

**CAMBRIDGESHIRE  
PENSION FUND**



**Pension Fund Board**

**Date:** 25 January 2017

**Report by:** Head of Pensions

<b>Subject:</b>	<b>LGSS Pensions Service Administration Performance Report</b>
<b>Purpose of the Report</b>	<a href="#">To present the Administration Performance Report to the Pension Fund Board</a>
<b>Recommendations</b>	<b>The Pension Fund Board are asked to note the Administration Performance Report</b>
<b>Enquiries to:</b>	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – <a href="mailto:jwalton@northamptonshire.gov.uk">jwalton@northamptonshire.gov.uk</a>

**1. Background**

- 1.1 One of the core functions of the Pension Fund Board (the Local Pension 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. Administration Reporting**

**2.1 Receipt of Employee and Employer Contributions**

- 2.1.1 The following table 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 (after the 19<sup>th</sup> of the month following deduction) for the period 1 December 2015 to 30 November 2016.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
December 2015	98.9	1.1	98.0	2.0
January 2016	97.3	2.7	98.9	1.1
February 2016	98.9	1.1	98	2.0
March 2016	97.6	2.4	97.3	2.7
April 2016	96.3	3.7	94.5	5.5
May 2016	97.0	3.0	95.3	4.7

June 2016	97.2	2.8	96.9	3.1
July 2016	97.2	2.8	99.1	0.9
August 2016	96.6	3.4	95.9	4.1
September 2016	97.1	2.9	97.3	2.7
October 2016	97.4	2.6	96.7	3.3
November 2016	98.0	2.0	96.8	3.2
<b>Average for period</b>	<b>97.5</b>	<b>2.5</b>	<b>97.1</b>	<b>2.9</b>

- 2.1.2 For August there were 2 employers who had not made a payment by 19 September and 10 employers who made a late payment equating to £35,461.54 which is approximately 0.35% of the total amount of contributions due for the month.
- 2.1.3 The 12 employers collectively have 37 employees contributing to the Local Government Pension Scheme. The 2 employers that have not made payment did also not submit a payment schedule and therefore a monetary amount was not available and not included in the figure in 2.1.2.
- 2.1.4 For September 1 employer failed to make a payment by 19 October and 3 employers made late payments equating to £47,367.89. Which is approximately 0.47% of the total amount of contributions due to the Fund.. The employer has 35 active employees contributing to the Local Government Pension Scheme.
- 2.1.5 For October 7 employers paid contributions late equating to £2,597.46 which is approximately 0.01% of the expected amount of contributions due. These employers collectively have 7 active members contributing to the Local Government Pension Scheme. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator within the last 6 months and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy.
- 2.1.6 For November, 2 employers failed to make payment and 2 employers made late payments equating to £6,718.87, which is approximately 0.03% of the total contributions due for the month. The employers collectively have 5 active members contributing to the Local Government Pension Scheme. Two of the late payments were made by employers who had previously been reported to the Pensions Regulator in October due to previous late payments and were therefore automatically reported again as per the Payment of Employee and Employer Pension Contributions Policy. One employer made two late payments within the period and is being closely monitored.
- 2.1.7 Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues. The Payment of Employee and Employer Contributions Policy came into force on 1 April 2016 to ensure scheme employers are aware of the consequences of not meeting their statutory obligations and are aware in advance of the ramifications of persistent non-compliance.
- 2.1.8 Full details of the employers that have been reported to the Pensions Regulator can be found in **Appendix 1** of this report (private appendix).

## 2.2 Overpayments of Pension

2.2.1 The table below shows all the overpayments of pension that have occurred, split by categories of explanation, during the period 1 September 2016 to 31 December 2016.

Overpayment Type	Action	Amount	Total
Retirement	Written off	£0	£0
	Recovery	£0	
Death of a Pensioner/Dependant	Written off	£6,853.83 (76 Cases)	£33,028.26 (95 Cases)
	Recovery	£26,174.43 (19 Cases)	

2.2.2 During the period 1 September 2016 to 31 December 2016, 95 scheme members passed away and the date of notification to the Fund resulted in an overpayment of the late member's pension. Of the overpayments, 76 were automatically written off as the value of the overpayment was less than £250. The remaining 19 cases are currently being pursued for recovery of the overpayment.

2.2.3 One high value case equating to £13,659.83 was the result of a spouse not notifying the service of her late husband's death. The sister of the deceased noticed that the widow had not been dealing with the deceased's affairs and advised LGSS Pensions in June 2016 that the member had died in June 2015. Unfortunately there were delays in obtaining an overpayment value from LGSS Payroll which was finally received in December 2016. An invoice has now been raised to recover the full amount.

2.2.4 In this period, £8,026.82 has been recovered for the 2015-16 financial year and £4,431.95 has been recovered to date for the current financial year across all overpayment types.

## 2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.

2.3.2 The performance against the key performance indicators for the period 1 September 2016 to 31 December 2016.

KPI	Target	September	October	November	December
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%	97%	97%	96%	96%

Payment of retirement benefits from active employment. (Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later).	<b>95%</b>	100%	100%	100%	99%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	<b>95%</b>	90%	85%	86%	86%
Provide a maximum of one estimate of benefits to employees per year on request. (Estimate in agreed format provided within 10 working days from receipt of all information).	<b>90%</b>	85%	74%	87%	90%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	<b>95%</b>	94%	97%	90%	89%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	<b>95%</b>	60%	100%	100%	100%
Notify the employer and scheme members of changes to the scheme rules. (Within one month of the LGSS Pensions Service being informed of the change).	<b>95%</b>	100%	100%	100%	100%
Issue annual benefit statements to active members as at 31 March each year. (By the following 31 August - pending timely receipt of satisfactory year end data from the scheme employer).	<b>100%</b>	100%	N/A	N/A	N/A

2.3.3 The full analysis of data for the September, October, November and December statistics along with explanations on the lower than expected performance can be found in **Appendix 2** of this report.

## 2.4 Key Performance Indicators – Scheme Employer Performance

2.4.1 The following key performance indicators, as agreed by the Pension Committee, are based on the performance of the scheme's employers for the period 1 September 2016 to 31 December 2016 are detailed in the table below.

KPI	Target	September	October	November
Arrange for the correct deduction of employee and employer contributions to Pension Fund in a timely manner, providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.	100%	97.1%	97.4%	98.0%
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	100%	N/A	N/A	N/A

2.4.2 Employer performance continues to be managed by officers of the Fund and progress continues to be made. Close liaison with employers in regards to the timely submission of both payments and schedules in order for them to meet statutory compliance.

2.4.3 The relationship between size of employer and whether the employer met the key performance indicators (KPIs) for scheme employer performance is detailed in **Appendix 3** of this report.

## 3. 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>

#### **4. Finance & Resources Implications**

4.1 The financial and resource implications are set out in the Business Plan.

#### **5. Risk Implications**

a) Risk(s) associated with the proposal

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
There are no risks associated with managing the administration performance of the scheme.	Key areas of control to be reported to the Pension Committee and Pension Fund Board are highlighted in the Fund's Business Plan.	Green

b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
If the Fund does not monitor and report administration standards the Fund will not demonstrate that it has appropriate control over the management of its core functions.	Amber

#### **6. Communication Implications**

<b>Direct Communications</b>	The Fund publishes its performance against the key performance indicators in the regular reports to the Pension Committee and Pension Fund Board and in the Fund's Annual Report.
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#### **7. Legal Implications**

7.1 Not applicable

#### **8. Consultation with Key Advisers**

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

#### **9. Alternative Options Considered**

9.1 Not applicable

#### **10. Background Papers**

10.1 Not applicable

<b>Checklist of Key Approvals</b>	
Is this decision included in the Business Plan?	Not applicable
Will further decisions be required? If so, please outline the timetable here	Not applicable
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	N/A
Has this report been cleared by Head of Pensions?	Mark Whitby – 13 January 2017

## Appendix 2 – Pensions Service KPI analysis for September, October, November and December 2016.

### September 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	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%	393	382	11	97%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	130	130	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	40	36	4	90%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.  Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.



Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	67	57	10	85%		Cases outside of SLA target due to high volumes of actual retirement work during August and September, staffing issues and payroll project.  Statutory.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	16	15	1	94%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.  Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	3	2	60%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.  Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	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%	335	326	9	97%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	110	110	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	39	33	6	85%		<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to high volumes of work, staff changes, payroll checking and payroll testing.</p>

Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	164	122	42	74%		Cases outside of SLA target due to a backlog of checking resulting from high volumes of actual retirement work during August and September, staffing issues and payroll project
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	29	28	1	97%		
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	5	5	0	100%		

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	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%	435	419	16	96%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	78	78	0	100%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	41	36	5	86%		<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to staff changes, payroll checking and payroll testing.</p>

Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	115	102	13	87%		Cases outside of SLA target due to reduction in staffing levels and development of new team members.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	22	20	2	90%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.  Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	20	20	0	100%		

December 2016

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	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%	374	360	14	96%		
Payment of retirement benefits from active employment.	Payment of lump sum within 5 working days of payable date or date of receiving all necessary information if later. First pension paid in the month of leaving or in month of receiving all necessary information if later.	95%	89	88	1	99%		
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	26	22	4	86%		<p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p> <p>Cases outside of SLA target due to staff changes, payroll checking and payroll testing.</p>

Provide a maximum of one estimate of benefits to employees per year on request.	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	102	92	10	90%		
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	18	16	2	89%		Low volume of case work in this area and this impacts the percentage if there are cases not within target.  Cases outside of SLA target due to staff changes, payroll checking and payroll testing.
Payment of transfer out	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	14	14	0	100%		

**Green:**

- **Equal to or above 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 all 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 3 – Largest employers in the Fund and performance on the payment of contributions, the submission of payment schedules and the submission of year end information.**

**Late Payments**

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>
A	3893	In house	-1	2	3	-1	-1	-2	-2	0	-4	0	-2	-2
B	1614	In house	-3	-4	-3	-3	0	-1	-2	0	0	1	-1	-3
C	1377	In house	-1	0	0	-1	0	0	-2	0	0	-20	0	-1
D	951	In house	-1	0	0	-1	0	0	-2	0	0	0	0	-1
E	907	In house	-3	-4	-2	-1	-4	-1	5	-4	-16	-24	0	-3
F	580	Outsourced	-1	0	0	-1	0	0	-2	0	0	-3	0	-1
G	410	Outsourced	-1	0	0	-2	-4	0	1	-4	-7	0	1	-1
H	391	Outsourced	-1	0	-1	-2	0	-2	-2	-5	4	-4	-1	-2
I	362	In house	-4	0	3	-4	-2	-3	-5	-8	3	-7	-1	-4
J	280	In house	-1	-1	0	-1	0	0	-2	0	0	0	0	-1
K	244	Outsourced	-19	-32	-21	-19	-19	-20	-19	-19	-21	0	-19	-19
L	240	In house	-1	-4	0	-1	-1	0	-2	-1	0	-3	0	-1
M	213	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-6	-19	-19
N	169	In house	-1	0	-1	-1	-1	0	-2	0	0	0	0	-4
O	163	In house	-19	-19	-21	-19	-19	-20	-19	-19	-21	-3	-19	-19
P	146	Outsourced	-18	-19	-18	-18	-12	-20	-18	-18	-18	-18	-19	-18
Q	144	Outsourced	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
R	140	In house	-1	-1	-1	-1	-1	0	-2	-1	-1	-3	-2	-3
S	139	In house	-18	-19	-18	-18	-18	-20	-18	-18	-18	-18	-19	-18
T	135	Outsourced	-19	-19	-21	-19	-19	-20	-19	-19	-21	-19	-19	-19

Minus denotes early payments and plus denotes late, highlighted are the payments that fell outside of desired acceptance.

**Late Payment Schedules**



Employer	Actives	Payroll	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
A	3893	In house	53	22	0	-1	-1	-1	-2	0	-1	1	0	-1
B	1614	In house	-4	-3	-3	-2	-2	0	-2	17	-2	-3	-5	-2
C	1377	In house	-36	-32	-32	-30	-28	-29	-31	-32	-31	-31	-30	-32
D	951	In house	-32	-29	-26	-32	-13	-27	-27	-29	-31	-31	-30	-31
E	907	In house	-10	-5	-1	-4	-1	-7	8	-11	-4	-10	8	-10
F	580	Outsourced	2	0	-1	2	-4	4	2	-1	-1	-5	-2	9
G	410	Outsourced	16	-15	-17	-25	3	174	143	113	82	51	21	9
H	391	Outsourced	-10	-7	-7	-4	-5	-9	8	-6	-8	14	-8	-10
I	362	In house	-18	-27	-1	-16	-13	-13	-18	-20	-17	-13	-16	-18
J	280	In house	-33	-34	-31	-32	-29	-28	-32	-29	-31	-32	-29	-32
K	244	Outsourced	-23	-28	-18	-21	-13	-14	-24	-22	-20	-2	-21	-24
L	240	In house	-3	-7	-3	-3	-5	-4	-5	-6	-3	-6	-2	-8
M	213	In house	-17	-12	17	-17	-13	-14	-17	-15	-21	-19	-16	-15
N	169	In house	23	0	-24	-12	-17	-13	-17	-13	-18	8	-22	-24
O	163	In house	-19	-32	-22	-19	-20	-20	-19	-18	-25	-20	-20	-24
P	146	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
Q	144	Outsourced	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
R	140	In house	-17	-28	-16	11	-12	-14	-26	-21	-24	-20	-22	-26
S	139	In house	-18	-13	-18	-3	-20	-15	-17	-14	-4	-13	-19	-22
T	135	Outsourced	-19	-28	-21	-22	-20	-15	-19	-18	-22	-20	-20	-25

Minus denotes early payments and plus denotes late, highlighted are the schedules that fell outside of desired acceptance.

### Late year-end submissions

<u>Employer</u>	<u>Actives</u>	<u>Payroll</u>	<u>Comments</u>
B	1614	In house	The first submission was rejected due to some missing data, employer was extremely co-operative and the correct data submitted 13 May 2016.
R	140	In house	Employer had issues with their payroll data so an extension was agreed to 4 May 2016.
T	135	Outsourced	The first submission was rejected due to the pay reference numbers being incorrect. Resubmitted 9 May 2016.