

HAMPSHIRE COUNTY COUNCIL

Decision Report

Panel:	Pension Fund
Date:	15 June 2012
Title:	Administration performance
Reference:	4039
Report From:	Nick Weaver – Head of Pensions Services

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1. Summary

- 1.1. The purpose of this paper is to update the Panel on administrative performance in 2011/12, and highlight key changes in the coming year.
- 1.2. An additional administration issue is raised in a confidential appendix.

2. Administration performance

- 2.1. Administration performance against statutory deadlines for key casework is measured each month. Due to their greater time sensitivity, retirements and estimates have always been given priority, and are measured against a service standard of 4 weeks.
- 2.2. For deferred benefits and notional transfers (changes of employer within the Hampshire Pension Fund), the service standard is 8 weeks because these cases are less time sensitive.

Quarter 3 – completed work and time taken to process

Area of work	0-5d	6-10d	11-15d	16-20d	21-40d	41+d	Total number of completed cases	% comp on time
	1 Week	2 Weeks	3 Weeks	4 Weeks	5 - 8 weeks	8 weeks+		
Retirements	555	215	70	6	0	0	846	99%
Estimates	261	182	51	4	0	0	498	99%
Deferreds	604	306	376	337	488	43	2154	98%
Notionals	106	16	19	16	82	121	360	66%
Interfunds	210	3	3	1	4	1	222	100%
Transfers	149	3	0	1	0	0	153	99%
Divorce	33	2	0	1	0	0	36	97%
Other leavers	11	0	0	0	0	0	11	100%
Pension Payroll starters	656	60	7	4	2	0	729	99%
Total	2585	787	526	370	576	165	5009	

Quarter 4 – completed work and time taken to process

Area of work	0-5d	6-10d	11-15d	16-20d	21-40d	41+d	Total number of completed cases	% comp on time
	1 Week	2 Weeks	3 Weeks	4 Weeks	5 - 8 weeks	8 weeks+		
Retirements	683	70	9	0	0	0	762	100%
Estimates	449	35	3	0	0	0	487	100%
Deferreds	603	430	199	79	52	0	1363	100%
Notionals	144	49	35	18	25	112	383	71%
Interfunds	134	0	3	1	1	0	139	100%
Transfers	179	6	0	0	0	1	186	99%
Divorce	95	2	0	0	0	0	97	100%
Other leavers	20	1	0	0	0	0	21	100%
Pension Payroll starters	517	108	36	10	30	2	703	94%
Total	2824	701	285	108	108	115	4141	

- 2.3. Work has continued during the year to eliminate the two remaining backlogs of work which were calculation of deferred benefits and processing of notional transfers. In March 2012, delivery to standard was achieved for 100% of deferred benefit calculations and 94% of notional transfers.
- 2.4. Performance monitoring for pension payroll starters is less reliable than for other processes as the payroll is currently in a separate system to the main administration system, and workflow tasks are not always closed down immediately on completion of the work. This will change from April 2012 as all new pensioners are now being set up on the new integrated payroll module.
- 2.5. Outstanding work at the end of each month is also measured by age and processed in date order to ensure achievement of service standards. The table below shows the analysis of outstanding work at the end of March.

Area of work	0-5d	6-10d	11-20d	21-40d	41+d	Total number of outstanding cases
	1 Week	2 Weeks	3 - 4 Weeks	5 - 8 Weeks	8 weeks+	
Retirements	6	0	0	0	0	6
Estimates	2	0	0	0	0	2
Deferreds	116	88	30	20	0	254
Notionals	10	4	1	1	0	16
Interfunds	1	0	2	0	0	3
Transfers	3	1	0	0	0	4
Divorce	1	1	0	0	0	2
Other leavers	0	0	0	0	0	0
Pension Payroll starters	12	1	1	8	8	30
Total	151	95	34	29	8	317

- 2.6. Outstanding deferred benefit cases at the end of the year represent less than two weeks work. The total number of outstanding notional transfers has reduced from 258 at the beginning of the year, to just 16 cases at the end of the year.

3. Administration costs

- 3.1. In 2008, the Panel approved a five year resourcing plan to enable improvements in pensions administration and ensure delivery to statutory deadlines. The estimated impact of the plan on the cost per member was as shown in the table below.

	2009/10	2010/11	2011/12	2012/13	2013/14
LGPS cost per member	£15.24	£18.38	£18.63	£18.67	£17.39

- 3.2. The actual cost per member for 2011/12 was £18.10, below the projected figure approved by the Panel, due to some staff posts not being filled.
- 3.3. Good practice suggests that total administration costs should be around 0.3% of the total payroll for the Fund. The 2010 valuation data gives the figure of £877m for the Hampshire Pension Fund, resulting in a suggested administration cost of £2.63m (£20.19 per member).
- 3.4. Nationally, benchmarking data is only available for 2010/11, where the average LGPS administration cost for English shires was £25.66 (£30.18 for all authorities).

4. Customer service excellence

- 4.1. Pensions Services have held Customer Service Excellence, the government standard for excellence in customer service, since April 2009. In April 2012 Pensions Services underwent a second full assessment across 57 separate areas and were found to have reduced the areas of partial non-compliance from four to two. One of these areas related to the backlog of notional transfers which has now been eliminated. The other related to changing the presentation of performance indicators to make them clearer for external users.
- 4.2. In the review report, Pensions Services were praised for their engagement with customers, excellent partnering arrangements and a comprehensive number of ongoing projects all geared to improving customer service. Amongst many other achievements, the Assessor reported:
 - a regular and robust performance monitoring system
 - a strong ongoing culture of commitment to customer service
 - a customer focused attitude with a mind-set for continuous improvement

5. Member and employer liaison

- 5.1. During the year, Pensions Services continued to provide presentations for members of the Fund, and training for employers. Over 1,500 people attended one of the pre-retirement or roadshow presentations which were held in various locations across the county.
- 5.2. Pensions Services hosted 11 induction days for employers, attended by over 100 people working in employer payroll and HR functions. The aim of these training days are to help employers understand their statutory responsibilities and provide timely, accurate data for pension scheme members.

- 5.3. Employers continued to make use of the bulk estimate facility whereby benefit calculations are run for all members at a certain date, providing indicative pension strain costs for planning purposes.

6. AVC providers

- 6.1. Prudential have been used as an additional AVC provider for the fund since July 2011. It was originally intended that Prudential would handle all new contracts, although existing contributors could choose to remain with Zurich.
- 6.2. However, Prudential have announced that they intend to apply early exit charges for members withdrawing funds within 5 years of their first contribution. Zurich have made no indication that they will start making similar charges.
- 6.3. Many members choose to take out AVC contracts within their last 5 years of membership. Consequently, members will be allowed to choose whether they take up an AVC contract with Prudential or Zurich. Pensions Services cannot offer advice on this but will make members aware of the exit charges.
- 6.4. Prudential will waive the exit charges for new members who make their first contribution before an agreed date, including anyone transferring their contributions from Zurich. Letters giving details of this will be sent to all existing Zurich members, and also included with annual benefit statements (if this still gives members sufficient time to make an informed decision).
- 6.5. As reported to the Panel in 2011, Pensions Services were expecting to be contacted about compensation payments for some Equitable Life 'with profits' policy holders by June 2012. To date, no further information has been received. The Government expects that all payments will be made by June 2014.
- 6.6. A letter enclosed with the 2012 Equitable Life benefit statements reminds policy holders about the compensation scheme website which gives details of the payment process, including timescales and contact information.

7. Recommendations

- 7.1. It is recommended that:
 - the Panel note the improvements in administration performance
 - agree the outline plan contained in the confidential appendix

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific impact