

CAMBRIDGESHIRE PENSION FUND

Pension Fund Board

28 January 2022

Report by: Head of Pensions

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| Subject | 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: | Jo Kent, Governance and Regulations Manager joanne.kent@westnorthants.gov.uk |

1. Background

- 1.1 One of the core functions of the Pension Fund 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 Performance

- 2.1 At its meeting of 5 November 2021 the Board requested further administrative performance information in addition to the standing items set out in the following sections. This was to provide assurance to the Board that standing items presented provided an accurate portrayal of customer journeys and the performance standards of the Fund.
- 2.2 During the period April to November 2021, 11 complaints were managed informally by the Operations Manager; some of these would have escalated to the Internal Dispute Resolution Process and have previously been reported. 8 compliments were also recorded during this period. A single complaint was also received from a scheme employer during this period, dealt with by the Employer Manager.
- 2.3 To put this into context, over the same period 7,033 calculation tasks were completed in connection with the Cambridgeshire Fund. Approximately 2,600 of these have not formed part of previous reporting and relate to refunds, amalgamations and death grants. Note this total excludes certain quotation tasks e.g. for potential deferred benefits into payment. The Fund would also have published tens of thousands of annual benefit statements for each active and deferred pensioner member.

- 2.4 The Fund issues member surveys to scheme members where a check task has been completed on our workflow system. Over 1,000 surveys have been issued to Cambridgeshire members since June 2021 with response rates now broadly in the range 16% to 25%. Over the last 3 months (October to December 2021) scheme members have given the Fund's administration a rating of 3.91/5.00. Note this rating is for Cambridgeshire and Northamptonshire Fund administration combined. This rating is pleasing as there is inevitably an element of self-selection in those members who decide to respond, but any feedback is analysed and changes implemented where necessary.
- 2.5 The Operations Manager monitors the main Pensions and team inboxes daily to identify any resourcing or other issues. As at December 2021 all inboxes were up to date and cases received that same day were being allocated and dealt with.
- ### 3. Key Performance Indicators – Pensions Service
- 3.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.
- 3.2 Full KPI details for the period 1 October to 31 December 2021 can be found in appendix 1.
- 3.3 Over the 3-month period service performance has been consistently good with all targets being met.
- ### 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. Providing 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 December 2020 to 30 November 2021.
- 4.3 In September 99.6% of payments were made on time and in both October and November 99.2% of payments were made on time. The current yearly average for payments made on time is 99.6% and schedules being received on time is 99.8%.
- ### 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 October to 31 December 2021, the following breaches occurred:

| Type of Breach | Detail of Breach | Course of action |
|-----------------------|---|--|
| Material Breaches | None | None |
| Non Material Breaches | 6 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. |
| | 4 stage 2 Internal Dispute Resolution Procedure cases were not completed within the statutory two-month time period and individuals were not issued with an extension letter as required by the LGPS Regulations. 1 stage 2 IDRP case is an employer decision dispute and the remaining three are administering authority disputes (see section 6). | The stage 2 adjudicator has been informed of this breach of the law. At the time of writing this report officers were waiting for an update on how the matter would be resolved. |

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 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.
- 6.3 The following table details that activity undertaken during the period 1 October to 31 December 2021 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 12 November 2022. See section 5.2. |
| Seeking reinstatement/compensation for deferred pension being transferred to an overseas pension scheme on 2015 | Not upheld (2 March 2021) | Received 28 August 2021. Deadline for response extended to 12 November and 10 December 2021. See section 5.2. |
| Length of time to finalise early payment of benefits on | Partially upheld (17 August 2021). | Received 27 September 2021. Deadline for |

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| ill health grounds for a terminally ill deferred member and other issues regarding payment of benefits | | response extended to 20 December 2021. See section 5.2. |
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- 6.4 The following table details that activity undertaken during the period 1 October to 31 December 2021 with regards to stage two employing authority disputes.

| Nature of dispute | Stage 1 (Scheme Employer Adjudicator) | Stage 2 (Cambridgeshire County Council Monitoring Officer) |
|--|---------------------------------------|--|
| Employer requested member to pay missing employee contributions that arose due to a payroll system error | Not upheld (27 July 2021) | Received 1 August 2021. Deadline for response extended to 26 November and 20 December 2021. See section 5.2. |

7. Employers Admissions and Cessations

- 7.1 The following admitted bodies were admitted to the Cambridgeshire Pension Fund:

- Compass Contract Services (Diocese of Ely & Stephen Perse Foundation)
- Excellerate Services UK Limited (Huntingdon Youth Centre)

- 7.2 The following bodies have ceased to be an employer within the Cambridgeshire Pension Fund:

- Compass Contract Services (Stephen Perse Foundation)
- Feldale Internal Drainage Board
- VHS Cleaning Services (Bewick Bridge Community Primary School)

8. Relevant Pension Fund Objectives

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| 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> |

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

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| 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. |
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11. Finance & Resources Implications

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

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 5.2.

13. Consultation with Key Advisers

- 13.1 Consultation with the Fund's advisers 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 | |
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| Has this report been cleared by Head of Pensions? | Mark Whitby – 11 January 2022 |