

SURREY COUNTY COUNCIL

SURREY PENSION FUND BOARD

DATE: 22 MAY 2015

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: KEY PERFORMANCE INDICATORS



SUMMARY OF ISSUE:

In line with best practice, Surrey Pension Fund Board members will be supplied with Pension Fund key performance indicators (KPIs) on a quarterly basis, covering investment and administration practices.

RECOMMENDATIONS:

It is recommended that:

- 1 The Surrey Pension Fund Board note the KPI statement shown in Annex 1.
- 2 The Surrey Pension Fund Board note the Shadow Scheme Advisory Board pilot KPI statement shown in Annex 2.

REASON FOR RECOMMENDATIONS:

To comply with best practice and to assist the work of the LGPS Shadow Scheme Advisory Board.

DETAILS:

Requirement

- 1 In line with best practice, future Pension Fund Board meetings will continue to be supplied with a schedule of Pension Fund key performance indicators (KPIs), covering investment and administration practices.

Key Performance Indicators

- 2 The current KPIs cover the following areas:
 - Funding level;
 - Death benefit administration;
 - Retirement administration;
 - Benefit statements;
 - New joiners;
 - Transfers in and out;
 - Material posted on website;
 - Employer and member satisfaction;
 - Investment performance;
 - Data quality;

- Contributions monitoring;
- Audit;
- Overall administration cost.

3 Further to a request by the Surrey Pension Fund Board at the Board meeting of 13 February 2015, the total number of membership now administered by the Surrey Pension Service, across all local authorities is now included in the KPI schedule.

4 The KPI schedule to 31 March 2015 is shown as Annex 1.

5 Periods covered in the schedule range from one month, three months and twelve months.

6 Members are invited to discuss the performances set out in the schedule.

The Shadow Scheme Advisory Board (SSAB) Key Performance Indicator Pilot

7 On 2 March 2015, an invitation was received from the Secretariat of the SSAB for the Surrey Pension Fund to submit a pilot set of the Surrey Pension Fund KPIs on a self assessment basis.

8 The suite of KPIs was developed during 2014 by the SSAB Scheme Reporting Group, which comprises LGPS practitioners and external bodies including NAPF, CIPFA and the ACA sub group.

9 The aims of the pilot KPIs are to enable funds to compare themselves across the scheme and will enable the Scheme Advisory Board to provide more targeted support to funds.

10 Results taken from the pilot KPIs will allow funds to:

- Assess their fund against the examples of best practice for high performing funds and examples of concern for each KPI;
- Inform the SSAB how much effort/time/cost undertaking the pilot actually consumed compared with the SSAB estimate;
- Provide general feedback on the KPIs and examples of best practice and example of concern and any suggestions for their clarification, refinement and improvement.

11 The pilot has four primary KPIs and 14 secondary KPIs covering the following areas:

- Primary KPIs:
 - Risk management (covering all pension fund activities)
 - Funding level and contributions
 - Deficit recovery
 - Required investment returns
- Secondary KPIs:
 - Pensions committee and local pensions board member competance
 - Adminsterring authority staff accountability, leadership experience and training

- Statutory governance standards and principles (as per DCLG or SSAB and tPR codes)
 - Quality and accesability of information and statutory statements/strategies/policies (Governance, FSS, SIP, comms, admin authority and employer discretions policies)
 - a) Compliance with the Principles for Investment Governance (ie Myners principles) and b) voluntary adoption of UK Stewardship Code and UNPRI
 - a) Historic investment returns (last 3, 5, and 10 years) and b) total investment costs compared to other LGPS funds
 - Annual report(s) and audited financial statements
 - Scheme membership data
 - Pension queries, pension payments, and annual benefit statements
 - Cost efficient administration and overall VFM management
 - Handling of formal complaints and IDRP's
 - Fraud prevention
 - Internal and external audit
 - Quality assurance
- 12 The Surrey Pension Fund responded to the SSAB pilot KPI request on 31 March 2015.
- 13 The pilot KPI schedule covering the year to 31 March 2014 is shown as Annex 2.

CONSULTATION:

- 14 The Chairman of the Surrey Pension Fund Board has been consulted and has offered full support regarding the content, structure and performances achieved set out in the schedule.

RISK MANAGEMENT AND IMPLICATIONS:

- 15 There are no risk related issues contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- 16 There are no financial and value for money implications.

DIRECTOR OF FINANCE COMMENTARY

- 17 The Director of Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that the proposed KPI model offers an effective framework for the monitoring of the essential pension fund KPIs.

LEGAL IMPLICATIONS – MONITORING OFFICER

- 18 There are no legal implications or legislative requirements associated with this report.

EQUALITIES AND DIVERSITY

- 19 The reporting of such information will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

OTHER IMPLICATIONS

- 20 There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

- 21 The following next steps are planned:
- Continued improvement in the indicators.
 - Further refinement and additions of useful data.
 - Review of KPIs in accordance with future guidance from the Scheme Advisory Board.

Contact Officer:

Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)

Consulted:

Surrey Pension Fund Board Chairman.

Annexes:

Annex 1: Schedule of Key Performance Indicators

Annex 2: SSAB Pilot Schedule of Key Performance Indicators

Sources/background papers:

None
