

# Cambridgeshire Pension Fund

Pension Fund Committee

8 June 2023

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 is asked to note the Administration Performance Report

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## 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. Executive Summary

- 2.1 This report sets out the performance of the Cambridgeshire Pension Fund on the following areas of administration:
  - 2.1.1 The achievement against the Key Performance Indicators for the period 1 February to 30 April 2023 (section 3.1 & appendix 1). The majority of KPIs were met over the period.
  - 2.1.2 Progress on the development of the Pension Service Key Performance Indicators (section 3.2).
  - 2.1.3 Timeliness of receipt of employee and employer pension contributions for the payroll periods of April 2022 to March 2023 (section 4 & appendix 2/3). Over 99% was achieved for January, February and March 2023.
  - 2.1.4 Occurrences of breaches of the law for the period 1 February to 30 April 2023 (section 5). There were no material breaches in the period.
  - 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 February to 30 April 2023 (section 6). There were three administering authority disputes raised during the period and one employer dispute raised.

- 2.1.6 Details of the Data Improvement Plan for the 2023/24 year (section 7 & appendix 4). Three key areas have been identified.
- 2.1.7 Occurrences of material data breaches for the period of 1 February to 30 April 2023 (section 8). There were no material data breaches in the period.
- 2.1.8 Details of any significant overpayment of pension for the period 1 February to 30 April 2023 (section 9). There was one significant overpayment for the period.

### 3. Key Performance Indicators

#### 3.1 Pension Service performance against Key Performance Indicators

- 3.1.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 3.1.2 Full KPI details for the period 1 February to 30 April 2023 can be found in appendix 1.
- 3.1.3 Over the 3-month period service performance has been consistently good with all targets being met with the exception of four.
- 3.1.4 In February one target was missed (amber) for providing a transfer in quote due to a training issue within the team which has since resolved.
- 3.1.5 In March one target was missed (red) for the payment of benefits from active employment due to inexperience within the team and additional training required, as newer members become more experienced the performance in this area will improve. In addition, there was also a period of long-term sick.
- 3.1.6 In April targets were missed for the payment of benefits from active employment (red) and providing a maximum of one estimate of benefits to employees per year on request (amber) due to the same issues as above. In addition, in April there was an error on some case review dates following closedown activities which also impacted the team.

#### 3.2 Development of the Pension Service Key Performance Indicators

- 3.2.1 New and supplementary KPIs are being developed during 2023-24 to measure the overall customer journey as approved by the Committee in March.
- 3.2.2 Development of the new and supplementary KPIs is underway, from June these will enter a period of testing before being reported to the Committee and Board.

### 4. Receipt of Employee and Employer Contributions

- 4.1 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. They must also provide an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 4.2 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 to 31 March 2023.

- 4.3 For January 100% of contributions were paid on time, for February 99.8% and for March 100%. The current yearly average for payments made on time is 99.6% and schedules being received on time is 99.5%.
- 4.4 Details of any late payments can be found in appendix 4.

## 5. Breaches of the Law

- 5.1 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.
- 5.2 For the period 1 February to 30 April 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	6 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.

## 6. Internal Dispute Resolution Procedure

- 6.1 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.
- 6.2 The following tables detail that activity undertaken during the period 1 February to 30 April 2023 with regards to administering authority and employer disputes.
- 6.3 Stage 1 disputes:

Nature of Stage 1 Dispute (Head of Pensions)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Challenging the process followed, in allowing a transfer to an overseas scheme to take place in 2015.	13 December 2022	12 February 2023 extended to 6 March 2023	Not upheld	6 March 2023
Complaint of maladministration following delays in paying AVCs to a member upon retirement.	30 January 2023	29 March 2023	Upheld	28 March 2023
Refusal to pay 50% widow's pension following death of a pensioner.	13 February 2023	12 April 2023 extended to 26 April 2023	Not upheld	24 April 2023

#### 6.4 Stage 2 disputes:

Nature of Stage 2 Dispute (CCC Monitoring Officer)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Refusal to pay 50% widow's pension following death of a pensioner (relating to the Stage 1 decision made on 24 April 2023)	2 May 2023	1 July 2023		
Challenging Tier 3 entitlement following dismissal by employer on ill health grounds	13 December 2022	12 February 2023 extended to 6 March 2023	Not upheld	6 March 2023

## 7. Data Improvement Plan

- 7.1 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.
- 7.2 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.
- 7.3 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.

- 7.4 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%

- 7.5 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.

## 8. Material Data Breaches

- 8.1 None.

## 9. Significant overpayments of pension

- 9.1 In February 2023 it was confirmed to the Pensions Service, via the monthly mortality screening process, that one of the Fund's pensioners had died in January 2021 causing a net overpayment of pension £16,473.18.

Previously In March 2021, the Fund was provided with a "low confidence" result via the screening process and following the agreed procedure a "get in touch" letter was sent to the address identified by the mortality screening provider and subsequently the pensioners address held on the system to try and establish the validity of the result. These attempts provided no response, and the pension should therefore have been suspended at this time, however payments continued to be paid to the existing account which was jointly held with the pensioner's spouse.

An invoice has been raised to recover the overpayment.

## 10. Relevant Pension Fund Objectives

Has 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. *Objective 1*

Manages 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. *Objective 2*

Ensures the relevant stakeholders responsible for managing, governing and administering the Fund, understands its' roles and responsibilities and has the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

Continually monitors and measure clearly articulated objectives through business planning *Objective 4*

Continually monitors and manages risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Puts in place performance standards for the Fund and its employers and ensures these are monitored and developed as necessary. *Objective 8*

Administers the Fund in a professional and efficient manner, utilising technological solutions and collaboration. *Objective 10*

## 11. Risk Management

11.1 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.

11.2 The mitigated risks associated with this report has been captured in the 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

11.3 The Fund's risk register can be found on the Pensions website at the following link: [Cambridgeshire Pension Fund Risk Register](#).

## 12. Communication Implications

12.1 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. Employers of the Fund are guided through the admission process and directly kept up to date with requirements and progress. Members who enter the Internal Dispute Resolution Procedure are kept informed of progress within the statutory timescales.

## 13. Finance & Resources Implications

13.1 The Fund is seeking recovery of the overpayment as detailed in section 7 of the report in order to mitigate any impact on the Fund or scheme employers.

## 14. Legal Implications

14.1 Legal advice was sought from the Fund's advisors in relation to the Internal Dispute Resolution Procedure as referenced in section 6.

## 15. Consultation with Key Advisers

15.1 Aon conducted the Key Performance Indicator review.

## 16. Alternative Options Considered

16.1 Not applicable

## 17. Background Papers

17.1 Not applicable

## 18. Appendices

18.1 Appendix 1 Key Performance Indicators – Pensions Service

18.2 Appendix 2 Receipt of Employee and Employer Contributions

18.3 Appendix 3 Late payment of employer contributions (**exempt**)

18.4 Appendix 4 Data Improvement Plan

### Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 26/5/2023

Has this report been cleared by Head of Pensions? Mark Whitby – 10/5/2023

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 26/5/2023

Has this report been cleared by Legal Services? Emma Duncan – 11/5/2023