

# Cambridgeshire Pension Fund

## Pension Fund Committee

25<sup>th</sup> March 2021

Report by: Head of Pensions

Subject: Administration Performance Report

Purpose of the Report: To present the Administration Performance Report to the Pension Fund Committee

Recommendation: The Pension Fund Committee is asked to note the Administration Performance Report

Enquiries to: Joanne Walton, Governance and Regulations Manager  
[jwalton@northamptonshire.gov.uk](mailto: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 – Pensions Service

2.1 The Pension Fund Committee has previously agreed a set of key performance indicators (KPIs) to assess the performance of the Pensions Service.

2.2 Full KPI details for the period 1<sup>st</sup> November 2020 to 31<sup>st</sup> January 2021 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 19<sup>th</sup> 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 1<sup>st</sup> December 2019 to 30<sup>th</sup> November 2020.

3.3 Details of late paying employers for October and November 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 breaches that are deemed not to be of material significance and so are not reported to the Pensions Regulator.
- 4.2 For the period 1<sup>st</sup> November 2020 to 31<sup>st</sup> January 2021, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non Material Breaches	11 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 1<sup>st</sup> November 2020 to 31<sup>st</sup> January 2021 the following activity occurred:

Nature of dispute	Stage 1 (The Head of Pensions)	Stage 2 (Cambridgeshire County Council Monitoring Officer)
Seeking reinstatement / compensation for LGPS benefits that were transferred to an overseas pension scheme in 2015 (received 5 December 2019)	Information gathering has been undertaken with the claims management company during the course of 2020. There have been issues with the claims company not receiving postal communications during the pandemic. Legal advice has been sought. Not upheld (2 March 2021)	N/A
Delay in providing payment of LGPS benefits and additional voluntary contributions (received 4 December 2020)	Partially upheld (3 January 2021)	N/A

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)	Not upheld (10 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)	Not upheld (4 December 2020)

## 6. 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*

## 7. Risk Management

7.1 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.

7.2 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

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

## 8. 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.

## 9. Finance & Resources Implications

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

## 10. Legal Implications

10.1 Not applicable

## 11. Consultation with Key Advisers

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

## 12. Alternative Options Considered

12.1 Not applicable

## 13. Background Papers

13.1 Not applicable

## 14. Appendices

14.1 Appendix 1 Key Performance Indicators – Pensions Service

14.2 Appendix 2 Receipt of Employee and Employer Contributions

14.3 Appendix 3 Late payments of employee and employer contributions

### Checklist of Key Approvals

Is this decision included in the Business Plan? No

Has this report been cleared by Section 151 Officer? Sarah Heywood – 15/3/21

Has this report been cleared by Head of Pensions? Mark Whitby – 25/2/2021

Has the Chairman of the Pension Committee been consulted? Councillor Rogers –12/03/21

Has this report been cleared by Legal Services? Fiona McMillan – 1/3/21

Appendix 1 - Key Performance Indicators – Pensions Service November, December 2020 and January 2021

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%	November:168 December:139 January:177	151 117 170	17 22 7	89 84 96	Amber Amber Green	SLA target not met* SLA target not met* SLA target 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%	November:38 December:38 January:41	38 37 39	0 1 2	100 97 95	Green Green Green	SLA target met SLA target met SLA target 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%	November:69 December:52 January:46	66 51 39	6 1 7	95 98 84	Green Green Amber	SLA target met SLA target met SLA target not met
Award dependant benefits – Statutory	Issue award within 5 working days of receiving all necessary information.	95%	November:34 December:35 January:35	34 34 35	0 1 0	100 97 100	Green Green Green	SLA target met 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%	November:60 December:41 January:47	60 39 45	0 2 2	100 95 95	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%	November:10 December:55 January:37	10 50 36	0 5 1	100 90 97	Green Amber Green	SLA target met SLA target not 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%	November:1 December:6 January:50	1 6 50	0 0 0	100 100 100	Green Green Green	SLA target met SLA target met SLA target met

\*Notify leavers of deferred benefit entitlement – High volumes and staff not at full capacity have resulted in the missed targets in this area. A recruitment exercise has resulted in a new officer joining the team so the delays in this area should resolve going forward.

\*\*Provide transfer-in quote to scheme member – The team not being at full capacity impacted this area, accompanied by a training issue identified. A new officer has been appointed and the training issue being addressed.

**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
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
October 2020	100	0	100	0
November 2020	100	0	100	0
Average for period	99.2	0.8	99.2	0.8

Appendix 3 – Late payment of employer contributions for October and November 2020

Employer	Payroll Month	Days Late	Amount	Members affected	Previous late payments during 2019/2020	Reported to the Pensions Regulator?	Reason/Action
No late payments for October 2020							
No late payments for November 2020							

Persistent late payments and submission of accompanying payment schedules are monitored closely and officers work in close liaison with scheme employers and third party payroll providers to resolve issues. The Payment of Employee and Employer Contributions Policy came into force on 1 April 2016 to ensure scheme employers are aware of the consequences of not meeting their statutory obligations and are aware in advance of the ramifications of persistent non-compliance.

For employers who persistently pay late contributions, the Fund has the right to charge an administration fee and interest.