

# Cambridgeshire Pension Fund

Pension Fund Committee

10 June 2022

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

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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. Key Performance Indicators – Pensions Service

2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.

2.2 Full KPI details for the period 1 February to 30 April 2022 can be found in appendix 1.

2.3 Over the 3-month period service performance has been consistently good with all targets being met with the exception of two.

2.4 In March, the performance was marginally below target for providing a maximum of one estimate of benefits to employees per year on request due to training issues and notifications not being sent out on time. Going forward all notifications in relation to this area of work will be issued by the person checking the estimate.

2.5 In April, the performance was below target for processing transfer out payments due to performance issues within the team. Going forward there will be increased monitoring of casework within the team to ensure all actions are processed on time.

### 3. Receipt of Employee and Employer Contributions

- 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. They must also provide an associated monthly statement/schedule in a format acceptable to the Administering Authority.
- 3.2 The table in appendix 2 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 2021 to 31 March 2022.
- 3.3 For January 2022 99.6% of contributions were paid on time, for February 99.6% and for March 99.3%. The current yearly average for payments made on time is 99.4% and schedules being received on time is 99.6%.

### 4. Breaches of the Law

- 4.1 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.
- 4.2 For the period 1 February to 30 April 2022, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	3 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.

### 5. Internal Dispute Resolution Procedure

- 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.
- 5.2 Disputes that are upheld at stage 1 may still progress to stage two if the scheme member or their representative remains unsatisfied with the overall outcome. The outcome may not fully meet the complainant's expectations – particularly if their perception is that their financial loss was greater than any compensation awarded, or the level of non-financial injustice award was not consistent with their expectation.
- 5.3 The following table details that activity undertaken during the period 1 February to 30 April 2022 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Issues with membership records, providing inconsistent details and delays in response.	Upheld (2 July 2021).	Received 13 October 2021. Deadline for response extended to 12 April 2022. Further extension issued to 10 May 2022.
Seeking reinstatement/compensation for deferred pension being transferred to an overseas pension scheme in 2015	Not upheld (2 March 2021).	Received 28 August 2021. Deadline for response extended to 12 April 2022. Further extension issued to 10 May 2022.
Length of time to finalise early payment of benefits on ill health grounds for a terminally ill deferred member and other issues regarding payment of benefits	Partially upheld (17 August 2021).	Received 27 September 2021. Deadline for response extended to 20 December 2021. Outcome – partially upheld 9 March 2022.
Delay in provision of deferred benefit details that may inhibit opportunity to transfer out	Partially upheld (3 May 2022).	
The value of the pension credit resulting from a pension sharing on divorce order is less than was previously estimated	Partially upheld (4 May 2022).	

## 6. Material Data Breaches

- 6.1 At the beginning of April a data breach involving 145 scheme members occurred. A bulk print job of leaver letters were inadvertently printed double sided so the recipient would have received their own details along with another scheme member's details (name, address, job title and redacted national insurance number). The error was identified quickly, and Cambridgeshire County Council's data breach guidelines were followed. All 157 scheme members have been written to apologising for the error. The member of staff involved in the breach has repeated the Council's training on data protection and additional safeguards have been introduced to prevent this type of data breach from occurring again.

## 7. Significant overpayments of pension

- 7.1 In January 2022 officers were notified of a death of a pensioner that occurred in March 2021. The pensioner was overseas at the time of death and the Funds mortality screening exercises do not cover deaths that occur overseas. Proof of existence exercises are undertaken every year for pensioners who reside overseas, however in this case the members resident address was in the UK. In these cases, officers rely on the next of kin/executor to notify the service to be able to suspend the pension at the earliest opportunity to avoid significant overpayments occurring.

7.2 The overpayment only related to 10 months but amounted to a net overpayment of £14,103.69 due to the delay in notification. The overpayment amount was confirmed by payroll and recovery of this overpayment will be pursued against the estate and the executor has been advised.

## 8. 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. *Objective 1*

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. *Objective 2*

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. *Objective 3*

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

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

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

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

## 9. Risk Management

9.1 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.

9.2 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

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

## 10. 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.

## 11. Finance & Resources Implications

11.1 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.

## 12. Legal Implications

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

## 13. Consultation with Key Advisers

13.1 Consultation with the Fund's advisors was not required for this report.

## 14. Alternative Options Considered

14.1 Not applicable

## 15. Background Papers

15.1 Not applicable

## 16. Appendices

16.1 Appendix 1 Key Performance Indicators – Pensions Service

16.2 Appendix 2 Receipt of Employee and Employer Contributions

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

## Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 27 May 2022

Has this report been cleared by Head of Pensions? Mark Whitby – 12 May 2022

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 27 May 2022

Has this report been cleared by Legal Services? Amy Brown – 23 May 2022