

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND COMMITTEE  
20 September 2018

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### **PENSION FUND KEY PERFORMANCE INDICATORS**

#### **Purpose of the Report**

1. The purpose of this report is to present the Fund's performance against its key performance indicators (KPIs) in relation to the administration of benefits.

#### **Background**

2. As part of the Fund's 2015/18 Business Plan, the Fund has a commitment to introduce bi-annual performance reporting of KPIs in order to improve management information, assist with performance monitoring and increase transparency of the administration performance. This objective fits in with our overriding objectives to ensure the effective management and governance of the Fund and to provide an effective, customer friendly benefits administration service.
3. This commitment is also in line with the Pensions Regulator's increased focus on governance of public service pension schemes resulting from the extension of its remit to cover public service pension schemes via the Public Service Pension Act 2013 and the resulting *Code of Practice 14 - Governance and administration of public service pension scheme* which sets out the wide-ranging governance requirements the Regulator expects to see adhered to.
4. At its meeting on 23 March 2017, the Committee agreed a set of KPIs that the Fund would be measured against which are now attached to this report.
5. As discussed at previous meetings, Officers will continue to expand its range of reportable KPIs and, accordingly, The Pension Regulator (tPR) KPIs are now shown in Appendix 2 and will be reported semi-annually to the Committee as part of this item. tPR related KPIs are becoming increasingly important as they will now form part of the Scheme Annual Return (next due in October 2018).

#### **Considerations for the Board**

##### **Benefits Administration KPIs**

6. The following KPIs are reported on and shown on the attached Appendix 1 for 2018-19 Quarter 1 along with a trend analysis for the previous 3 quarters:
  - Putting benefits into payment on retirement from active status;
  - Commencing payment of benefits for deferred members;
  - Provision of retirement estimates;
  - Provision of deferred benefit statements to members who leave before 55;
  - Processing of transfer payments into and out of the Fund;
  - Provision of cash equivalent values in cases of divorce;
  - Processing of refunds of contributions;
  - Processing of inter-LGPS Fund transfers; and
  - Payment of death grants and applicable survivor's pensions.

7. The data is subdivided into the time taken to complete each task into different tranches (0 to 5 days, 6 to 10 days, etc.), as well as setting out those instances where performance was outside of the statutory time limits. This information allows the Fund to look at trends and to provide a better understanding of any potential issues impacting the day-to-day administration of the Fund.
8. Separately the Fund is currently developing its reporting capability to provide splits between employer and Fund performance and also to provide comparisons against statutory disclosure timelines and the Fund's administration strategy.

#### tPR KPIs

9. tPR defines data as either Common Data, data that it would expect all schemes to hold, and Conditional/Scheme Specific data, data that is relevant and important to that particular Scheme.
10. The Fund has calculated Common and Conditional/Scheme Specific percentages in line with the tPR guidance document '*A quick guide to measuring your data*'. However, the Scheme Specific measurement methodology is still subject to completion of consultation exercise by the Scheme Advisory Board (SAB) and hence the methodology used in this report may need to change. Furthermore, there is a lack of clarity in how tPR expects each percentage should be calculated which we lead to difficulties in making any like with like comparisons across Funds. We have highlighted these issues to SAB.

#### Conclusions

##### Benefits Administration KPIs

11. The general trend for Qtr 1 2018/19 is a downward one with the total number of completed cases falling from 1854 (in Qtr 4 17/18) to 1356. Although the quarter saw an increase in **benefit estimates** completed to a new high of 252 cases. The biggest falls over the quarter were **deferred** and **refund cases**, deferreds down 40% from 735 in Qtr 4 17/18 to 434 cases while refunds dropped 54% from 363 to 165 cases over the same period. (see Chart 1).
12. The **Active to retirement** metric has seen a fall this quarter in meeting the target timeframe although Qtr 3 saw a slight recovery which continued into Qtr 4 (see chart 1). The number of active retirement cases completed was at its lowest level over the four quarters (see chart 2).
13. **Deferred to retirement** and **death cases** both saw slight drops against target. Although deferred into retirement case volume was at it's highest level over the four quarters.
14. During the period, the Fund was carrying a number of vacancies in key operational positions and also had other some other officers on mid-term sick leave. Although operational levels vacancies have now been filled, a mixture of internal promotions and external appointments, levels of productivity will be lower than normal until the team develop into their roles over the next few months. One mid to long-term sick leave situation remains. However, no staff has left the service in 2018 and it is hoped that by promoting staff internal has and will have the benefit of increasing staff retention rates, and productivity rates will improve accordingly.
15. Furthermore, in recognition of the difficulties faced, the Fund has recently starting rolling out an overtime plan which is targeting the **Deferred to retirement** area of work and also another area which is not directly shown within these KPIs (aggregation) but which

indirectly affects the other KPIs. The Fund is able to use the financial savings created by carrying vacancies to finance this plan and is looking to expand it further if it proves effective.

16. Furthermore, the Fund is currently in the process of procuring a key piece of automation software (I-Connect) and is starting to use another piece of automation software (process automation) to make other improvements. Other plans are in place to undertake a more detailed process review to identify further efficiencies although this is not likely to start until 2019.
17. Officers expect to start seeing some of the benefits on KPIs towards the end of 2018 with further improvement occurring in 2019.

#### tPR KPIs

18. As at 31 March 2018, Wiltshire Pension Fund had an approximate Common data measurement of 95% and a Conditional/Scheme Specific data measurement of 88%. The target for both measurements is 100%. The main reasons for the failures and high level summary of planned actions is outlined in Appendix 2. Revised percentages will be calculated for the purpose of the Scheme Return.
19. The Fund will be implementing a data improvement plan to address these deficiencies and will continue to work with stakeholders to improve data quality and liaise with other Funds and Regulators to agree on the appropriate methodology.

#### **Environmental Impact**

20. There is no environmental impact from this report.

#### **Financial Considerations**

21. There are no immediate financial considerations resulting from the reporting of the Fund's performance against its key performance indicators.

#### **Risk Assessment**

22. There are no direct risks to the Fund associated with this reporting.

#### **Legal Implications**

23. There are no immediate legal implications arising from this report.

#### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

24. There are no implications at this time.

#### **Proposals**

25. The Committee is requested to note the Fund's performance against its key performance indicators.

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## APPENDIX 1 (Table 1)

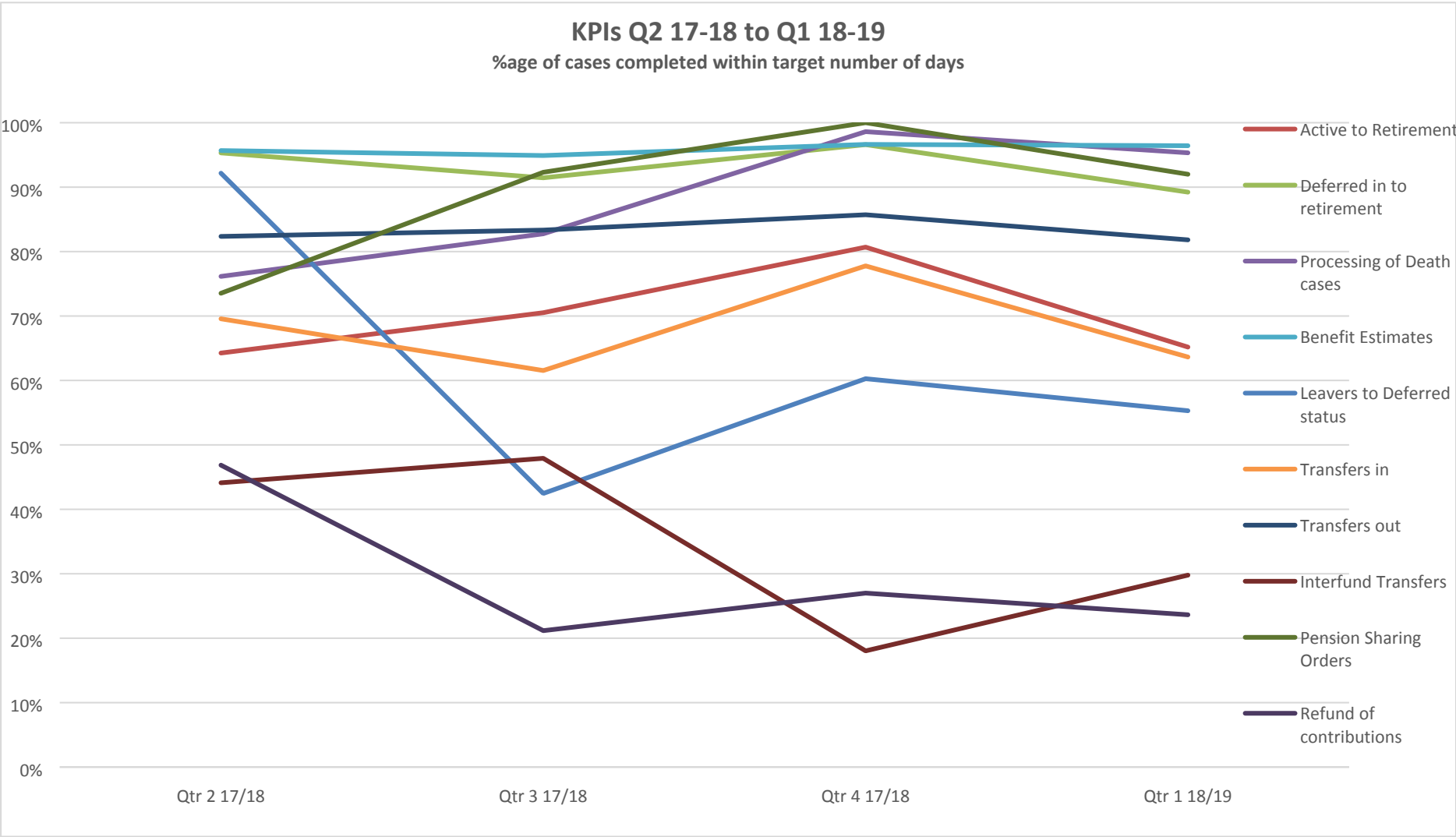
### Wiltshire Pension Fund

#### Benefit Administration Key Performance Indicators

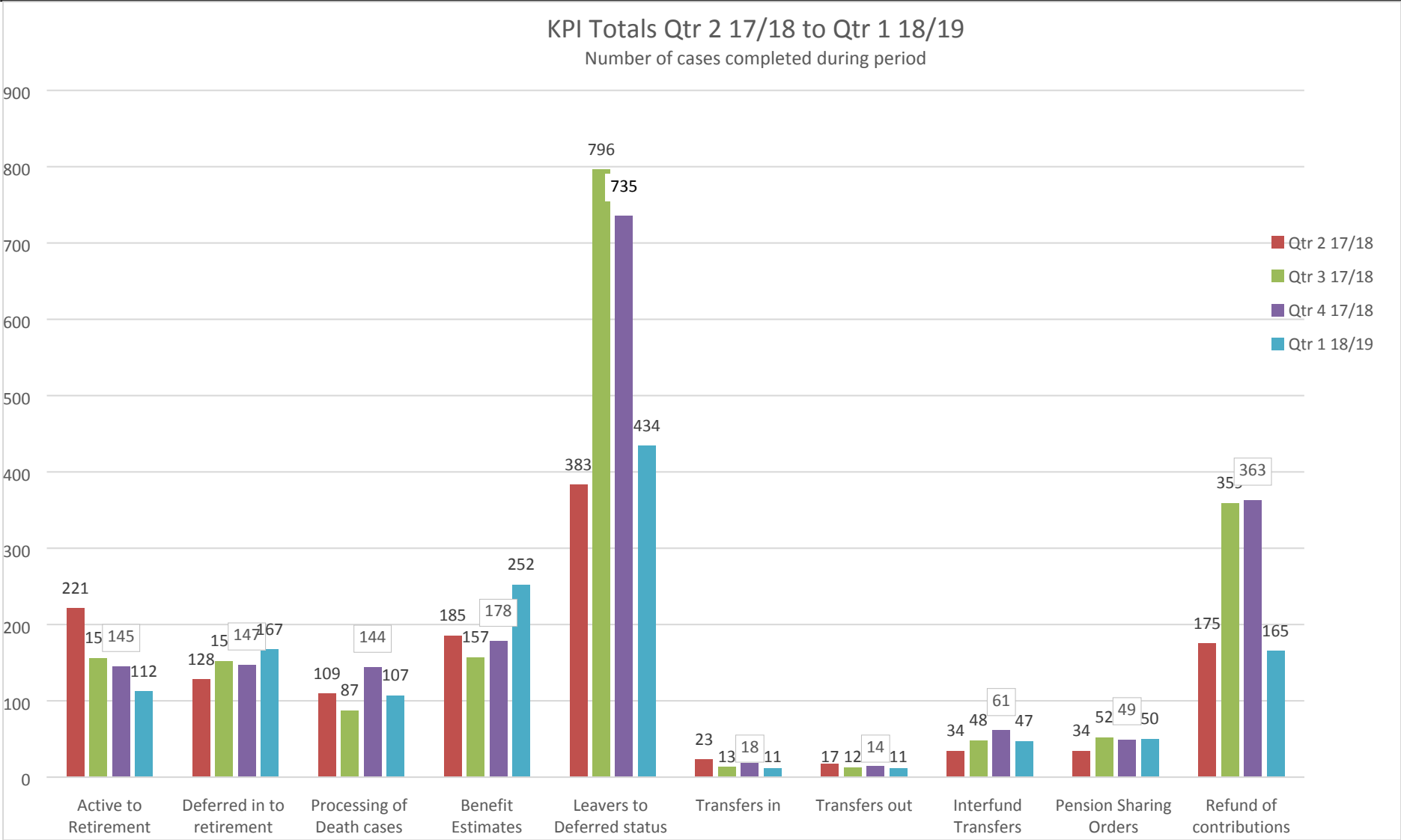
Period **01/04/2018** to **30/06/2018**

Type of case	Time to complete						Total	Timescales % on target	Timescales working days
	0 - 5 days	6 - 10 days	11 - 15 days	16 - 20 days	20 - 40 days	40 days +			
Active to Retirement	12	31	12	18	19	20	112	65%	20
Deferred in to retirement	66	39	34	10	10	8	167	89%	20
Processing of Death cases	80	18	3	1	5	0	107	95%	20
Benefit Estimates	85	71	31	30	26	9	252	96%	40
Leavers to Deferred status	55	28	24	44	89	194	434	55%	40
Transfers in	0	1	1	0	5	4	11	64%	40
Transfers out	7	2	0	0	0	2	11	82%	30
Interfund Transfers	7	2	2	2	1	33	47	30%	40
Pension Sharing Orders	32	9	2	0	3	4	50	92%	30
Refund of contributions	22	9	6	2	19	107	165	24%	20
<b>Grand Total</b>	<b>366</b>	<b>210</b>	<b>115</b>	<b>107</b>	<b>177</b>	<b>381</b>	<b>1356</b>		
<b>Percentage</b>	<b>27%</b>	<b>15%</b>	<b>8%</b>	<b>8%</b>	<b>13%</b>	<b>28%</b>			

**APPENDIX 1 (Chart 1)**



# APPENDIX 1 (Chart 2)



## APPENDIX 2: tPR measurements

### Wiltshire Pension Fund

The Pension Regulator: Common and Conditional/Scheme Specific data measurement as at 31 March 2018:

Measurement	Percentage	Key reasons for shortfall <sup>3</sup> (Percentage failure rate)	Planned actions <sup>4</sup>
<b>Common<sup>1</sup></b>	<b>95%</b>	*Incorrect membership status (3.5%) *Addresses (1.5%)	*Incorrect membership status failures are mainly due to a backlog in deferring member processing. Additional staff are being recruited to tackle this issue and overtime has been offered to staff. *Address data quality issues are an on-going issue as a result of deferred and pensioner members not telling us when they move house. We use tracing agents to help identify these members but addresses are likely to be an on-going issue.
<b>Conditional/Scheme Specific<sup>1,2</sup></b>	<b>88%</b>	*Post 88 GMP (6.4%) *Transfer details (5.7%) *CARE data (3.8%) *Pre 88 GMP (1.4%) *FTE salary (1.3%) (Note: Many of the failures are interrelated and more than one may exist on a single record and hence the above errors add up to more than 12%)	*GMP data quality will improve once the GMP reconciliation work is completed and bulk updated to records. *CARE & FTE data issues are largely a timing issue but will be addressed as part of end of year.

**Notes:**

- 1). Both measurements have been calculated based on Officers interpretation of current tPR guidance, as outlined in the document “*A quick guide to measuring your data*”. As the guidance is brief, a number of areas are open to interpretation.
- 2). The exact list of scheme specific data items is a matter to be agreed by each Scheme. Due to the multi-Fund nature of the LGPS, the Scheme Advisory Board, in consultation with Funds and the LGA, is seeking to come to an agreement on the list of required data items. At the time of writing, no agreement has been reached and thus the above percentage has been calculated based on a prudent assumption of which data items should be included and what methodology to apply.
- 3). Some of the failures established are ‘technical’ failures in that they relate to the inconsistent way data is held on Altair. Some of the reasons for these inconsistencies are historical in nature due to the way records were migrated across from legacy systems. There are significant complications in calculating these percentages and to establish the difference between technical failures, which could potentially be excluded, and real data failures.



4). The guidance is also not clear on how to take account of timing issues. For example, inevitably there is a time lag in processing between a deferred benefit and the date a member left. During this lag, the member is arguably not held on the correct membership status however, it is unclear on whether or not this should be classed as a failure and if some level of lag is acceptable, how long. Similar scenarios apply concerning updating pay figures.