

## **WILTSHIRE COUNCIL**

WILTSHIRE PENSION FUND LOCAL PENSION BOARD  
21 June 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 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 in Appendix 1.
5. As discussed at the Board meeting on 15 March 2018, 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 quarterly to the Board 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 around October 2018).

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

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

6. The following KPIs are reported on and shown on the attached Appendix 1 for 2017-18 Quarter 4 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 a 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 **Active to retirement** metric following the slight recovery in Q3 has improved again to the highest level in the last 4 quarters (see chart 1). Despite the resourcing issues cover for the work has been maintained by using staff with the required knowledge from outside the benefits team. The number of active retirement cases completed was at its highest level over the four quarters in Q2 (see chart 2). Of the other metrics, only the **Interfund transfers** failed to improve in percentage terms but levels were at there highest in Q4.
12. The number of **Active to Retirement** cases that met the 20 days reduced due to an increase in the number of cases that required clarification from the member's employer's payroll agents. The Fund is continually striving to work with employers to highlight and address educational issues to ensure processes are seamless in providing the very best service for the member. Internal training needs to be conducted to ensure correct use of workflow when the Fund are waiting for responses from Employers and members.
13. **Refund of contributions and leavers to deferred status** has also seen a fall in terms of number of processed cases that meet targets. Although the number of completed cases has seen a significant increase in Q3 and Q4, the focus of completing backlogs is reflecting in the increase in cases. Leavers to deferred cases increased from 383 cases in Q2 up to 796 cases in Q3 and a further 735 cases in Q4, with the subsequent impact of a drop from 92% completed on time in Q2 to only 42% in Q3 but a rise to 60% in Q4. Refunds of contributions followed a similar pattern.

#### tPR KPIs

14. 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.

15. 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**

16. There is no environmental impact from this report.

### **Financial Considerations**

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

### **Risk Assessment**

18. There are no direct risks to the Fund associated with this report.

### **Legal Implications**

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

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

20. There are no implications at this time.

### **Proposals**

21. The Board is requested to note the Fund's performance against its key performance indicators.

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## APPENDIX 1, Table 1

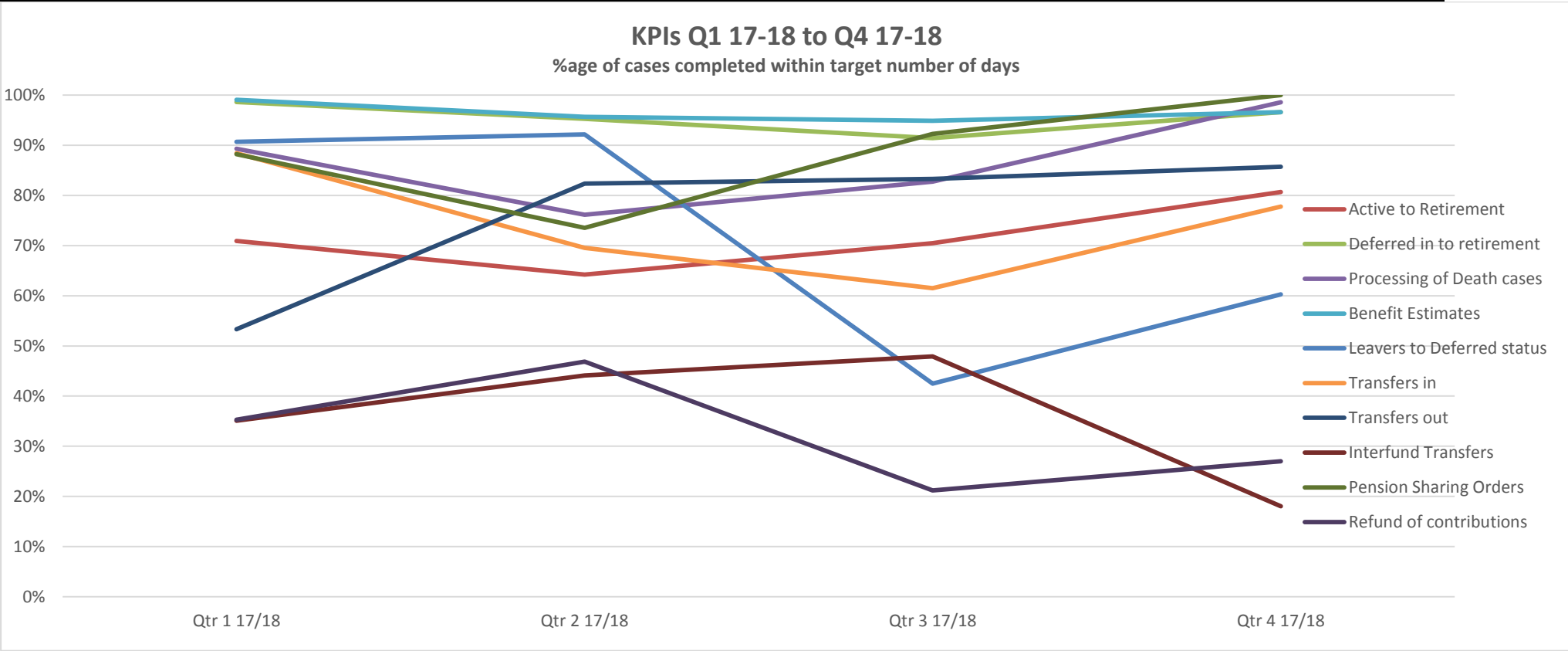
### Wiltshire Pension Fund

#### Benefit Administration Key Performance Indicators

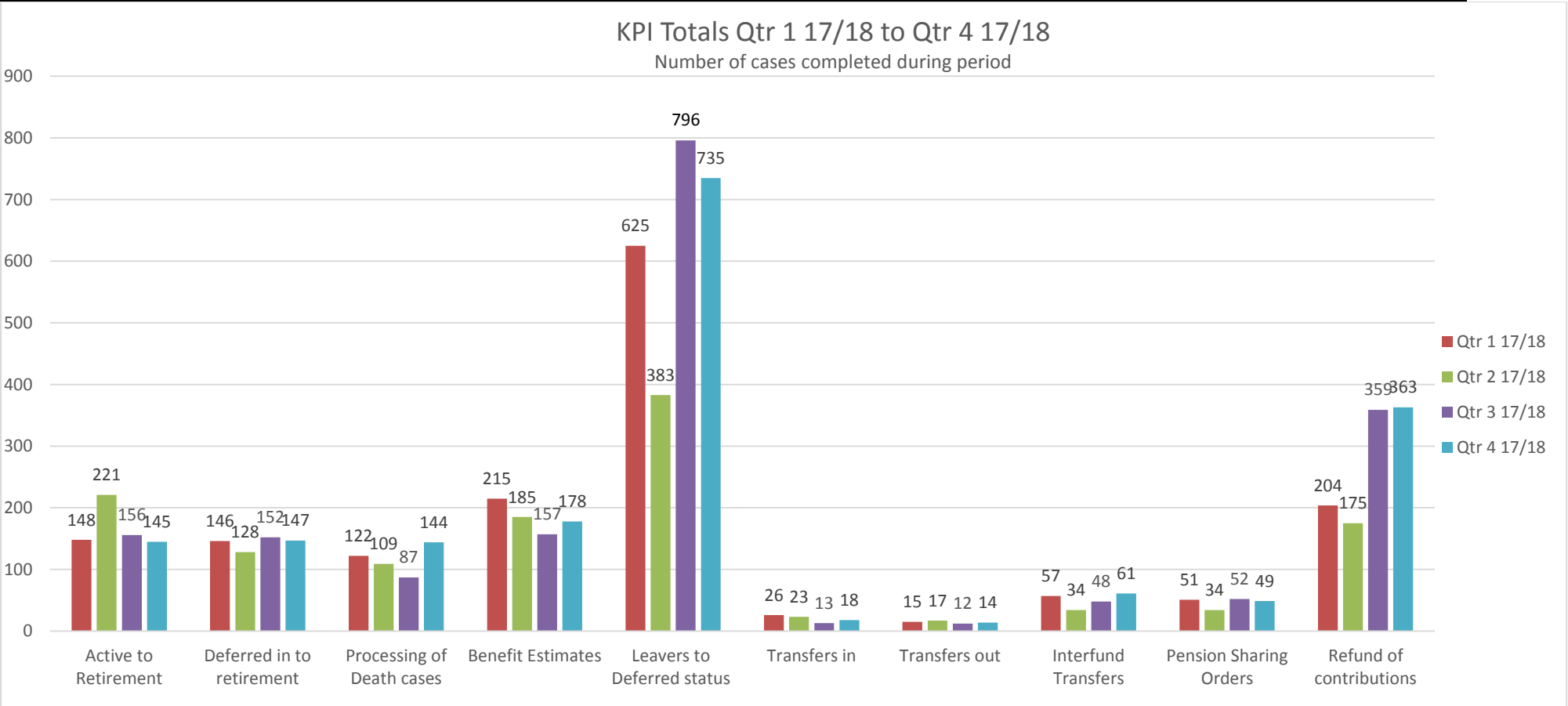
Period 01/01/2018 to 31/03/2018

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	40	41	28	8	13	15	145	81%	20
Deferred in to retirement	104	28	7	3	3	2	147	97%	20
Processing of Death cases	116	19	7	0	2	0	144	99%	20
Benefit Estimates	65	54	20	14	19	6	178	97%	40
Leavers to Deferred status	124	55	34	25	205	292	735	60%	40
Transfers in	8	4	1	0	1	4	18	78%	40
Transfers out	3	3	2	1	3	2	14	86%	30
Interfund Transfers	2	2	2	2	3	50	61	18%	40
Pension Sharing Orders	32	13	3	1	0	0	49	100%	30
Refund of contributions	61	20	7	10	59	206	363	27%	20
<b>Grand Total</b>	<b>555</b>	<b>239</b>	<b>111</b>	<b>64</b>	<b>308</b>	<b>577</b>	<b>1854</b>		
<b>Percentage</b>	<b>30%</b>	<b>13%</b>	<b>6%</b>	<b>3%</b>	<b>17%</b>	<b>31%</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.