

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 22 July 2016

Report by: Head of Pensions

Subject:	LGSS Pensions Service 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:	Name – Joanne Walton – LGSS Pensions Governance and Regulations Manager Tel – 01604 367030 E-mail – jwalton@northamptonshire.gov.uk

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 19th of the month following deduction) for the period 1 May 2015 to 30 April 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
May 2015	97.7	2.3	94.7	5.3
June 2015	97.7	2.3	95.7	4.3
July 2015	97.9	2.1	96.6	3.4
August 2015	97.5	2.5	94.7	5.3
September 2015	98.0	2.0	93.9	6.1
October 2015	97.1	2.9	94.2	5.8
November 2015	98.6	1.4	95.9	4.1
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	97.3	2.7	97.6	2.4
April 2016	96.3	3.7	94.6	5.4
Average for period	97.8	2.2	96	4

- 2.1.2 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.
- 2.1.3 There are four employers in the Fund that have either paid contributions late or have contributions outstanding for this period and for two of the cases this is as a result of the Fund no longer accepting cheque payments. The process is now to return all cheques to the relevant employers for a BACS payment to be made. These employers will continue to be monitored closely and if the late payments continue they have been advised that they will be reported to the Pensions Regulator.
- 2.1.4 One Employer in the Fund has had their admission agreement ceased following the termination of its arrangement with their letting authority, due to the Employer becoming financially insolvent. As this was a Pass Through agreement, the pension liabilities will now transfer back to the letting authority. An invoice has been raised for all outstanding contributions owed to the Fund.

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 January 2016 to 31 May 2016.

Overpayment Type	Action	Amount	Total
Retirement	Written off	£0	£0
	Recovery	£0	
Death of a Pensioner/Dependant	Written off	£6,269.93 (79 cases)	£10,137.86
	Recovery	£3,867.93 (5 cases)	
Eligibility of a child's pension ceases	Written off	£32.34 (1 case)	£32.34
	Recovery	£0	

2.2.2 In this period £4,240 has been recovered across all overpayment types for previous periods.

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 March 2016 to 31 May 2016 are detailed in the table below.

KPI	Target	March	April	May	Comment
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%	79%	84%	86%	See 2.3.3
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%	100%	99%	98%	
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	100%	98%	100%	
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%	91%	92%	84%	See 2.3.4
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	81%	100%	100%	
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	95%	N/a	N/a	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).	95%	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).	100%	N/a	N/a	N/a	
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2.3.3 The performance on issuing deferred benefit entitlements is lower than desired due to volumes of checking of both current and backlog cases. There are legacy issues with employers notifying the section in bulk at year end. This is a red rating for the period as there is a statutory deadline attached; however, the performance has been steadily increasing.

2.3.4 The performance associated with issuing estimates requested by scheme members is lower than desired for May due to high volumes of redundancy estimates received by the service and increased levels of retirements during the month. The service is also running with a number of vacancies which is exacerbating the situation.

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 March 2016 to 31 May 2016 are detailed in the table below.

KPI	Target	March	April	May	Comment
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. (Contributions to be received by individual employers by 19 th calendar day of month after deduction and statement/schedule were received by the same date as payment).	100%	97.3%	96.3%	Unavailable – will be reported on the next update.	2.4.2
Provide LGSS Pensions Service with accurate year end information in the prescribed format. (Accurate year end information to be provided for all scheme members by 30 April following contribution year end).	100%	N/a	N/a	31.70%	2.4.3

- 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 A total of 31.70% of year end submissions were received on time and in the correct format. A further 67.86% were received after the 30 April deadline and 0.44% to date has not been received. The 0.44% represents 2 small employers with a combined 7 employees being members of the LGPS. The service is unlikely to receive data for one of the employers due reasons set out in 2.1.4, leaving certificates have been requested in order to finalise the member's records in this case. The other employer will continue to be chased.

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

Risk	Mitigation	Residual Risk
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

Risk	Risk Rating
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

Direct Communications	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

Checklist of Key Approvals

Is this decision included in the Business Plan?	Not applicable
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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 – 8/7/2016