

meeting

PENSIONS ADMINISTRATION SUB - COMMITTEE

date

14 JULY 2011

agenda item number **7**

REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES)

PENSION OFFICE PERFORMANCE MONITORING

1. Purpose of the Report

- 1.1 The purpose of this report is to provide a quarterly update to the Sub-Committee on the customer service standards applied within the Pensions Office for the period 1 January to 31 March and 1 April to 24 June 2011.

2. Information and Advice

- 2.1 An analysis has been undertaken of the performance for the period 1 January to 31 March and 1 April to 24 June in regard to 'Pension Procedures', and the performance is as noted in the attached Appendices (Appendix A and B). It should be noted that the period of 1 January to 31 March was not reported at the Sub-Committee meeting on 11 May as the meeting was cancelled due to insufficient business.

- 2.2 The Pensions Office was successful in meeting the target of 100% in the specified time for the following procedures:

Divorce (provide CETV) (Period 1.1 to 31.3.11)

Inter-fund In Actual (Period 1.1 to 31.3.11)

Inter-fund Out Actual (Both periods)

TV Out Actual (1.4.11 to 24.6.11)

- 2.3 Where the Pensions Office was not able to meet the target of 100%, the procedure with the reason (s) noted as follows:

Deaths - It was found that whilst dependants were paid on time, the members' pension record had not been updated on the pensions administration system. Also, where there was a delay in payment this was due to as the dependant returning completed forms outside the agreed timescales.

Deferred Benefits - The reasons for the delay were found to be the following:

- a) The date of member leaving was the same as the date due for completion, and in some cases the date of leaving was post the completion date, i.e. 31.3.11 and 24.6.11;
- b) Incomplete information was received from employers;
- c) The team working on this pension procedure had also been finishing off cases where the member had left in 2008/9/10.

Divorce (provide Cash Equivalent Transfer Value - CETV) – (Period 1.4.11 to 24.6.11) There were 16 cases overdue, of these one case was due to a fee payment for the production of CETV from the member's spouse being received after the date due for completion.

Refund – Of the cases overdue, the majority were found to be where there were delays in members returning completed forms, or where refunds had been paid on time, but, the member's pension record had not been updated.

Retirements – The main reasons for the delay in processing retirements is where all relevant information required to process the benefits are received on or after the retirement date, and where there is a delay in the employer notifying the Pensions Office of a member's retirement.

Interfund In – Actual (Period 1.4.11 to 24.6.11) – There were 2 cases processed outside of the time period, where, although payments from the transferring pension provider was received in time, there was missing data related to the transfer in to the fund.

Transfer Value In (Quote) – The reasons for the delay were found to be the following:

- a) where information was awaited from the employer or member and;
- b) where the guaranteed minimum pension details were outstanding and therefore there was a delay in completing the calculation of the transfer value.

Transfer Value Out (Quote) - Of the cases overdue, the reasons for the delay were found to be the following:

- a) a temporary hold placed on the processing of such cases because of outstanding transfer factors due from the Government Actuaries Department; and
- b) where there were queries on cases.

- 2.4 In addition to the pension procedures detailed on the attached appendix, staff within the pensions office also continue to work on the following areas of pensions administration work: 2 police pension schemes; 2 fire-fighter pension schemes; additional voluntary contributions; guaranteed minimum pension adjustments; employee pensions estimate requests;

fund employer pensions estimate requests and pension arrears adjustments.

- 2.5 It should be noted that from 4 October 2010, 5 staff members from the Pensions Office were seconded as the Pensions Estimate Team, to support the newly established Vacancy Management Team, in terms of processing redundancy estimates. This was in response to the voluntary redundancy exercise organised by Nottinghamshire County Council. They were further supported by 4 members from the office for the period 25 October to 30 November 2010, to meet a strict deadline in relation to calculating and sending estimates to employees who had expressed an interest in voluntary redundancy. To date, 2649 redundancy estimate calculations have been undertaken and subsequent estimate letters sent to employees of the County Council. Of the entire redundancy estimate letters provided to employees, approximately 85% were sent to the employee's work e-mail addresses, thus saving costs on resources and postage.
- 2.6 It can be reported that the following initiatives are taking place in order to further improve efficiency, meet customer service standards all of the time, and ultimately provide an ongoing improved customer service to the members of the Fund:
- a) Work is underway in reviewing the procedures/processes used within the Pensions Office, and to apply the 'Systems Thinking' concept to pensions administration. This will lead to a 're-engineering' of all procedures/processes, and streamline the function to become more efficient. This will also lead to a re-organisation of the Pensions Office;
 - b) All correspondence from the Pensions Office to officers within the County Council and to employers within the fund is being sent by e-mail. This initiative will in due course be extended to correspondence sent to all members, within the Fund, as appropriate;
 - c) The Pensions Section of Nottingham City Council (2nd largest employer in the Fund) has commenced from April 2011 to directly input information into the Fund's pensions administration system, for the processing of retirement benefits. This will negate the need to send paper instructions to the Pensions Office, and hence ultimately reduce the level of administration resources required. This initiative of direct input by the City Council's section during 2011 will be extended to all aspects of pensions administration work, e.g. deferred benefits, inter-fund in/out, new starters, etc;
 - d) All pension payments are being processed via direct input on a payments database and subsequent interface with the County Council's financial system. This again, negates the need to send a paper instruction to the Payments Section (Finance & Trading) in order for a payment to be made. This initiative overall will further assist in payments being made in a timely manner to a payee,

member, another fund/administering authority, or to another pension provider;

- e) Work has commenced on producing a 'Transfer Pack' for all new members of the scheme, which will require the member to take responsibility in terms of producing information for the processing of an Inter-fund Transfer In or a Transfer in from an external Pension Provider. This will ultimately require less administration and resources within the Pensions Office to undertake this area of work
- f) The Pensions Office continues to be involved in the developing Business Management System (BMS) to ensure that appropriate links and interfaces are developed between it and the AXIS system (Pensions Administration System). The BMS will also allow direct input of pensioners details and changes, and hence negate the need to complete forms and send information from the Pensions Office to HR Pensions Payroll and vice versa.

3. Statutory and Policy Implications

- 3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

4. Recommendation

- 4.1 The Pensions Administration Sub - Committee is recommended to note the contents of the report.

M TOWARD SERVICE DIRECTOR (HUMAN RESOURCES AND CUSTOMER SERVICE)

Background Papers Available for Inspection

Report to Pensions Administration Sub-Committee on 8 July: Pensions Office Customer Service Standards and Performance Monitoring

Report to Pensions Administration Sub-Committee on 3 February: Pensions Office Performance Monitoring

Electoral Division(s) and Member(s) Affected

All