

CAMBRIDGESHIRE PENSION FUND

Agenda Item No: 10

Pension Fund Board

6th November 2020

Report by: Head of Pensions

Subject:	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Board
Recommendations	The Pension Fund Board are asked to note the Administration Performance Report
Enquiries to:	Joanne Walton, Governance and Regulations Manager jwalton@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Board is to ensure the effective and efficient governance and administration of the scheme. This report demonstrates a number of key areas of administration performance for consideration by the Pension Fund Board.

2. Key Performance Indicators – LGSS Pensions

- 2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2 Full KPI details for the period 1st June to 30th September 2020 can be found in *appendix 1*.

3. Receipt of Employee and Employer Contributions

- 3.1 Employers in the Fund have a statutory obligation to arrange for the correct deduction of employee and employer contributions and to ensure payment reaches the Pension Fund by the 19th of the month following the month of deduction. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 3.2 The table in *appendix 2* shows the percentage of employers in the Cambridgeshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1st September 2019 to 31st August 2020.
- 3.3 Details of late paying employers for May, June, July and August 2020 can be found in the *exempt appendix (appendix 3)* of the report.

4. Breaches of the Law

4.1 There are many and various laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Fund Board, having a statutory duty to report material breaches of the law to the Regulator. The Cambridgeshire Pension Fund maintains a record of both material breaches that are reported to the Pensions Regulator as well as breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

4.2 For the period 1st June to 30th September 2020, the following breaches occurred:

<i>Type of Breach</i>	<i>Detail of Breach</i>	<i>Course of action</i>
Material Breaches	None	None
Non Material Breaches	Non-issue of entitlement letters for 11 members when leaving the scheme on 31 st March 2017 as part of a protracted TUPE transfer.	Letters have now been sent to the members.
	4 refund of pension contribution payments were claimed by and paid to members outside of the statutory 5-year period.	No further action at this stage, it is likely that the legislation surrounding this will be amended to remove the 5 year requirement.

5. Internal Dispute Resolution Procedure

5.1 Members, prospective members, and beneficiaries may not always agree with pension decisions that are made, or may be unhappy that decisions have not been made, by either an administering authority or a scheme employer. The Internal Dispute Resolution Procedure (IDRP) is the route by which they may raise their concerns and challenge such decisions.

5.2 In the period 1st June to 30th September 2020 the following activity occurred:

<i>Nature of dispute</i>	<i>Stage 1 (The Head of Pensions)</i>	<i>Stage 2 (Cambridgeshire County Council Monitoring Officer)</i>
Delay in payment of refund of contributions and amount refunded (received 4 June 2020)	Not upheld (6 July 2020)	N/A
Transferred out to an occupational pension scheme in 2012 and would now like to be reinstated back into the LGPS (received 13 July 2020)	Not upheld (11 September 2020)	Received 9 October 2020. Decision due 8 December 2020.
Tier 1 ill health estimate of benefits over-stated compared with final benefits payable (received 13 July 2020)	Partially upheld (25 September 2020)	Received 6 October 2020. Decision due 5 December 2020.

6. Data improvement activity update

6.1 Resolution of unprocessed leaver records

Purpose of activity: To process all the unprocessed leaver benefits in accordance with the member's entitlement under the LGPS regulations.

Original timescale for action: 01/04/2020 – 31/03/2021

Update: As at 30 September 2020 cases of undecided leavers increased to 10,147. This can largely be attributed to a couple of larger employers which created a spike in numbers when providing their I-Connect submissions in September; in August cases had dropped to circa 9450. These submissions are being reviewed and processed. Aon are continuing to provide support by processing backlog cases.

Category	Total
Baseline (April 2020)	9,636
September 2020	10,147

6.2 Contracted-out liabilities rectification

Purpose of activity: To correct any variances to pensions in payment as a result of any changes notified to the contracted-out earnings included within the pension.

Timescale for action: Amendments to pensions were scheduled to be made in March 2020.

Update: The delay in HMRC issuing the final data file has impacted the completion of this activity. The final file of data has now been received and ITM Limited are currently undertaking a further piece of work to ensure that correct information is used when the rectification of member's records is undertaken, due to HMRC's data containing errors. Rectification of member records should commence in November 2020.

7. Employers Admissions and Cessations

7.1 The following admitted bodies were admitted to the Cambridgeshire Pension Fund:

- Lunchtime Company Ltd
- Peterborough Limited

7.2 The following bodies have ceased to be an employer within the Cambridgeshire Pension Fund:

- ABM Catering (x2)
- Alliance in Partnership Ltd
- Caterlink
- Easy Clean Contractors (x2)
- Lunchtime Company Ltd (x3)
- Pabulum Ltd
- Visit Cambridge & Beyond

8. LGSS Business Transition

- 8.1 A review was commissioned to review the LGSS operating model in light of changing directions for each of the partner councils and financial investment in the future. As a result, the sharing of services between Cambridgeshire, Milton Keynes and Northamptonshire is to change from having an organisation managed and operated by LGSS providing to the 3 partner councils, to a Lead Authority model, where each partner council runs some services as a lead council service for others.
- 8.2 The Pensions Service will continue to provide shared services administration to both the Cambridgeshire and Northamptonshire Funds. This will be on a lead authority basis once the LGSS Transition project has concluded. The Pensions Service will be managed within the Finance directorate whilst Northamptonshire County Council is still an entity, with a shared service arrangement continuing post unitary vesting day as per the Blueprint design.
- 8.3 From 1st April 2021, the lead authority model for Northamptonshire County Council will change to West Northamptonshire as part of the Unitary arrangements.

9. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and measure clearly articulated objectives through business planning <i>Objective 4</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
Put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary. <i>Objective 8</i>
Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration. <i>Objective 10</i>

10. Risk Management

- 10.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority. The Pension Fund Committee and Pension Fund Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.
- 10.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk No.	Risk	Residual risk rating
6	Information may not be provided to stakeholders as required.	Green
8	Those charged with governance are unable to fulfil their responsibilities effectively	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

10.3 The Fund's risk register can be found on the LGSS Pensions website at the following link: <https://pensions.northamptonshire.gov.uk/app/uploads/2020/06/CPFRiskRegisterJune20.pdf>

11. Communication Implications

Direct communications	The Fund publishes performance against the key performance indicators in the regular reports to the Pension Fund Committee and Pension Fund Board and in the Fund's Annual Report.
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12. Finance & Resources Implications

12.1 There are no financial and resource implications associated with this report.

13. Legal Implications

13.1 Not applicable

14. Consultation with Key Advisers

14.1 Consultation with the Fund's advisers was not required for this report.

15. Alternative Options Considered

15.1 Not applicable

16. Background Papers

16.1 Not applicable

17. Appendices

17.1 Appendix 1 Key Performance Indicators – LGSS Pensions

17.2 Appendix 2 Receipt of Employee and Employer Contributions

17.3 Appendix 3 Late payments of employee and employer contributions (*exempt*)

Checklist of Key Approvals

Has this report been cleared by Head of Pensions?

Mark Whitby – 21/10/2020

Appendix 1 - Key Performance Indicators – LGSS Pensions June, July, August and September 2020

<i>Function/Task</i>	<i>Indicator</i>	<i>Target</i>	<i>Completed</i>		<i>Within Target</i>	<i>Over Target</i>	<i>% Within Target</i>	RAG	Comments
Notify leavers of deferred benefit entitlement	Notify leavers of deferred benefit entitlements or concurrent amalgamation within 15 working days of receiving all relevant information.	90%	June: 237	220	17	93	Green	SLA target met	
			July: 285	262	23	92	Green	SLA target met	
			August: 188	176	12	94	Green	SLA target met	
			September: 205	191	14	93	Green	SLA target met	
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	June: 37	36	1	97	Green	SLA target met	
			July: 37	37	0	100	Green	SLA target met	
			August: 32	32	0	100	Green	SLA target met	
			September: 29	18	11	62	Red	SLA target not met*	
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	June: 42	41	1	98	Green	SLA target met	
			July: 34	32	2	94	Green	SLA target met	
			August: 44	42	2	95	Green	SLA target met	
			September: 47	39	8	83	Amber	SLA target not met**	
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	June: 34	34	0	100	Green	SLA target met	
			July: 34	33	1	97	Green	SLA target met	
			August: 20	20	0	100	Green	SLA target met	
			September: 33	31	2	94	Green	SLA target met	
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	June: 36	33	3	92	Green	SLA target met	
			June: 33	33	0	100	Green	SLA target met	
			August: 38	30	8	79	Amber	SLA target not met***	
			September: 46	38	8	82	Amber	SLA target not met***	
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	June: 68	67	1	99	Green	SLA target met	
			July: 58	56	2	97	Green	SLA target met	
			August: 33	33	0	100	Green	SLA target met	
			September: 24	24	0	100	Green	SLA target met	
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	June: 4	4	0	100	Green	SLA target met	
			July: 9	9	0	100	Green	SLA target met	
			August: 2	2	0	100	Green	SLA target met	
			September: 7	7	0	100	Green	SLA target met	

* Payment of retirement benefits from active employment – In September the service lost 3 working days due to technical issues which resulted in reduced output for this month, the issues have now been resolved.

**Payment of pension benefits from deferred membership status – As with above the service lost 3 working days due to technical issues which resulted in reduced output for this month, the issues have now been resolved.

***Provide a maximum of one estimate of benefits to employees per year on request – For August a weekly report did not pull through all outstanding estimate checking; this report is now being thoroughly checked to ensure that it shows all outstanding estimate checking going forward. For September the technical issues impacted output in this area as with above.

Green: Equal to or above Service Level Agreement (SLA) target.

Amber: If there is a statutory target - below SLA target, but all within statutory target.
If there is no statutory target - below SLA target, but number completed within target is within 10% of the SLA target.

Red: If there is a statutory target - below SLA target and not within statutory target.
If there is no statutory target - below SLA target and number completed within target is not within 10% of the SLA target

Appendix 2 - Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
September 2019	100	0	98.3	1.7
October 2019	100	0	96.9	3.1
November 2019	99.8	0.2	100	0
December 2019	97.1	2.9	97.1	2.9
January 2020	98.7	1.3	98.7	1.3
February 2020	96.6	3.4	96.7	3.3
March 2020	99.8	0.2	100	0
April 2020	99.6	0.4	99.3	0.7
May 2020	100	0	100	0
June 2020	99.5	0.5	99.3	0.7
July 2020	99.3	0.7	100	0
August 2020	99.6	0.4	99.6	0.4
Average for period	99.1	0.9	98.8	1.2