



Surrey Local Pension Board 25 July 2018

Administration Performance Report 1 April 2018 to 30 June 2018

Recommendations:

The Board is asked to **note** the content of this report and **make recommendations** to the Pension Fund Committee if appropriate.

Background

1. At the Pension Fund Committee of 15 September 2017, the Pension Fund Committee (Committee) approved a new Administration Performance Report (APR) to replace the existing Key Performance Indicators (KPI) from quarter 3 of 2017/18.
2. The new APR is designed give a wider snap shot of the administrative function. It is designed to provide an overview of the administration function including ongoing workflow, oversight of customer feedback and future performance plans. It also allows the Committee and Board oversight of statutory compliance and meets a recommendation from the 2016/17 internal audit.
3. At the Committee meeting of 10 November 2017, the Committee agreed that future administrations statistics reports presented to the Committee be in the form of focused summary of the APR. This summary will be produced after the full APR has been scrutinised by the Board and will include any relevant Board recommendations.

The 2017/18 Quarter 4 APR

Summary

4. The APR contains three sections:
 - Ongoing workflow;
 - Performance standards; and
 - Administration forward plan.

5. The Ongoing workflow section provides detail of the activities of the administration function, along with measurement against performance standards. It includes the following sub-sections:
 - Overview;
 - Caseload detail (members);
 - Caseload details (employers); and
 - Complaints/breaches

6. The Performance standards section highlights functions that are a regulatory requirement but also concentrates on customer driven performance criteria to inform continuous improvement work. This section consists of the following sub-sections:
 - Scrutiny;
 - Data quality;
 - Communications;
 - Value for money; and
 - Projects.

7. The Administration forward plan include reports scheduled to be brought to the Committee and Board.

Caseload performance RAG

8. Member and employer caseloads are measured against performance levels, with red, amber and green ratings. A green rating indicates the tolerable performance level has been met. An amber rating indicates that performance levels were below tolerable by 5% or less. A red rating indicates that performance levels were below tolerable by more than 5%.

9. The board debated lowering the existing aspiration from 100% to 95% for a variety of reasons; however, upon mature consideration it was decided that 100% was the only appropriate target.

Material changes since 2017/18 Quarter 4

10. The context is important in this quarter as a number of key posts have been replaced and it is, perhaps, understandable that the figures have suffered.

11. Of the 26 pension administration case load details sub-categories, there were improvements in three areas and a decline in thirteen. The deferred benefits (increased to 63%), refunds (fallen to 51%), death dependent's benefits initial (fallen to 80%), death on pension initial (fallen to 63%) were all below the tolerable level (red) and death dependent's benefits complete (fallen to 85%) was on the cusp (amber).

12. The previous Lead Pensions Manager advised that the processing of Deferred Benefits and other leavers prior to retirement are traditionally high volume resource intensive transactions that have understandably been viewed by administrators as an area that can be treated as lower priority than other key functions because there is no immediate entitlement to benefits. However, we recognised some time ago that

excessive numbers were building up and have spent the last 12 months developing an automated solution (robotic process automation – RPA) that will provide significant long term efficiency savings. This has resulted in an excessive build-up of unprocessed leavers but it is anticipated these can be processed very efficiently once RPA is live.

13. The Pension Service Delivery Manager has kindly provided the Pension Section's observations on the statistics, which are set out immediately below.

Rather than add separate comments on each red item, I would like to caveat the report with a general update on performance (which I think is more or less covered in the Admin Update Report). It is difficult for me to comment on past performance when I have only been here for such a short amount of time, however I can comment on the various initiatives we are implementing going forward in order to work towards improving the service we offer to customers (members and employers).

In summary these are:

- Lack of resource – The Lead Pensions Manager and I are working on a resource plan and have identified where our resource gaps are. We are currently working with HR and Finance to start the recruitment to fill these gaps so that we have a full complement of the necessary staff.
- Employer Data Issues – we have issues with the data received from some scheme employers and the team spend a significant amount of their day querying data with employers which in turns holds them back from being able to progress cases. We are implementing an employer's issue log so that the team can detail what the issues are and with who, as and when they occur. I will then review this on a regular basis to identify the problem employers so that we can target them and also identify any common training needs.
- Processes – we have recruited a Customer & Service Improvement Officer to review our current processes with a view to removing unnecessary waste and streamline processes.
- Self-Service – we are looking at investing time in improving the online information/services provided to members and employers so that we can encourage them to self-serve and reduce the amount of contact into the team allowing us to focus on more complex tasks.
- Productivity – I am meeting regularly with Team Leaders to review productivity and accuracy of the team, and address any concerns. We are also looking at skills matrices and training plans to identify knowledge gaps and SPOF's.

Once implemented all of the above should significantly increase our ability to meet KPI's and in turn provide an excellent level of service to our customers. Hopefully, this will reassure the Board more than drilling down into the detail of why individual KPI's have failed.

Additional categories added

14. In the meeting of 18 January 2018 the Board recommended the following:

- *Ill-health statistics should be split between active and deferred cases:* Ill-health retirement quotations and actuals have been split between actives and deferred beneficiaries as requested by the board. This means that the latest statistics cannot be compared with previous quarters on a like for like basis, albeit that the overall figures have improved.

- *Invoicing should be reviewed so that strain costs are recharged in a timely manner:* Two new lines have been added to the APR for this quarter, one to measure the number of invoices issued and the other to monitor the number of invoices paid. We shall be able to drill down to find more detail should invoices remain unpaid at the end of the quarter.
- *The Communications Strategy should be reviewed:* This is included in the APR Report Forward Plan

Next steps

15. The Board is asked to **note** the content of this report and the 2018/19 Quarter 1 APR Report (shown as Annex 1) and **make recommendations** to the Pension Fund Committee if appropriate.

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Sources/background papers:

Annexes:

1. 2018/19 Quarter 1 APR Report