

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 6 July 2018

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:	Michelle Oakensen – LGSS Pensions Governance Officer moakensen@northamptonshire.gov.uk

1. Background

- 1.1 One of the core functions of the 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 Variances against the forecast of investments and administration expenses

- 2.1.1 The tables in **appendix 1** provide an update of the Fund account, investment and administration income and expenditure against the cash flow projection outlined in the Annual Business Plan as agreed by the Pensions Committee in March 2018.

2.2 Key Performance Indicators – LGSS Pensions Service

- 2.2.1 The Pension Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions Service.
- 2.2.2 For the period 1 March to 31 May 2018 the Fund has met all targets with the exception of 1 amber rating. The detail surrounding the performance of the service can be found in **appendix 1**.

2.3 Receipt of Employee and Employer Contributions

- 2.3.1 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. Providing an associated monthly statement/schedule in a format acceptable to the Administering Authority.

- 2.2.2 The table in **appendix 1** of the report shows the percentage of employers in the Northamptonshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the period 1 May 2017 to 30 April 2018.
- 2.2.3 Details of late paying employers for February, March and April can be found in **appendix 2 (private)** of the report.

3. 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. <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>

4. Finance & Resources Implications

- 4.1 The financial and resource implications are set out in the Business Plan

5. 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.	Amber

6. 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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7. Legal Implications

7.1 Not applicable

8. Consultation with Key Advisers

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

9. Alternative Options Considered

9.1 Not applicable

10. Background Papers

10.1 Not applicable

11. Appendices

11.1 Appendix 1 LGSS Pensions Service Administration Report

11.2 Appendix 2 Details of late paying employers – private appendix

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Head of Pensions?	Mark Whitby – 8 June 2018

Appendix 1 – LGSS Pensions Service Administration Report

Variances against the forecast of investments and administration expenses

Fund Account	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Contributions	(128,000)	(128,410)	(410)	There has been a small increase in active membership above levels originally expected
Transfers in from other pension funds:	(5,400)	(4,910)	490	Demand led.
Total income	(133,400)	(133,320)	80	
Benefits payable	1000,000	99,345	(655)	Less than 1% variance
Payments to and on account of leavers	5,400	10,126	4,726	Demand led. Note that 2016/17 was £10.4m
Total Payments	105,400	109,471	4,071	
Management Expenses	8,156	8,051	(105)	See analysis below
Total income less expenditure	(19,844)	(15,798)	4,046	
Investment income	(29,000)	(37,500)	(8,500)	Variance due to investment performance
Taxes on income	-	-	-	
(Profit) and losses on disposal of investments and changes in the market value of investments	(75,000)	129,466	204,466	Variance due to investment performance
Net return on investments	(104,000)	(91,966)	195,966	
Net (increase)/decrease in the net assets available for benefits during the year	(123,844)	76,168	200,012	

Administration Expenses Analysis	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Staff Related	1,321	1,296	(25)	Vacant posts during the year
Altair System	261	260	(1)	
GMP/Payroll Reconciliation Project	150	102	(48)	Underspend due to timing, carried forward to 2018/19
Communications	54	28	(26)	Efficiencies in electronic communications and joint communication projects
Other Non-Pay and Income	100	94	(6)	
County Council Overhead Recovery	608	609	1	
Total Administration Expenses	2,494	2,389	(105)	

Management Expenses	2018-19 Estimate	2018-19 Forecast	Variance	Comments
	£000	£000	£000	
Total Administration Expenses	2,494	2,389	(105)	
Total Governance Expenses	432	432	-	
Total Investment Expenses	5,230	5,230	-	
Total Management Expenses	8,156	8,051	(105)	

Key Performance Indicators – LGSS Pensions Service March, April and May 2018

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%	Mar: 188 Apr: 289 May: 328	188 289 328	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met 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%	Mar: 30 Apr: 43 May: 36	29 43 35	1 0 1	97% 100% 97%	Green Green Green	SLA target met SLA target met SLA target met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	Mar: 30 Apr: 21 May: 26	28 21 26	2 0 0	93% 100% 100%	Amber Green Green	Please see comment below * SLA target met SLA target met
Provide a maximum of one estimate of benefits to employees per year on request – Statutory	Estimate in agreed format provided within 10 working days from receipt of all information.	90%	Mar: 59 Apr: 64 May: 93	58 61 92	1 3 1	98% 95% 99%	Green Green Green	SLA target met SLA target met SLA target met
Provide transfer-in quote to scheme member – Statutory	Letter issued within 10 working days of receipt of all appropriate information.	95%	Mar: 16 Apr: 34 May: 9	16 33 9	0 1 0	100% 97% 100%	Green Green Green	SLA target met SLA target met SLA target met
Payment of transfer out – Statutory	Process transfer out payment – letter issued within 10 working days of receipt of all information needed to calculate transfer out payment.	90%	Mar: 4 Apr: 14 May : 8	4 14 8	0 0 0	100% 100% 100%	Green Green Green	SLA target met SLA target met SLA target met

*2 cases were missed due to staff sickness. In the future when a team member informs us of sickness, we will run an outstanding workflow report to pick up their outstanding cases, to ensure these are not missed.

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 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.

Receipt of Employee and Employer Contributions

Month/Year	% of Employers Paid on Time	% of Employers Paid Late	% of Employers that Submitted Schedule on Time	% of Employers that Submitted Schedule Late
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
August 2017	97.6	2.4	97.3	2.7
September 2017	98.0	2.0	97.7	2.3
October 2017	97.2	2.8	95.8	4.2
November 2017	98.8	1.2	98.4	1.6
December 2017	99.1	0.9	99.1	0.9
January 2018	98.6	1.4	98.6	1.4
February 2018	99.3	0.7	99.3	0.7
March 2018	99.3	0.7	98.6	1.4
April 2018	97.8	2.2	95.0	5.0
Average for period	98.1	1.9	96.8	3.2

