

Cambridgeshire Pension Fund

Pension Fund Committee

4 October 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 for the period 1 May to 31 July 2023.

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 May to 31 July 2023. For the period 17 of the 21 KPI targets were achieved, with 3 red and 1 amber (section 3.1 & appendix 1).
 - 2.1.2 Progress on the development of the Pension Service Key Performance Indicators (section 3.2 & appendix 2).
 - 2.1.3 Timeliness of receipt of employee and employer pension contributions for the period 1 April to 30 June 2023, 100% of payments were received on time (section 4 & appendix 3).
 - 2.1.4 Occurrences of breaches of the law for the period 1 May to 31 July 2023. There were no material breaches in the period (section 5).
 - 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 May to 31 July 2023. There were no stage 1 or employer disputes raised (section 6).
 - 2.1.6 Occurrences of material data breaches for the period of 1 May to 31 July 2023. Please refer to the separate Cyber Resilience & Data Protection report (exempt).

- 2.1.7 Details of any significant overpayment of pension for the period 1 May to 31 July 2023. There were no significant overpayments for the period (section 8).

3. Key Performance Indicators

3.1 Pension Service performance against Key Performance Indicators

- 3.1.1 The Pension Committee has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 May to 31 July 2023 can be found in appendix 1 along with the explanations for any underperformance.
- 3.1.2 Over the 3-month period, 17 of the 21 KPI targets have been met.
- 3.1.3 The team that processes the payment of retirements benefits from active employment and deferred membership status had several contributing factors that led to KPIs being missed for May, June, and July. The team contended with periods of annual leave and sickness over the period and two inexperienced team leaders were receiving training in preparation to replace a leaver and a maternity cover in August. The team itself is inexperienced with ongoing training continuing to be delivered at different levels.
- 3.1.4 Maternity leave across the wider Operations Team has impacted the ability to divert resources as required due to the back filing of those positions. In addition, following the release of the GAD factors, resource was allocated to clearing the divorce backlog which also sits within this team.
- 3.1.5 Performance is expected to improve once the training requirements reduce at both officer and team leader level and skills and experience are embedded within the team, although this will not impact instantly the results are expected to be seen by the end of the calendar year. The medium to long term plan is for officers to be developed to become multi skilled to help with service resilience across teams.
- #### 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 Initial test data has been produced in the following areas for July:
- 1) inform members who leave the scheme before retirement age of their right and options.
 - 2) provide transfer details for transfer in.
 - 3) provide transfer details of transfer value for transfer out.
- 3.2.3 Officers are analysing this information and identifying high level reasons for the customer journey outcomes. The Committee will be presented with the first customer journey KPIs in December. In the meantime, the full suite of KPIs being developed can be seen at appendix 2.

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 July to 30 June 2023.
- 4.3 In April, May and June 2023 100% of contributions were received on time. The current yearly average for payments made on time is 99.7% and schedules being received on time is 99.7%.

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 May to 31 July 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	8 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 May to 31 July 2023 with regards to administering authority and employer disputes.
- 6.3 Stage 1 disputes: None.

6.4 Stage 2 disputes:

Nature of Stage 2 Dispute (CCC Monitoring Officer)	Date Received	Date Decision Due	Stage 1 Decision: Upheld/not upheld/partially upheld	Date of Decision
Refusal to pay 50% widow's pension following death of a pensioner.	2 May 2023	14 July (extended from 1 July 2023)	Upheld	14 July 2023
Challenging the process followed, in allowing a transfer to an overseas scheme to take place in 2015.	23 June 2023	16 October 2023 (extended from 22 August 2023)		Ongoing

7. Material Data Breaches

7.1 Please refer to the separate Cyber Resilience and Data Protection report (exempt).

8. Significant overpayments of pension

8.1 None.

9. 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*

10. Risk Management

- 10.1 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.
- 10.2 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

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

11. 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.

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

12. Finance & Resources Implications

- 12.1 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.

13. Legal Implications

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

14. Consultation with Key Advisers

- 14.1 Aon conducted the Key Performance Indicator review.

15. Alternative Options Considered

15.1 Not applicable

16. Background Papers

16.1 Not applicable

17. Appendices

17.1 Appendix 1 Key Performance Indicators

17.2 Appendix 2 Development of Key Performance Indicators during 2023/2024

17.2 Appendix 3 Receipt of Employee and Employer Contributions

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 11/9/2023

Has this report been cleared by Head of Pensions? Mark Whitby – 17/8/2023

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 15/9/2023

Has this report been cleared by Legal Services? Emma Duncan – 31/8/2023