2: Backlog Cases**

	Deferreds	Transfers	Combined	Misc	Total
April	1,381	462	271	274	2,388
May	1,356	431	271	261	2,319
June	1,333	392	271	185	2,181
July	1,325	385	268	181	2,159
August	1,302	358	264	163	2,087
Sept	1,287	352	259	144	2,042
Oct	1,258	318	258	134	1,978
Nov	1,251	301	255	36*	1,843
Dec	1,240	281	252	35	1,808
Jan	1,237	280	252	33	1,083

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 administrating authorities usually as part of a recruitment process.

3.5 Over the period the backlog has been reduced by 1,300 cases. Further, in January, another 465 cases have been calculated but have yet to be checked and

signed off.

- 3.6 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 the time taken in dealing with some cases may be longer than ideal.
- 3.7 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.
- 3.8 The Guaranteed Minimum Pension (GMP) reconciliation project is progressing. HMRC has imposed a deadline of December 2018 for the completion of this exercise so progress against this timeline is monitored carefully. Failure to complete the project could result in the Pension Fund being liable for pension liabilities that we are not responsible for.
- 3.9 By way of context, the Fund comprises of 90 scheme employers and approximately 21,900 members, this includes active, deferred, pensioner and dependent members of the LGPS. The efficient delivery of the benefits of the LGPS is dependent on good quality data and sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. The administration strategy statement, reference above, sets out the expected levels of performance for both the administering authority and the scheme employers within the London Borough of Croydon Pension Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.
- 3.10 This report is only concerned with the performance of the administration team. It would be a more challenging exercise to measure the performance of other Scheme employers in discharging their responsibilities. Nevertheless on those occasions when the administering team become aware of issues around the administration of the Scheme by other employers, such as failing to enroll staff or pay over contributions collected, there are a range of remedies available and these are deployed as appropriate. These include engaging with employers to educate and encourage through to sanctions such as reporting cases to the Pensions Regulator and levying fines.
- 3.11 Finally, the Pensions Committee should note that these metrics are often reliant upon information being made available in a timely fashion, be that from the Scheme member themselves, from their employer or from a dependent.

## **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

## **6. COMMENTS OF THE SOLICITOR TO THE COUNCIL**

- 6.1 The Solicitor to the Council comments that there are no additional legal implications arising from the recommendations within this report.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law, for and on behalf of Jacqueline Harris Baker, Director of Law and Monitoring Officer

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### **CONTACT OFFICER:**

Nigel Cook, Head of Pensions Investment and Treasury,  
Resources department, ext. 62552.

### **BACKGROUND DOCUMENTS:**

None