

Cambridgeshire Pension Fund

Pension Fund Committee

20 December 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 August to 31 October 2023.

Recommendations: The Pension Fund Committee is asked to:

- 1) note the Administration Performance Report
- 2) approve a change to the KPI target for the payment of retirements benefits from active employment from 5 working days to 10 working days (section 3.1.7).

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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 August to 31 October 2023. For the period 12 of the 21 KPI targets were achieved, with 6 red and 3 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 October to 30 September 2023, 99.7% of payments were received on time (section 4 & appendix 3). Details of any late payments are detailed in appendix 4 (exempt).

2.1.4 Occurrences of breaches of the law for the period 1 August to 31 October 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 August to 31 October 2023. There was one stage 1 administering authority dispute raised and one stage 2 determination made (section 6).
- 2.1.6 Occurrences of material data breaches for the period of 1 August to 31 October 2023. There were no material data breaches for the period.
- 2.1.7 Details of any significant overpayment of pension for the period 1 August to 31 October 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 August to 31 October 2023 can be found in appendix 1 along with the explanations for any underperformance.
- 3.1.2 Over the 3-month period, 12 of the 21 KPI targets have been met.
- 3.1.3 The team that processes retirement benefits and estimates had several contributing factors that led to KPIs being missed over the reporting period. The team contended with periods of annual leave and sickness and two team leaders left in August (one leaver and one maternity leave) and were replaced with two less experienced team leaders. The team itself is inexperienced with ongoing training continuing to be delivered at different levels. In addition, the implementation of the McCloud remedy has increased workloads and queries.
- 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 backlogs.
- 3.1.5 Performance is expected to improve by the end of the calendar year once the training requirements reduce at both officer and team leader level and skills and experience are embedded within the team. The medium to long term plan is to increase multi-skilling to help with service resilience across teams.
- 3.1.6 For additional context the average number of days for processing retirements from active status was 6.4 days during October 2023.
- 3.1.7 The particularly tight turnaround time for notifying active members of their benefits award is contributing to the missed targets and in line with industry standards as per CIPFA Benchmarking (15 Funds in scope – 1 Fund 1 month, 12 Funds 15 working days, 1 Fund 7 working days, 1 Fund 5 working days), Officers are seeking to revise this target to 10 working days to allow for sufficient processing time, especially in light of inexperienced team members needed a proportion of cases recalculating.

3.2 Development of the Pension Service Key Performance Indicators

- 3.2.1 Progress has been made on some areas of reporting with the new data encompassing the administration and employer performance as well as any delays from members.

- 3.2.2 Insights reporting has provided additional analysis for the information to be provided to new joiners, the functionality is not in place at this time for other areas and development options are being considered.
- 3.2.3 The new supplementary KPI information can be found in Appendix 2.
- 3.2.4 Once the data set has expanded, the intention is to analyse any lower than desired KPI performance in Appendix 2 and target communications and interventions appropriately.

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 October to 30 September 2023.
- 4.3 In July 98.8% of contribution payments were received on time with 100% received on time for August and 99.6% for September. The current yearly average for payments made on time is 99.7% and schedules being received on time is 99.5%.

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 August to 31 October 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	22 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.
	Missed statutory targets against Key Performance Indicators.	Issues will be addressed within the Service and with employers as appropriate. Further details can be found in Appendix 2.

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 August to 31 October 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	Stage 1 Decision: Upheld/not upheld/partially upheld	Date of Decision
Exited employer disputing the Admin Authorities decision not to pay them the full exit credit, also disputing the need to carry out, and charge for, an actuarial assessment at exit.	27/10/2023	26/12/2023		Ongoing

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
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)	Upheld	17/10/2023

6.5 In the period 1 August to 31 October 2023 no new employing authority disputes were raised and/or responded.

7. Material Data Breaches

7.1 None.

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: [_ Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS \(westnorthants.gov.uk\)](#)

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 None.

13. Legal Implications

13.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

13.2 With all IDRPs complaints there is a risk that a complaint may be raised with the Pensions Ombudsman.

14. Consultation with Key Advisers

14.1 Aon conducted the Key Performance Indicator review.

14.2 Squire Patton Boggs conducted a review of the paper for legal implications.

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.

17.3 Appendix 3 Receipt of Employee and Employer Contributions.

17.4 Appendix 4 Details of late contribution payments – exempt.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 29/11/2023

Has this report been cleared by Head of Pensions? Mark Whitby – 20/11/2023

Has this report been cleared by Monitoring Officer? Emma Duncan – 28/11/2023