

Cambridgeshire Pension Fund

Pension Fund Committee

30 March 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
Recommendations:	<p>The Pension Fund Committee are asked to:</p> <ul style="list-style-type: none">1) approve the proposed development of Key Performance Indicators during 2023/2024 (see section 2.3)2) note the Administration Performance Report
Enquiries to:	<p>Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk</p>

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 November to 31 January 2023 (appendix 1). The majority of KPIs were met over the period.
 - 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of January 2022 to December 2022 (appendix 2). Over 99% was achieved for October, November, December 2022
 - 2.1.3 Occurrences of breaches of the law for the period 1 November 2022 to 31 January 2023 (section 5). There were no material breaches in the period.
 - 2.1.4 Details of any Internal Dispute Resolution Procedure cases during the period 1 November 2022 to 31 January 2023 (section 6). There were no administering authority disputes raised during the period.

- 2.1.5 Occurrences of material data breaches for the period of 1 November 2022 to 31 January 2023 (section 7). There were no material breaches in the period.
- 2.1.6 Details of any significant overpayment of pension for the period 1 November to 31 January 2023 (section 8). There were no significant overpayments in the period.
- 3. Key Performance Indicators
 - 3.1 Pension Service performance against Key Performance Indicators
 - 3.1.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
 - 3.1.2 Full KPI details for the period 1 November 2022 to 31 January 2023 can be found in appendix 1.
 - 3.1.3 Over the 3-month period service performance has been consistently good with all targets being met with the exception of three.
 - 3.1.4 In November and January targets were missed for the payment of retirement benefits from active employment due to inexperience within the team and additional training required. Going forward as the newer members become more experienced this will resolve.
 - 3.1.5 In January the target was missed for notify leavers of deferred benefit entitlement similarly due to new staff within the team and a build up of checking cases as a result. As with the payment of retirement payments as the newer members become more experienced this will resolve.
 - 3.2 Proposed changes to Pension Service Key Performance Indicators
 - 3.2.1 Following a comprehensive review of the current Key Performance Indicators, supplementary KPIs are being recommended to measure the member's overall customer journey. These supplementary KPIs will be developed and implemented during 2023-24, subject to the approval of the Committee.
 - 3.2.2 The current suite of KPIs will continue to be reported as these measure the performance of the administering authority, generally from the point of receipt of all information. The customer journey KPIs will measure performance from an event date, such as the date of retirement, and therefore encompass the performance of the administering authority, the scheme employer, any payroll contractor, other pension funds, and even the scheme member should they delay in sending back documentation.
 - 3.2.3 It is expected that the customer journey KPIs may identify immaterial breaches, especially where third parties have prevented the administering authority completing casework in a timely manner.
 - 3.2.2 The detail of these proposals can be found in Appendix 4.

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 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 January 2022 to 31 December 2022.
- 4.3 For October 99.8% of contributions were paid on time, for November 98.5% and for December 99.8%. The current yearly average for payments made on time is 99.5% 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 November 2022 to 31 January 2023, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	2 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.
	301 notification of pension entitlement letters were not issued within the statutory deadline of 2 months.	The breaches occurred as a result of a change in reporting method. An upgraded report is now being utilised and there have been no new breaches as a result. All letters have been issued.

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 table details that activity undertaken during the period 1 November 2022 to 31 January 2023 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Delay in paying additional lump sum from AVC fund resulting in a lower AVC value.	Adjudication sent 17 November 2022, upheld. Payment made to compensate for loss of funds.	
Challenge of Employer's decision to award Tier 3 Ill Health Retirement Benefits	N/A	Extension issued to 6 March 2023 (original date 12 February 2023)
Challenge against CPF to allow a transfer to an overseas pension arrangement (QROPS) in 2015	Adjudication due 28/2/2023.	
Delay in paying AVC to member	Adjudication due 30/3/2023 .	

6.3 There were no employer disputes raised during the period.

7. Material Data Breaches

7.1 None.

8. Significant overpayments of pension

8.1 None.

9. 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

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 – Pensions Service

17.2 Appendix 2 Receipt of Employee and Employer Contributions

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

17.4 Appendix 4 Proposed development of Key Performance Indicators during 2023/2024

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 8/3/2023

Has this report been cleared by Head of Pensions? Mark Whitby – 20/2/2023

Has the Chair of the Pension Committee been consulted? Councillor Whelan – 15/3/2023

Has this report been cleared by Legal Services? Linda Walker – 9/3/2023