

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**PENSION BOARD – 23 FEBRUARY 2021**

**REPORT FROM THE DIRECTOR OF HUMAN RESOURCES AND  
ORGANISATIONAL DEVELOPMENT**

**PENSION ADMINISTRATION UPDATE**

This report updates the Pension Board on the current state of pension administration in RBKC.

**FOR INFORMATION**

**1. INTRODUCTION**

- 1.1 Pension Board is aware that RBKC decided in February 2020 to bring pension administration back in-house from Surrey County Council on 1 April 2021, on the grounds of Surrey’s continuing poor performance and its inability to produce a plan to rectify ongoing service delivery deficiencies. This report updates Board members on the current state of pension administration.

**2. KEY PENSION ADMINISTRATION ISSUES**

- 2.1 Pension administration health and competence can be assessed across a wide range of indicators. This report focuses on the following areas where performance to-date has been varied:
- a) Undecided leavers
  - b) Casework management
  - c) Surrey KPIs
  - d) Transfer to in-house service from 1.4.2021

**3. UNDECIDED LEAVERS**

- 3.1 An undecided leaver occurs when an active scheme member no longer appears on the year-end file from the employer, but no corresponding leaver form has been sent to Surrey by the employer, meaning that the member has probably left but cannot be formally made a leaver and so is ‘undecided’. The aim is to have as few undecided leavers as possible, but numbers can vary depending on the time of the year, for example after the processing of the year-end data we would expect numbers to climb again as a result of active members not appearing on year-end files.
- 3.2 Casework numbers have been as follows:

Date	No. of undecided leavers on pension system where data has not been provided to Surrey by RBKC
Oct 2019	1235
Nov 2020	449
Feb 2021	173

3.3 The missing leaver data for these remaining 173 cases has now also been provided this week to Surrey by the RBKC Retained Team to update the pension administration system (Altair) with the information by late March 2021, prior to RBKC exit.

3.4 We expect there will be follow-on actions required for some of these member records to ensure the case is fully closed, this is being kept under review with Surrey.

#### 4. CASEWORK MANAGEMENT

4.1 Fortnightly meetings are held between RBKC and Surrey to manage the transfer of the service, and one of the areas reviewed is the number of active cases outstanding. The table immediately below shows there are currently 1154 active cases outstanding, whereas normally we would expect the figure to be around 300 active cases at any one time.

Casework Numbers	Earlier	2015	2016	2017	2018	2019	2020	2021	2026	2032+	Total
Difference last period to this period	1	-3	-19	-28	-17	-139	-112	231	3	-2	-85
01/02/2021	1	3	25	50	61	252	315	443	4	0	1154
04/01/2021	0	6	44	78	78	391	427	212	1	2	1239
17/12/2020	35	7	45	78	83	428	447	119	1	2	1245
08/12/2020	27	7	45	78	85	431	503	74	1	1	1252
09/11/2020	25	7	45	105	127	442	442	21	1	1	1216
29/10/2020	29	9	46	109	129	451	459	19	1	1	1253
13/10/2020		13	55	118	137	473	433	4			1233

4.2 RBKC has agreed that Surrey will review all pre-2020 cases to either close them down as not requiring any further action, or to move them into the current 2021 period for future processing. The table above shows that this has regrettably not decreased the overall numbers, but at least has meant that many historical cases have been looked at and confirmed as requiring further processing. RBKC expects by 1.4.2021 that we will have to review all historical cases, this will be done by the in-house Data Recovery Team of 2.6 FTE. We estimate it will take at least one year to bring the number down to acceptable levels.

4.3 An analysis of casework with 40 or more cases of the same type is:

Case Type	Total
Deferred Member processing	281
Backlog assigned task	76

Data view printing/ filing	52
Interfund transfer	45
<b>Sub-Total</b>	<b>454</b>

## 5. SURREY KPIS

5.1 The latest Surrey KPIS for January 2021 are:

Description	Target time/date as per Partnership Agreement (working days)	Target	Actual Score Jan	Total No of completed cases	No of cases late
<b>Pension Administration</b>					
<b>Death Benefits</b>					
Write to dependant and provide relevant claim form	5 days	100%	100%	12	0
Set up any dependants benefits and confirm payments due	10 days	100%	75%	4	1
<b>Retirement Notification</b>					
Calculate pay, membership and retirement benefits and send initial letter and forms to member.	10 days	100%	80%	10	2
<b>Retirements</b>					
New retirement benefits processed for payment following receipt of claim forms	7 days	100%	100%	3	0
<b>Deferred retirement</b> benefits processed for payment following receipt of claim forms	7 days	100%	46%	13	7
<b>Refunds of Contributions</b>					
Refund paid following receipt of claim form	10 days	100%	93%	14	1
<b>Deferred Benefits</b>					
Statements sent to member following receipt of leaver notification	20 days	100%	76%	17	4
<b>Estimates</b>					
Early Retirement requests from employer	10 days	100%	75%	4	1
<b>Projections</b>					
Requests from employees	10 days	100%	100%	0	0
<b>New Joiners</b>					
New starters processed	30 days	100%	100%	58	0
<b>Transfers In</b>					
Quote estimate to scheme member (includes interfunds)	20 days	100%	88%	33	4
<b>Transfers-in</b> payments processed	20 days	100%	85%	13	2
<b>Transfers Out</b>					
transfers-out quotations processed (includes interfunds)	20 days	100%	84%	19	3
<b>Transfers out</b> payments processed	20 days	100%	75%	4	1

5.2 The number of late cases is relatively low as a proportion of the overall total (26 out of 230 cases, or 11% late, compared to 13% late for September 2020). However, this is still considered unacceptable by RBKC, although we have seen the death case processing has improved since our previous meeting. Realistically, we do not believe it will be possible to see a marked improvement across other KPIS between now and 31 March 2021 when RBKC exits the Surrey service.

## **6. TRANSFER TO IN-HOUSE SERVICE FROM 1 APRIL 2021**

6.1 The transfer to the in-house pension administration service from 1 April 2021 is on target and expected to remain so.

6.2 Project achievements since the last meeting of the Pension Board are:

- User training phases 1 and 2 completed by Heywood for RBKC system users.
- Completing of 2<sup>nd</sup> test data load into Altair by Heywood (software supplier), on 1.2.2021.
- Payslip formats agreed and loaded to Altair for testing.
- Parameter mapping completed (for key drop-down list content in Altair).
- High level definition of all processes (81 in total).
- Member self-service setup commencing for tests to be started in late February 2021.

6.3 Next steps for the project in the lead-up to transfer will be:

- Payroll parallel running – Feb and Mar 2021
- Process / workflow design for 81 processes
- BACS setup and testing locally in RBKC for payments to pensioners
- Payslip printing arrangements with printers
- Ensure Surrey complete all undecided leaver processes by 31 March 2021 (for cases where the results have already been notified by RBKC)

## **7. Financial and Property, Legal, Sustainability, Risk, HR and/or Equalities Implications** *(to be included in all reports)*

7.1 None that have not already been covered above.

## **8. RECOMMENDATION**

8.1 That the Pensions Board notes the contents of this report.

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**Background papers:** None.

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