

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

13th June 2019

Report by: Head of Pensions

Subject:	Administration Performance Report
Purpose of the Report	To present the Administration Performance Report to the Pension Fund Committee
Recommendations	The Pension Fund Committee are asked to note the Administration Performance Report
Enquiries to:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the Pension Fund Committee 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 Committee.

2. Administration Reporting

2.1 Variances against the forecast of investments and administration expenses

- 2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pension Fund Committee in March 2019.

2.2 Key Performance Indicators – LGSS Pensions

- 2.2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2.2 For the period 1st February to 30th April 2019 the Fund has met all targets. The detail surrounding the performance of the service can be found in **appendix 2**.

2.3 Receipt of Employee and Employer Contributions

- 2.3.1 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.

2.3.2 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 April 2018 to 31st March 2019

2.3.3 Details of late paying employers for January, February and March 2019 can be found in the **private and confidential appendix (appendix 4)** of the report.

2.4 Breaches of the Law

2.4.1 There are many and various laws relating to the Local Government Pension Scheme, with many and various people 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.

2.4.2 Breaches that have been identified for the period 1st March – 30th April 2019 have been listed below (please note – this excludes late payment of contributions as this is covered in appendix 3 and 4) –

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	N/A
Non Material Breaches	None	N/A

2.5 Internal Dispute Resolution Procedure

2.5.1 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.

2.5.2 Cases within the IDRP process for the period 1st March to 30th April 2019 can be found in the tables below:

2.5.3 Stage 1 disputes:

No. of disputes brought forward from 2018/19:	1	Stage 1 Decisions: None
No. of disputes raised in the year at 30/4/2019:	0	
No. of disputes resolved in the year at 30/4/2019:	0	
No. of disputes in progress at 30/4/2019:	1	

2.5.4 Stage 2 disputes:

	Scheme Employer	Admin Authority	Stage 2 Decisions: None
No. of disputes brought forward from 2018/19:	1	2	
No. of disputes raised in the year at 30/4/2019:	0	0	
No. of disputes resolved in the year at 30/4/2019:	0	0	
No. of disputes in progress at 30/4/2019:	1	2	

2.5.5 Disputes escalated to The Pensions Ombudsman (TPO)

	Scheme Employer	Admin Authority	TPO Decisions: None
No. of disputes brought forward from 2018/19:	1	1	
No. of disputes raised in the year at 30/4/2019:	0	0	
No. of disputes resolved in the year at 30/4/2019:	0	0	
No. of disputes in progress at 30/4/2019:	1	1	

2.6 Large overpayments – over £3K

- 2.6.1 An overpayment was identified due to the pension's service not being notified of the death of a pensioner at the appropriate time. The period of the overpayment was from 3rd August 2017 to 28th February 2018, and equated to £10,026.38 net. The death certificate was received by the pension's service on 12th April 2019 following several chaser letters and the overpayment was subsequently requested in May 2019.

3. Relevant Pension Fund Objective

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. Risk Management

- 4.1 The Fund's Administration Strategy sets out the performance standards of both the scheme employer and the administering authority (LGSS Pensions). The Pension Fund Committee and Local Pension Board are expected to monitor performance standards through information contained within the Administration Report which is presented at each meeting.
- 4.2 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
5	Information may not be provided to stakeholders as required.	Green
7	Those charged with governance are unable to fulfil their responsibilities effectively	Green
16	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making	Green

- 4.3 The Fund's risk register can be found on the LGSS Pensions website at the following link:
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Register.pdf>

5. 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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6. Finance & Resources Implications

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

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

11. Appendices

- 11.1 Appendix 1 Variances against the forecast of investments and administration expenses
11.2 Appendix 2 Key Performance Indicators – LGSS Pensions
11.3 Appendix 3 Receipt of Employee and Employer Contributions
11.4 Appendix 4 Late payments of employee and employer contributions (private and confidential)

Checklist of Key Approvals

Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 30 th May 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 20 th May 2019
Has the Chairman of the Pension Committee been consulted?	Councillor Rogers – 30 th May 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 29 th May 2019

Appendix 1 – LGSS Pensions Administration Report

Variances against the forecast of investments and administration expenses – based on original setting of assumptions

Fund Account	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Contributions ¹	131,000	131,000	-	
Transfers in from other pension funds ²	4,200	4,200	-	
Total income	135,200	135,200	-	
Benefits payable ¹	(105,000)	(105,000)	-	
Payments to and on account of leavers ²	(9,100)	(9,100)	-	
Total Payments	(114,100)	(114,100)	-	
	21,100	21,100	-	
Management Expenses	(10,040)	(10,075)	(35)	See analysis below
Total income less expenditure	11,060	11,025	(35)	
Investment income	36,000	36,000		
Taxes on income (profit) and losses on disposal of investments and changes in the market value of investments	-	-		
	84,000	84,000		

Management Expenses	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	(2,930)	(2,965)	(35)	See analysis below
Total Governance Expenses	(550)	(550)	-	
Total Investment Expenses	(6,560)	(6,560)	-	
Total Management Expenses	(10,040)	(10,075)	(35)	

Administration Expenses Analysis	2019-20 Estimate	2019-20 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	(1,400)	(1,400)	-	
Altair System and payroll system	(310)	(310)	-	
Data Improvement Projects	(440)	(440)	-	
Communications	(30)	(30)	-	
Other Non-Pay and Income	(120)	(120)	-	
County Council Overhead Recovery	(630)	(665)	(35)	External overheads have increased.
Total Administration Expenses	(2,930)	(2,965)	(35)	

Appendix 2 - Key Performance Indicators – LGSS Pensions February, March and April 2019

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%	February: 93 March: 150 April: 124	93 150 122	0 0 2	100% 100% 98%	Green Green Green	SLA target met SLA target met 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%	February: 27 March: 22 April: 29	26 22 29	1 0 0	96% 100% 100%	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	February: 29 March: 20 April: 25	29 20 25	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met 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%	February: 82 March: 75 April: 62	82 75 61	0 0 1	100% 100% 98%	Green Green Green	SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	February: 20 March: 16 April: 19	20 16 18	0 0 1	100% 100% 95%	Green Green Green	SLA target met SLA target met 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%	February: 6 March: 2 April: 9	6 2 9	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met SLA target met

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 3 - 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
April 2018	97.8	2.2	95.0	5.0
May 2018	96.7	3.3	96.9	3.1
June 2018	99.8	0.2	98.7	1.3
July 2018	99.6	0.4	98.7	1.3
August 2018	98.4	1.6	98.5	1.5
September 2018	99.5	0.5	97.2	2.8
October 2018	99.3	0.7	96.7	3.3
November 2018	100	0	99.6	0.4
December 2018	99.3	0.7	99.4	0.6
January 2019	99.8	0.2	99.6	0.4
February 2019	100	0	99.6	0.4
March 2019	99.4	0.6	98.4	1.6
Average for period	99.1	0.9	98.1	1.9