

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 27 October 2017

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 – Michelle Oakensen – LGSS Pensions Governance Officer E-mail – moakensen@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 August 2016 to 31 July 2017.

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
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
December 2016	98.9	1.1	97.6	2.4

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
January 2017	98.0	2.0	95.0	5.0
February 2017	97.7	2.3	94.7	5.3
March 2017	98.0	2.0	94.4	5.6
April 2017	96.4	3.6	97.8	2.2
May 2017	97.7	2.3	91.7	8.3
June 2017	98.0	2.0	96.0	4.0
July 2017	95.3	4.7	94.3	5.7
Average for period	97.4	2.6	95.7	4.3

2.1.2 An analysis of late payments for the previous quarter can be found in **Appendix 1** of the report (**Private**).

2.1.3 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.

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 June 2017 to 31 August 2017.

Overpayment Type	Action	Amount	Total
Death of a Pensioner/Dependant	Written off	£6,016.07 (85 cases)	£31,464.29 (111 cases)
	Recovery	£25,448.22 (26 cases)	
Retirement	Written off	£0	£0
	Recovery	£0	

*Total Pensioner Payroll for the 16/17 financial year was £63,156,723.11

2.2.2 During the period 1 June 2017 to 31 August 2017, 111 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, 85 were automatically written off as the value of the overpayment was less than £250. The remaining 26 cases are currently being pursued for recovery of the overpayments.

2.2.3 In this period £139.26 has been recovered to date for the current financial year and £14,444.93 for the previous financial year across all overpayment types.

2.3 Key Performance Indicators – LGSS Pensions Service

2.3.1 The Pension Committee has previously 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 June 2017 to 31 August 2017 are detailed in the table below.

KPI	Target	June	July	August
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%	100%	100%	100%
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%	95%	100%	99%
Award dependant benefits. (Issue award within 5 working days of receiving all necessary information).	95%	92%	96%	94%
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%	75%	75%	83%
Provide transfer-in quote to scheme member. (Letter issued within 10 working days of receipt of all appropriate information).	95%	95%	96%	81%
Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	95%	81%	100%	79%
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%	N/A	N/A	N/A
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	98.9%*

*1.1% of statements were not issued due to employers failing to submit year end information prior to the absolute deadline.

2.3.3 The full analysis of data for the June, July and August 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 May 2017 to 31 July 2017 are detailed in the table below.

KPI	Target	May	June	July
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%	97.4	98.0	95.3
Provide LGSS Pensions Service with accurate year end information in the prescribed format.	100%	36.8*	N/A	N/A

**85.11% were received by 30 April 2017, however 48.29% of these were returned to respective employers as the quality of the data was inadequate.*

- 2.4.2 Employer performance continues to be managed by officers 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.

3. Employer Admissions and Cessations

3.1 Admissions

New Scheduled Bodies

- 3.1.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 3.1.2 The LGPS Regulations recognise the proprietor of an Academy Trust as a scheme employer. Where academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported as they are therefore not recognised as new scheme employers.

Date	New Academy/Trust
01/06/2017	Astrea Academy Trust
01/08/2017	The Lime Trust
01/04/2017	Morris Education Trust
01/07/2017	Samuel Ward Academy Trust

- 3.1.3 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.

New Admission Bodies

- 3.1.4 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

Date	New Admission Body	Background information
01/04/2017	Solutions For Health	Peterborough City Council tendered and outsourced their Integrated Healthy Lifestyle Service. The staff transferred to Solutions For Health under TUPE regulations and were granted admitted body status. Solutions for Health will provide a bond in respect of insuring against liabilities from this admission which satisfies the requirements of the Fund's Admissions policy.

New Designating Bodies

- 3.1.6 Regulation 3 (1) of the Regulations provides for a person, who is employed by a body listed in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by the body, to be an active member of the Local Government Pension Scheme.
- 3.1.7 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.

Date	New designating body
19/06/2017	Balsham Parish Council

3.2 Cessations

Peterborough Women's Aid

- 3.2.1 Peterborough Women's Aid were admitted to the fund under an transferee admission agreement, dated 1 April 2014, after entering into a contract to provide domestic abuse and sexual violence advocacy services on behalf of Peterborough City Council, which resulted in the transfer of one employee, under TUPE arrangements.
- 3.2.2 The admission agreement has now ceased following the last active member leaving the Scheme on 31 March 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of Peterborough Women's Aid and therefore any cessation payment will be pursued from the admitted body but the liabilities are guaranteed by Peterborough City Council which removes any risk to the Fund.

Lunchtime UK Ltd

- 3.2.3 Lunchtime UK Ltd were admitted to the Fund under a pass through admission agreement on 27 May 2015, after entering into a contract to provide catering services to Swaffham Prior Church of England Primary School. The contract resulted in a transfer of staff from the Local Authority maintained school, to Lunchtime UK Ltd, under TUPE arrangements.
- 3.2.4 The admission agreement has now ceased following the last active member leaving the Scheme on 13 January 2017. All employee and employer pension contributions owing to the Fund have been paid and as a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer. Therefore no cessation payment is required.

Innovate Services Ltd

- 3.2.5 Innovate Services Ltd were admitted to the Fund under a transferee admission agreement on 1 September 2008, after entering into a contract to provide cleaning services to Cromwell Community College which resulted in a transfer of staff from Cromwell Community College, to Innovate Services Ltd, under TUPE arrangements.
- 3.2.6 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 3 April 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of the admitted body, Innovate Services Ltd and therefore any cessation payment will be pursued from Innovate Services Ltd.

4. 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>

5. Finance & Resources Implications

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

6. 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.	Green

7. 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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8. Legal Implications

8.1 Not applicable

9. Consultation with Key Advisers

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

10. Alternative Options Considered

10.1 Not applicable

11. Background Papers

11.1 Not applicable

12. Appendices

- 12.1 Appendix 1 Late payments of employee and employer contributions (Private)
- 12.2 Appendix 2 Key performance indicators – LGSS Pensions Service

Checklist of Key Approvals	
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 – 22 September 2017

Appendix 2 – Key Performance Indicator analysis for June, July and August								
June 2017								
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%	413	413	0	100%	G	SLA target met.
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%	75	71	4	95%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	62	57	5	92%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due development of new team members.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	168	126	42	75%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.</p>
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	68	64	4	95%	G	SLA target met.
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%	16	13	3	81%	A	<p>Cases outside of SLA target are within the statutory target of 3 months.</p> <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 development of new team members.</p>

July 2017								
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%	464	464	0	100%	G	SLA target met.
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%	53	53	0	100%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	46	44	2	96%	G	SLA target met.

Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	158	107	41	75%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	27	26	1	96%	G	SLA target met.
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%	6	6	0	100	G	SLA target met.

August 2017								
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%	395	395	0	100%	G	SLA target met.
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%	116	115	1	99%	G	SLA target met.
Award dependant benefits.	Issue award within 5 working days of receiving all necessary information.	95%	43	40	3	94%	A	Cases outside of SLA target are within the statutory target of 2 months. Cases outside of SLA target due to development of new team members

August 2017								
Function/Task	Indicator	Target	Completed	Within Target	Over Target	% Within Target	RAG	Comments
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%	178	147	31	83%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to reduction in staffing levels, the development of new team members and the high volume of requests.</p> <p>These cases impacted by staff concentrating on the high levels of retirement benefits from active employment. Team have also been dealing with Annual Allowance.</p>
Provide transfer-in quote to scheme member.	Letter issued within 10 working days of receipt of all appropriate information.	95%	80	65	15	81%	A	<p>Cases outside of SLA target are within the statutory target of 2 months.</p> <p>Cases outside of SLA target due to development of new team members.</p>
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%	24	19	5	79%	A	<p>Cases outside of SLA target are within the statutory target of 3 months.</p> <p>Low volume of case work in this area and this impacts the percentage if there are cases not within target.</p>

Appendix 3 – The Key Performance Indicator RAG system.

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.