

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 April 2023

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
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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 covers key areas of administration performance for consideration by the Pension Fund Board.

2. Executive Summary

- 2.1 This report sets out the performance of the Cambridgeshire Pension Fund.
- 2.2 The administration performance for the period 1 January to 31 March 2023 is detailed in section 3.
- 2.3 The achievement against the Key Performance Indicators for the period 1 January to 31 March 2023 are detailed in section 4 and appendix 1. The majority of KPIs were met over the period.
- 2.4 The changes to key performance indicators are detailed in section 5 and appendix 2.
- 2.5 Timeliness of receipt of employee and employer pension contributions for the payroll periods of March 2022 to February 2023 are detailed in section 6 and appendices 3 & 4. Over 99% of employer contributions were received on time in respect of the period December 2022 to February 2023.
- 2.6 Occurrences of breaches of the law for the period 1 January to 31 March 2023 are detailed in section 7. There were no material breaches in the period.
- 2.7 Details of any Internal Dispute Resolution Procedure cases for the period 1 January to 31 March 2023 are detailed in section 8. There were three administering authority disputes determined and one employer dispute determined during the period.

- 2.8 Occurrences of material data breaches for the period 1 January to 31 March 2023 are detailed in section 9. There were no material breaches in the period.
- 2.9 Details of any significant overpayment of pension for the period 1 January to 31 March 2023 are detailed in section 10. There was one significant overpayment in the period.
- 2.10 Details of the Data Improvement Plan for the 2023/24 year is detailed in section 11 and Appendix 5.
- 2.11 Details of new employers admitted to the Cambridgeshire Pension Fund and those that have ceased are detailed in section 12 and appendix 6. One scheme employer was reported as being admitted and two transferee admission bodies to the fund during the period and eight scheme employers were reported as ceasing.

3. Administration Performance

- 3.1 During the period 1 January to 31 March 2023, 3 complaints were managed informally by the Operations Manager.
- 3.2 To put this into context, over the same period in excess of 6,400 calculation tasks were completed in connection with the Cambridgeshire Fund.
- 3.3 The fund issues member surveys to scheme members where a check task has been completed on the workflow system. During the period 1 January to 31 March 2023, 383 surveys have been issued to Cambridgeshire members with response rates in the range of 11.05% to 17.95% over the period. Scheme members have given the fund's administration an average rating of between 3.32/5.00 and 4.05/5.00 over the 3-month period. Note this rating is for Cambridgeshire and Northamptonshire Fund administration combined. All feedback is analysed, and changes implemented where necessary.

4. Key Performance Indicators – Pensions Service

- 4.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 4.2 Full KPI details for the period 1 January to 31 March 2023 can be found in Appendix 1.
- 4.3 Over the 3-month period service performance has been consistently good with all targets being met with the exception of 4.
- 4.4 In January, targets were missed for the notification of deferred benefit entitlements and for the payment of benefits from active employment due to inexperience within the team and additional training required. There are currently 6 out of 9 employees participating in various stages of training, once all training has been delivered the performance should improve in these areas. The target was also missed in March for the payment of benefits from active employment due to the inexperience of the team as above but also due to one member of the team being on long term sick which compounded the issue and led to a red performance indicator.
- 4.5 In February one target was missed to provide a transfer in quote due to a training issue within the team which is being addressed.

5. Changes to Pension Service Key Performance Indicators

- 5.1 Following a comprehensive review of the current Key Performance Indicators, supplementary KPIs are being implemented to measure the member's overall customer journey. These supplementary KPIs will be developed and implemented during 2023-24, as agreed by the Pension Committee in March 2023.
- 5.2 The current suite of KPIs will continue to be reported as these measure the performance of the administering authority, generally from the point of receipt of all information. The customer journey KPIs will measure performance from an event date, such as the date of retirement, and therefore encompass the performance of the administering authority, the scheme employer, any payroll contractor, other pension funds, and even the scheme member should they delay in sending back documentation. It is expected that the customer journey KPIs may identify immaterial breaches, especially where third parties have prevented the administering authority completing casework in a timely manner.
- 5.3 The detail of these changes can be found in Appendix 2.

6. Receipt of Employee and Employer Contributions

- 6.1 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.
- 6.2 The table in Appendix 3 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 1 March 2022 to 28 February 2023.
- 6.3 For December 2022, 99.8% of contributions were received on time, 100% for January 2023 and 99.8% for February 2023. The current yearly average for payments made on time is 99.5% and schedules being received on time is 99.5%. Employers who failed to pay their contributions by the statutory deadline for the period are detailed in Appendix 4 (exempt).

7. Breaches of the Law

- 7.1 There are 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 breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 7.2 For the period 1 January to 31 March 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None

Type of Breach	Detail of Breach	Course of action
Non Material Breaches	7 refund of contribution payments were paid 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.
	1 refund of contribution payment paid to a member over the age of 75.	Unauthorised payment made with the member electing to self- declare to the HMRC.
	301 notification of pension entitlement letters were not issued within the statutory deadline of 2 months.	The breaches occurred as a result of a change in reporting method. An upgraded report is now being utilised and there have been no new breaches as a result. All letters have been issued.

8. Internal Dispute Resolution Procedure

- 8.1 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.
- 8.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remain unsatisfied with the overall outcome. The outcome may not fully meet the complainant's expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.
- 8.3 The following table details that activity undertaken during the period 1 January to 31 March 2023 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Challenge against CPF to allow a transfer to an overseas pension arrangement (QROPS) in 2015.	Adjudication sent 31 March 2023 (extended from 28 February 2023), not upheld.	
Delay in paying AVC to member upon retirement	Adjudication sent 28 March 2023, upheld.	
Challenging a decision to only pay a widow a pension based upon post 5 April 1978 service.	Adjudication due 26 April 2023, (extended from 12 April 2023). Verbal update to be provided.	

- 8.4 The following table details that activity undertaken during the period 1 January to 31 March 2023 with regards to employer disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Tier 3 entitlement award challenge.	N/A	Adjudication issued 6 March 2023, not upheld (extended from 12 February 2023).

9. Material Data Breaches

- 9.1 None

10. Significant overpayment of pension

- 10.1 A net overpayment of £2,478.97 occurred as a result of not being notified of the death of a pensioner who was in receipt of a Compensatory Added Years Pension. The death was in October 2021 and the Service was notified of the death in February 2023. An invoice has been raised to recover the overpayment.

11. Data Improvement Plan

- 11.1 The Pensions Regulator requires every pension scheme to have a Data Improvement Policy and a Data Improvement Plan. The Fund's Data Improvement Plan was last reviewed and approved the Pension Committee in July 2022. The Data Improvement Plan is updated each year accordingly. The revised plan for 2023/24 can be found in Appendix 5.
- 11.2 For a number of years the Pensions Regulator has asked pension schemes to score their quality of data. It should be noted that the Pensions Regulator has not issued specific guidance on this other than what type of data should be scored. As such each pension scheme is likely to score their data differently. An analysis of the data quality scores across all pension schemes has yet to be produced from the data provided annually in the Pension Regulator's mandatory scheme return.
- 11.3 In April 2023, an analysis of the Fund's common data was undertaken which provided the following scores. Common data is largely the personal details of the scheme member (name, national insurance number, address, date joined and/or left scheme). The Pensions Regulator expects pension schemes to have a score of at least 95% in this area.
- 11.4 The approach to increasing the fund's score is detailed in the Data Improvement Plan which can be located in Appendix 5.

2023		2022	
Common Data	Conditional Data	Common Data	Conditional Data
95.1%	To be updated in November 2023 once all 2022/23 year end activities have been completed.	95%	95%

11.5 Conditional data is the data required to calculate the scheme member's pension entitlement. The score for this area will be calculated in November 2023 once all the 2022/23 year end activities such as pensions increase, annual allowance and year end reconciliations have been conducted.

12. Employers Admissions and Cessations

12.1 The following admitted body was admitted to the Cambridgeshire Pension Fund:

- Cambridge BID

12.2 The following transferee admission bodies were admitted to the Cambridgeshire Pension Fund:

- Aspens Services Limited x 4
- Hertfordshire Catering Limited

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

- ABM Catering Limited
- Aspens Services Limited x 2
- Busy Bee Cleaning Services
- Compass Services Limited
- Conservators of the River Cam
- Elior UK Limited
- Lunchtime Company Limited
- The Edmund Trust

12.4 When an employer ceases to participate in the fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists, the employer must pay an exit payment to the fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) should be paid to the exiting employer.

12.5 The Pension Fund Board is asked to note the update on the following previously reported cessations.

- Action for Children
- Action for Children (London Road)
- Cambridge Community Service NHS Trust
- Churchill Contract Services (Campion School Single Academy Trust)
- Improve IT Limited (Eastern Learning Alliance)
- Pabulum Catering (Meridian Trust)
- Spurgeons (Peterborough City Council)

12.6 Further details of each previously reported cessation can be located in Appendix 6.

13. 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>

14. Risk Management

14.1 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.

14.2 The mitigated risks associated with this report has been captured in the Pension Fund's risk register as detailed below -

Risk	Residual risk rating
Information may not be provided to stakeholders as required.	Green
Those charged with governance are unable to fulfil their responsibilities effectively	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

14.3 The fund's risk register can be found on the Pensions website, link in Section 20, Background Papers.

15. Communication Implications

Direct communications	<p>The Pension 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.</p> <p>Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress.</p> <p>Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.</p>
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16. Finance & Resources Implications

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

17. Legal Implications

17.1 There are no legal implications associated with this report.

18. Consultation with Key Advisers

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

19. Alternative Options Considered

19.1 Not applicable

20. Background Papers

20.1 [Full Risk Register](#)

21. Appendices

21.1 Appendix 1 Key Performance Indicators – Pensions Service

21.2 Appendix 2 Changes to Key Performance Indicators

21.3 Appendix 3 Receipt of Employee and Employer Contributions

21.4 Appendix 4 Late payment of employer contributions (**exempt**)

21.5 Appendix 5 Data Improvement Plan

21.6 Appendix 6 Update on previously reported cessations

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 11/4/2023