

CAMBRIDGESHIRE PENSION FUND

PENSION FUND COMMITTEE

8TH DECEMBER 2020

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

Enquiries to: Joanne Walton, Governance and Regulations Manager
jwalton@northamptonshire.gov.uk

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 – LGSS Pensions

- 2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of LGSS Pensions.
- 2.2 Full KPI details for the period 1st September 2020 to 31st October 2020 can be found in appendix 1.
- 2.3 The appendix provides details of any Red or material Amber performance breaches.

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. Providing 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 1st October 2019 to 30th September 2020.
- 3.3 Details of late paying employers for August and September 2020 can be found in the private and confidential appendix (appendix 3) of the report.

4. Breaches of the Law

4.1 There are many and 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 as breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.

4.2 For the period 1st September to 31st October 2020, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	3 refund of pension contribution payments were claimed by and paid to members 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 In the period 1st September to 31st October 2020 the following activity occurred:

Nature of dispute	Stage 1 (The Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Transferred out to an occupational pension scheme in 2012 and would now like to be reinstated back into the LGPS (received 13 July 2020)	Not upheld (11 September 2020)	Received 9 October 2020. Decision due 8 December 2020.
Tier 1 ill health estimate of benefits over-stated compared with final benefits payable (received 13 July 2020)	Partially upheld (25 September 2020)	Received 6 October 2020. Decision due 5 December 2020.

6. LGSS Business Transition

- 6.1 A review was commissioned to examine the LGSS operating model in light of the changing demands of each partner council and the available financial investment for the future. As a result, the sharing of services between Cambridgeshire, Milton Keynes and Northamptonshire is changing, with some services repatriated and other services continuing on a shared service basis under a more traditional lead authority model.
- 6.2 The Pensions Service will continue to provide shared services administration to both the Cambridgeshire and Northamptonshire Funds. This will be on a lead authority basis with effect from 1 December 2020. The Pensions Service will be managed within the Finance directorate whilst Northamptonshire County Council is still an entity, with a shared service arrangement continuing post unitary vesting day as per the Future Northamptonshire Blueprint design.
- 6.3 From 1st April 2021, the lead authority for the Pensions Service will change from Northamptonshire County Council to West Northamptonshire and the shared service provision will continue uninterrupted.

7. 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*

8. Risk Management

- 8.1 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.
- 8.2 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk No.	Risk	Residual risk rating
6	Information may not be provided to stakeholders as required.	Green
8	Those charged with governance are unable to fulfil their responsibilities effectively	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

- 8.3 The Fund's risk register can be found on the LGSS Pensions website at the following link: [Risk Register Hyperlink](#)

9. 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.

10. Finance & Resources Implications

- 10.1 There are no financial and resource implications associated with this report.

11. Legal Implications

- 11.1 Not applicable

12. Consultation with Key Advisers

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

13. Alternative Options Considered

- 13.1 Not applicable

14. Background Papers

- 14.1 Not applicable

15. Appendices

- 15.2 Appendix 1 Key Performance Indicators – LGSS Pensions
- 15.3 Appendix 2 Receipt of Employee and Employer Contributions
- 15.4 Appendix 3 Late payments of employee and employer contributions (private and confidential)

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 Section 151 Officer? Sarah Heywood – 23rd November 2020.

Has this report been cleared by Head of Pensions Mark Whitby – 10th November 2020.

Has the Chairman of the Pension Committee been consulted? Councillor Rogers – 23rd November 2020.

Has this report been cleared by Legal Services? Fiona McMillan – 13th November 2020

Appendix 1 - Key Performance Indicators – LGSS Pensions September and October 2020

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%	September: 205 October:194	191 174	14 20	93 89	Green Amber	SLA target met SLA target not met
Payment of retirement benefits from active employment	Notify employees retiring from active membership of benefits award, from date payable or date of receiving all necessary information if later within 5 working days.	95%	September:29 October:43	18 38	11 5	62 88	Red Amber	SLA target not met* SLA target not met*
Payment of pension benefits from deferred membership status	Notify members retiring from deferred membership status of benefits award, from date payable or date of receiving all necessary information if later within 10 working days.	90%	September:47 October:56	39 38	8 18	83 68	Amber Red	SLA target not met** SLA target not met**
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	September:33 October:37	31 35	2 2	94 94	Green Amber	SLA target met SLA target not 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%	September:46 October:48	38 47	8 1	82 98	Amber Green	SLA target not 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%	September:24 October:62	24 61	0 1	100 98	Green Green	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%	September: 7 October:5	7 5	0 0	100 100	Green Green	SLA target met SLA target met

* Payment of retirement benefits from active employment – In September the Pensions Service lost 3 consecutive working days due to corporate network and then Altair system downtime. These separate incidents have since been resolved. In October this area of casework was not appropriately prioritised. Team leaders will monitor closely to ensure cases are prioritised and processed efficiently going forward.

** Payment of pension benefits from deferred membership status – The same issues as above contributed to the performance breaches for this area of casework.

*** Provide a maximum of one estimate of benefits to employees per year on request – For September the network/system issues impacted output in this area as with above.

Green: Equal to or above Service Level Agreement (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.

Appendix 2 - 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
October 2019	100	0	96.9	3.1
November 2019	99.8	0.2	100	0
December 2019	97.1	2.9	97.1	2.9
January 2020	98.7	1.3	98.7	1.3
February 2020	96.6	3.4	96.7	3.3
March 2020	99.8	0.2	100	0
April 2020	99.6	0.4	99.3	0.7
May 2020	100	0	100	0
June 2020	99.5	0.5	99.3	0.7
July 2020	99.3	0.7	100	0
August 2020	99.6	0.4	99.6	0.4
September 2020	99.8	0.2	99.8	0.2
Average for period	99.0	1.0	99.0	1.0