

ITEM No ...6.....

REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE & PENSION BOARD– 3RD DECEMBER 2018

REPORT ON: PENSION ADMINISTRATION PERFORMANCE– QUARTERLY UPDATE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 384-2018

1 PURPOSE OF REPORT

This report provides information on the recent quarter's operational performance in relation to Pension Administration.

2 RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3 FINANCIAL IMPLICATIONS

There are no financial implications.

4 BACKGROUND

Following the report in June 2016 (217-2016 Pension Administration Performance) detailing the review undertaken by AON Hewitt following the retirement of the Pensions & Payroll Manager, the Sub-Committee and Board members requested a quarterly update report to inform of key issues identified and achievements in the previous quarter and to maintain an operational understanding of service levels, demands and constraints.

5 SERVICE SUMMARY

Actual Pensions Brought into Payment in Quarter	April - June	July to Sept
Efficiency/Redundancy	91	22
Ill Health	19	19
Flexible	12	17
Preserved into Payment	49	75
Voluntary (inc Employers consent)	54	66
Voluntary Age 65	20	28
Total Pensions Brought into Payment	245	227
Estimates - VER Exercises & Operational since last report	April - June	July to Sept
VER DCC	1	1
VER Other	13	5
Total Estimates received in this quarter	87	97
Total Estimates outstanding at the end of the quarter	46	4
Other Pension Events	April - June	July to Sept
Deaths	127	129
Survivors Pensions	87	62

With effect from April 2018 the task management workflow system on the Altair Pension Administration System was re-implemented to the individual tasks carried out by the Administration Team. This system allows for further statistics to be recorded and declared on the range, volume and duration of individual tasks carried out. In order to ensure that this roll

out did not affect the ongoing work of the team it was decided that a phased approach be taken, as this could be absorbed by the team and also ensured that where amendments to the individual workflows were required that these could be carried out as required.

Workflow tasks have been created to capture data in respect of the tasks carried out by the Clerical Assistants, such as changes of bank and address, completing DWP forms, inputting nomination details, on deaths processed, dependents pensions brought into payment, death gratuity payments made, CETV (Cash Equivalent Transfer Values) for Divorce, miscellaneous payroll tasks, refunds of contributions, estimates and retirements.

Over the period 1st July to 30th Sept, 1005 of the tasks noted below were completed:

Task being measured	No. cases processed in quarter	Description	Notes	Average days from process start to close
CLERICAL TASKS	405	Various amendment and creation tasks carried out by the Clerical Assistants/Modern Apprentices. Includes Nominations Forms changes of address (on both Altair and Resourcelink), changes of bank, DWP forms to be completed and returned, recording Power of Attorney documents.	Increase in process time due to unforeseen staff shortages.	34.50
DEATH GRANT	12	Process of collating information and issuing documentation to Trustees/and making payment to stated beneficiaries.	4 cases received and completed over the period. Balance of cases completed were from previous quarters, but had been complex cases requiring legal involvement, and further trustee queries.	102.08
DIVORCE	8	Issue of CETV (Quote) to Member/Solicitor / Implementation of Pension Sharing Order (including setting up of pension credit records or payment of transfer out and letters to all interested parties)		49.37
ESTIMATES	181	(1 DCC VER, 5 PKC VSS), Estimates processed from employers (VER/VSS, flexible, Ill Health and employer consent retiral) along with estimate requests received from individual members.	97 received and completed within this quarter, with the balance of 84 being from previous quarters. Increased volumes carried from previous period, undertaken this period have increased length of average process time	51.76
MISC PAYROLL	88	This includes the processing of balances of pension, responding to queries, age 75 reviews, age 18 & age 23 reviews for dependent children's pensions.	Large proportion of processes closed were from previous period	39.90
REFUND	84	Process includes the issue of letter/form to member (NB - for those leaving active service the form cannot be signed until one calendar month has elapsed) and including payment of refund being processed to member.	Member response times have improved	26.62
RETIRALS	227	Process includes issue of initial calculation to the member along with essential forms for completion, and may also include queries raised with the employer on the information issued. On receipt of all paperwork includes the further calculation of benefits via Altair, the creation of the Resourcelink payroll record and the payment of the lump sum via the Sundry system and the issue of final letter to member.	New staff becoming more familiar and confident has resulted in faster processing times	38.91
No. individual tasks processed in quarter	1005			

Queries & Complaints

- Approximately 1985 e-mail queries were received (into the pensions@dundee.gov.uk email box) daily during the period, which is an average of 22 per working day.
- 1 formal complaint were received during the quarter. An error was made in February 2018 which resulted in the incorrect termination of a pension. The pensioner telephoned in May 2018 and the error was rectified and a retain payment made within 24 hours and a written apology issued. However the pensioner went on to

have problems with the payment of state pension payments and as a result a further apology both verbal and in writing was issued.

- All counter visits were accommodated within 10 minutes of arrival.

Recruitment & Outsourcing

- GMP Reconciliation Progress Report (at 30th September 2018). Individual and bulk analysis has continued, HMRC has issued responses to queries raised by Equiniti and a such a further 242 cases have been agreed via individual reconciliation. Queries currently raised with HMRC amount to approx. 1852. The scheme is now 89% reconciled. The amount paid to Equiniti as at 30th September 2018 is £271,723.00. No new project risks were identified during this period and no milestones are overdue.
- Following JLT being granted access to the Altair system by Aquila Heywood cases are now being completed direct onto the system, checking is also undertaken by JLT as will the issue of the formal documents to members. Queries continue to be collated and referred in the first instance to the Admin Team for investigation and response, where rectification cannot be carried out by the Admin team a request to the employer is raised.
- 2 Permanent Staff Member announced their resignations wef 31st July 2018 and 10th August 2018, a subsequent resignation of a Clerical Assistant was also received and actioned in September.
- Recruitment interviews were held in August for the Vacant posts and for 2 new grade 6 posts which were established on the structure.

Communications

- Annual Benefit Statements were issued to deferred members at the end of July 2018.
- Annual Benefit Statements were issued to active scheme members at the end of August 2018.

Other

- Volumes of requests being generated via Freedom & Choice continued at the same volume as in previous quarters (approx.50 per month).
- During July we were made aware of an issue with HMRC in relation to tax codes relevant to the 2018-19 tax year in approximately 4000 cases. This issue caused a great deal of lengthy and complex telephone enquiries by pensioners as a result and this resulted in a strain being placed on the day to day resources of the section.
- DBPSS - Communication between Pinsent Mason LLP and MacRoberts LLP acting for DBPSS continued over the period.

6 RESOURCE

During the period the sustained volume of calculations in relation to Freedom & Choice along with the change of process required to allow for the individual input of mail items, and the essential setting of the resulting action from that mail item has continues to pose a significant strain on the resources of the Pensions Team during the period.

With the aforementioned noted staff resignations it was decided that in order to ensure operational requirements were met that certain key tasks would need to be referred to a third party administrator for processing and checking over the coming periods.

Additional work was passed to JLT during the period when recruitment was on-going and training for new staff. This work was for 1445 cases (transfers inwards, transfers outwards, aggregation, concurrent calculations) at a cost of £84000.00 (plus VAT), and on a case by case cost basis of £50 (Plus VAT) for further essential checking of calculations of the initial notification of retirement benefits. In the period August and September 156 cases were issued to JLT for checking at a cost of £7800.00 (plus VAT).

7 POLICY IMPLICATIONS

This Report has been screened for any policy implications in respect of sustainability, strategic environment assessment, anti poverty, equality impact assessment, privacy impact assessment and risk management.

There are no major policy issues

8 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

9 BACKGROUND PAPERS

None

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

26 NOVEMBER 2018