

## **REPORT FOR: Pension Board**

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**Date of Meeting:** 20 June 2017

**Subject:** Information Report - Performance Monitoring of Pensions Administration Service

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards Affected:** All

**Enclosures:** Corporate Services Benchmarking Clubs – CIPFA  
Pensions Administration Benchmarking Club - CIPFA

### **Section 1 – Summary**

#### **Summary**

This report presents the Board with performance monitoring information and asks them to consider whether the Council should subscribe to the CIPFA benchmarking service for Pensions Administration.

#### **For information**

## Section 2 – Report

1. At its last meeting on 7 March 2017 the Board received a report which presented the, then, available performance monitoring information. As minuted, the Board commented and resolved as follows:

*The Board received a report which set out performance monitoring information as currently available and sought views on what further information it would wish to receive.*

*A Board member requested that a report be submitted to the next meeting in order to provide details of staffing levels in relation to performance monitoring of the Pensions Administration Service.*

*Officers were asked to consider again whether any benefit was to be gained by subscribing to the CIPFA benchmarking service.*

**RESOLVED:** *That the report be noted.*

### Staffing and costs

2. During 2016-17 there were 6.6 staff members in post dealing with the full administration of the Local Government Pension Scheme. Costs were as follows:

	£
Monthly pay	163,892.67
Overtime and pensions	69,661.83
TOTAL	233,554.45

3. Further details on performance are given in paragraph 12 below

### CIPFA Benchmarking Club

4. As requested by the Committee, CIPFA have been approached for information to allow officers and the Board to consider whether it would be appropriate to subscribe to their Pensions Administration benchmarking service.
5. Attached is a copy of the CIPFA brochure which explains the benefits of benchmarking and of subscribing to the CIPFA service. On page 13 is the description of the Pensions Administration service as follows:

*We collect the transactional volumes and processing costs for administering the LGPS using the SF3 definitions. Costs are further analysed by function.*

*Data is collected in the following areas:*

- *Membership analysis*
- *Employer analysis*
- *Change events – member and employer*
- *Quotations and charges*
- *Communications*
- *Tracing agencies*
- *Self service*

6. An example of the annual report produced by CIPFA for an individual authority is attached – NB whilst this report is identified as that of a county council it is publicly available on the CIPFA benchmarking website.
7. The example report indicates that the benchmarking data is provided in sections as follows:

Section 1 – Summary  
 Section 2 – Cost measures  
 Section 3 – Workload measures  
 Section 4 – Staff related measures  
 Section 5 – Industry standard PIs

8. Whilst, clearly, the benchmarking covers only “measurable” aspects of the service rather than quality it could be of value to the Board.
9. However, benchmarking is only of value if the peer group covered is appropriate. CIPFA have advised that the current subscribers to the Pensions Administration service are as follows:

<b>Class of authority</b>	<b>Number of subscribers</b>
County	19
London unitary	5
Met unitary	8
Other English unitary	10
Welsh unitary	4
Scottish unitary	2
Other	4
<b>TOTAL</b>	<b>52</b>

The total universe is likely to be about 100 authorities hence the coverage is substantial. However, it is clear that the “club” is dominated by the larger LGPS administering authorities. Very few London boroughs subscribe hence, were the Council to do so, it would be one of the smallest funds and would be incurring “London” costs and conditions not being faced by the majority of the subscribers

10. The cost of subscribing, at £750 pa, would be a relatively modest though there would be an administration cost, particularly in year 1, of completing the input data.
11. The Board are asked to consider whether they would wish the Fund to subscribe to the benchmarking service.

## Performance monitoring

12. The Board have previously been advised that performance monitoring information is included in the Annual Newsletter distributed to all members and employers in the Fund and other stakeholders. Data for 2016-17 is as follows:

<b>SERVICE</b>	<b>Harrow performance target (%)</b>	<b>Actual (%)</b>	<b>National benchmarking target (days)</b>
Issue letter notifying of dependant's benefit in 3 days	95	45.61	5
Provide transfer details to member in 5 days	95	100.00	10
Calculation and notification of all retirement (including ill-health) benefits estimate in 7 days	95	87.52	10
Issue letter to new pension provider detailing transfer-out quote in 9 days	97	100.00	10
Calculation and notification of deferred benefits in 8 days	97	97.56	10
Calculation and notification of all retirement (including ill-health) benefits in 3 days	95	73.86	5
Process refund and issue payment within 5 days	98	93.75	5
Contact next of kin on notification of death in 3 days	100	100.00	5
Issue statutory notification on receipt of transfer funds in 5 days	95	62.84	10

It should be noted that this performance information is very similar to that provided in Section 5 of the model report discussed in paragraphs 6-8 above.

13. The Board's comments are invited.

## **Financial Implications**

14. Whilst the provision of performance monitoring information should assist in the efficient and effective management of the Pension Fund the only financial implication potentially arising directly from this report would be a charge to the Pension Fund of £750 pa for the provision of the CIPFA benchmarking service.

## **Risk Management Implications**

15. All risks are included within the Pension Fund Risk Register.

## **Equalities implications**

16. There are no direct equalities implications arising from this report.

## Council Priorities

17. The financial health of the Pension Fund directly affects the resources available for the Council's priorities.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert  Chief Financial Officer

Date: 7 June 2017

**Ward Councillors notified:** Not applicable

## Section 4 - Contact Details

**Contact:** Ian Talbot, Treasury and Pension Fund Manager  
0208 424 1450

**Background Papers – None**