



## Surrey Local Pension Board

### 5 August 2021

## Administration Performance Report Quarter 1

### Recommendations:

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

### Background

1. The reporting of key performance indicators (KPIs) was changed with effect from 1 April 2021 in order to present the work completed in a consensually agreed format.
2. It is important to note that the method used for calculating the KPI figures completed within Service Level Agreement (SLA) has also been changed from 1 April 2021 (i.e. for this quarter) and therefore, they cannot be compared to previous quarters on a like for like basis.
3. The new basis for calculating the KPI figures is explained below in the report. The figures are shown in Annexe 1.

### Content

4. The KPI figures in Annexe 1 reflect the performance for the period from 1 April 2021 to 30 June 2021, which was a lockdown quarter and it was agreed that the administrators should focus on a handful of core tasks.
5. The method of reporting key performance indicators has changed as follows:
6. Prior to 1 April 2021, the percentage of cases completed within the SLA (Column J of Annexe 1) for the quarter was calculated by dividing the number of cases completed within SLA in the quarter by the number of cases **received** in the same quarter.

7. Since 1 April 2021, the new method divides the number of cases completed within SLA in the quarter by the total number of cases **completed** in the same quarter.
8. As the current method does not reference the number of cases received in the quarter, a second ragged column (Column L) was added to show whether the number cases outstanding at the end of the quarter (Column L) has increased or decreased from the number cases open at the beginning of the quarter (Column D).

### **The overview of Total Caseload (row 6 of Annexe 1)**

9. The overview of quarter 1 of 2021/22 which is based on three months (April to June) shows that the backlog was 10,006 at the beginning of the quarter and 10,256 at the end, which is a net increase of 250. It is important to note 5,298 cases were completed including terminated cases, but only 4,048 were completed excluding terminated cases, which means that 1,250 (24%) cases were terminated. The terminated cases refer to those that have been reviewed and closed in Altair, the Pension Administration IT System either temporarily (due to no immediate action being required) or permanently (due to no further action required). The temporary closures will be re-opened in the future when actions need to be performed.
10. It may be helpful to note that there were 8,443 cases with overdue tasks at the end of quarter 1 and 5,092 cases that were over two years old.
11. When a team starts to address a significant backlog there are inevitably duplicate cases, incorrectly assigned cases and a few that have been overtaken by events that can be legitimately reassigned or deleted. Although the current position is not a favourable one, this is expected to improve in the coming months.

### **The performance report**

12. It is natural to look at the four processes ragged double-green first, as this should indicate good performance which include Retirement (Complete) (row 12), Retirement (Initial Notification) (row 16), Employer Estimate (row 18), Non-LGPS Transfer Out (Actual) (row 26) and are explained below.
13. Retirements complete (actual) had more cases completed (564) than received (548), although 41 cases (564–523) were terminated. It is interesting to note that the number of cases outstanding (column L) would have turned red ( $98+41=139$ ) if the terminated cases had been excluded.
14. Retirement initial (benefit options sent to members) in Annexe 1 (row 16) demonstrates that 346 (1050-704) i.e. 33% cases were terminated. However, there are 130 cases which are overdue (Column O) and 30 cases that are more than one year old (total of Columns Q & R) which require investigation. This will be monitored closely as very few members cancel their retirement as, in almost all cases, the process should be led by employment terminating and P45 being issued. Hence it would be a concern if the number of terminations persist at this level over a period of time.

15. If the large number of terminations persists, we can either (1) exclude terminations from the cases completed or (2) match the number of cases completed with their National Insurance Numbers (NINO). If the number of cases completed contain duplicate NINOs, we will know that there has been duplication of cases and double counting that quarter. Again, we will monitor this on an ongoing basis.
16. The third double green is employer early retirement estimates with the number of cases at the beginning and end of the quarter at 35 and 15, respectively. Although number of cases received and completed was 88, the latter included 20 (23%) terminated cases and 13 cases on which tasks are overdue (Column O).
17. The final double green was non-LGPS transfers-out actuals, which showed a marginal reduction of 1 case (i.e. the opening and closing balances of quarter 1 were 24 and 23 respectively) and 20 cases were terminated in quarter 1. Most members still have an element of final salary benefits and they generally move to a higher paid job. It is noted that 53% ( $20/38 \times 100$ ) of transfer out cases were terminated.
18. The Non-LGPS Transfer In (Estimate) in row 20 is the only one with amber/green ragging. However, if the terminated cases had been excluded, it would have turned amber/red.
19. The four red/green in Annexe 1, columns J and L of rows 9, 10, 11 and 19 report on (i) Survivor's Pensions (36%), (ii) Death Benefits Payable (67%), (iii) Balance of Payments (68%) and (iv) LGPS Transfer In Estimate (52%). They showed modest improvements in their backlog (Column L) at the expense of falling well below their tolerable performance targets, which were 90% for (i), (ii) and (iii) and 80% for (iv) above.
20. The five green/red rating on Death Notification (row 8), Refunds (row 15), Non-LGPS Transfer Out (Estimate) (row 22), Non-LGPS Transfer In (Actual) (row 24) and LGPS Transfer Out (Actual) (row 25) show that the SLA performances are met but at the expense of backlog increasing. An example is illustrated by the Non-LGPS Transfer In (Actual) where, despite 90% of cases being completed within SLA, the number of cases at the end of the quarter increased by 21 cases (36-15) which is 30% of the 69 new cases received in the quarter.
21. There were 3 red/red – Ill Health Retirement (Initial), Deferred Status and LGPS Transfer In (Actual) on rows 13, 17 and 23 respectively and 1 amber/red LGPS Transfer Out on row 21 which also require monitoring on an ongoing basis.

### **Underlying performance**

22. It is important that cases are reviewed regularly and only terminated as a permanent solution if no further action is required. Otherwise performance will be overstated and reporting will be neither accurate nor transparent.
23. If we assume that only 35 of the 43.5 administrators Surrey employ perform case work, then each administrator is completing, on average, 1.75 cases per working day (excluding terminations).

4,048 cases / (66 [working days] x 35 administrators) = 1.752 cases per day

24. Although neither of the above figures is particularly encouraging, the latter represents small but worthwhile improvement on previous figures.
25. As reported earlier in the agenda in the Administration Update Report, a new method of allocating tasks on current and backlog cases on a weekly basis has been implemented. At the end of each week progress is monitored and reported to senior management team. The Board will receive a progress report at its next meeting on 11 November 2021.

## **Conclusion**

26. The new method of reporting is designed to encourage the Administration Team to address the backlog. Nonetheless, although the new method may make the ragging look more attractive it does not airbrush the overall picture and there are plenty of things to consider.
27. Some of the terminations included in the figures reflect the completion of sub-processes. Given that many case types are already double counted (e.g. retirements initial/retirements complete, deaths initial/deaths complete etcetera...) there is reason to believe that the numbers of cases completed are overstated. We will report back to the Board when this has been further investigated.
28. The pensions team is aware that the size of the backlog continues to require significant improvements in productivity and this is being addressed as part of the wider Turnaround Programme.

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**Sources/background papers:**

**Annexes:**

1. 2021/22 Quarter 1 KPI Report