

Cambridgeshire Pension Fund

Pension Fund Committee

6 June 2024

Report by: Head of Pensions

Subject: Administration Performance Report

Purpose of the Report: To present the Administration Performance Report to the Pension Fund Committee for the period 1 February to 31 March 2024.

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

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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:
- 2.2 The achievement against the Key Performance Indicators for the period 1 February to 31 March 2024. For the period 10 of the 14 KPI targets were achieved, with 2 red and 2 amber (sections 3.1-3.9 & appendix 1).
- 2.3 Progress on the development of the Customer Journey Key Performance Indicators (sections 3.10-3.12 & appendix 2).
- 2.4 Timeliness of receipt of employee and employer pension contributions for the period 1 March 2023 to 29 February 2024, 99.9% of payments were received on time (sections 3.13-3.16 & appendix 3). Details of any late payments are detailed in appendix 4 (**exempt**).
- 2.5 One employer failed to pay the agreed secondary contribution rate as per the published rates and adjustments certificate (sections 3.17-3.18). Details of the outstanding payment are detailed in appendix 5 (**exempt**).
- 2.6 Occurrences of breaches of the law for the period 1 February to 31 March 2024. There were no material breaches in the period (sections 3.19 – 3.20).
- 2.7 Details of any Internal Dispute Resolution Procedure cases during the period 1 February to 31 March 2024. There was one stage 1 administering authority dispute raised and no stage 2 determination made (sections 3.21 – 3.25).
- 2.8 Occurrences of material data breaches for the period of 1 February to 31 March 2024. There were no material data breaches for the period (section 3.26).

2.9 Details of any significant overpayment of pension for the period 1 February to 31 March 2024. There were no significant overpayments for the period (section 3.27).

3. Key Performance Indicators

Pension Service performance against Key Performance Indicators

- 3.1 The Pension Committee has in place a set of key performance indicators (KPIs) to assess the performance of the Pensions Service in the delivery of key items of casework. The actual performance against these KPIs for the period 1 February to 31 March 2024 can be found in appendix 1 along with the explanations for any underperformance.
- 3.2 Over the 2-month period, 10 of the 14 KPI targets have been met.
- 3.3 Targets were missed for awarding dependant benefits in February due to two cases where the notification letter has been finalised late and one case where delays occurred at checking stage. These issues have been raised within the team to prevent recurrence.
- 3.4 The target for providing an estimate of benefits has been missed for both February and March. Following on from previous months high levels of sickness, the team are now focusing on working through any unprocessed estimates, although progress will be impacted by any ongoing resourcing issues and the need to prioritise benefits coming into payment. Estimates is the only area of red KPI targets over the reporting period.
- 3.5 In March the target for notifying employees retiring from active membership of benefits award has been missed due to three cases being delayed at the checking stage due to higher than anticipated sickness levels, vacancies and inexperience within the team.
- 3.6 Sickness levels are being addressed through absence management procedures. Performance is expected to improve by the end of the financial year once the training requirements reduce at both officer and team leader level and skills and experience are embedded within the team, supplemented by increased multi-skilling. The additional resource approved by the Pension Committee as part of the Business Plan in March 2024 will also ultimately help to alleviate pressure within the Operations area but will potentially create additional training pressures in the short-term.

Key Performance Indicator outliers (1 October 2023 to 31 March 2024)

- 3.7 In December the Committee approved the revised target for awarding retirement benefits from active employment from 5 working days to 10 working days. The Committee also requested additional information on the parameters of the outliers for context.
- 3.8 For the period 1 October 2023 to 31 March 2024 the total number of outliers was 35 which ranged from 2 days to 43 days. These outliers decreased from 31 cases for the period 1 October to 31 December 2023 to 4 cases for the period 1 January to 31 March 2024.
- 3.9 During the 6-month period the majority of cases were processed within 10 days after the target date. Only 5 cases were more than 28 working days overdue, all prior to January 2024.

Development of the Customer Journey Performance Indicators

- 3.10 Progress has been made on some areas of reporting with the new data encompassing the administration and employer performance as well as any delays from members.
- 3.11 The new supplementary KPI information can be found in Appendix 2.
- 3.12 Once the reporting has been expanded, the intention is to analyse any lower than desired performance and target communications and interventions appropriately.

Receipt of Employee and Employer Contributions

- 3.13 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.
- 3.14 The table in appendix 3 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 March 2023 to 28 February 2024.
- 3.15 For January and February, 99.8% of contribution payments were received on time. The current yearly average for payments made on time is 99.9% and schedules being received on time is 99.5%.
- 3.16 Details of late contribution payments can be found in appendix 4 (**exempt**).
- 3.17 The secondary contribution rate as published in the rates and adjustment certificate is an adjustment to the primary contribution rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. One employer has failed to pay the agreed secondary contribution rate for the period 2017 to 2023.
- 3.18 Details of outstanding secondary contribution payments are detailed in appendix 5. (**exempt**)

Breaches of the Law

- 3.19 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.
- 3.20 For the period 1 February to 31 March 2024, the following breaches occurred:

Type of Breach	Detail of Breach	Course of action
Material Breaches	None	None
Non-Material Breaches	3 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.
	Missed statutory targets against Key Performance Indicators.	Issues will be addressed within the Service and with employers as appropriate. Further details can be found in Appendix 3.

Internal Dispute Resolution Procedure

- 3.21 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.
- 3.22 The following table details activity undertaken during the period 1 February to 31 March 2024

with regards to administering authority disputes.

3.23 Stage 1 disputes:

Nature of Stage 1 Dispute (Head of Pensions)	Date Received	Date Decision Due	Stage 1 Decision: Upheld/not upheld/partially upheld	Date of Decision
Survivor's pension and subsequent trivial commutation paid in error. Survivor disputing requirement for repayment.	28/03/2024	27/05/2024		In progress

3.24 Stage 2 disputes: None

3.25 In the period 1 February to 31 March 2024 no new employing authority disputes were raised and/or responded.

Material Data Breaches

3.26 None.

Significant overpayments of pension

3.27 None.

4. Relevant Pension Fund Objectives

Has 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*

Manages 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*

Ensures the relevant stakeholders responsible for managing, governing and administering the Fund, understands its' roles and responsibilities and has the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. *Objective 3*

Continually monitors and measure clearly articulated objectives through business planning *Objective 4*

Continually monitors and manages risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Puts in place performance standards for the Fund and its employers and ensures these are monitored and developed as necessary. *Objective 8*

Administers the Fund in a professional and efficient manner, utilising technological solutions and collaboration. *Objective 10*

5. Risk Management

- 5.1 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.
- 5.2 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

- 5.3 The Fund's risk register can be found on the Pensions website at the following link: [Key documents \(CCC\) - Cambridgeshire and Northamptonshire LGPS \(westnorthants.gov.uk\)](https://www.westnorthants.gov.uk/pensions/key-documents-ccc-cambridgeshire-and-northamptonshire-lgps)

6. 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

7. Finance & Resources Implications

- 7.1 None.

8. Legal Implications

- 8.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.
- 8.2 With all IDRPs complaints there is a risk that a complaint may be raised with the Pensions Ombudsman.

9. Consultation with Key Advisers

- 9.1 Squire Patton Boggs conducted a review of the paper for legal implications with no material issues raised.

10. Alternative Options Considered

- 10.1 Not applicable

11. Background Papers

- 11.1 Not applicable

12. Appendices

- 12.1 Appendix 1 Key Performance Indicators.
- 12.2 Appendix 2 Development of Key Performance Indicators during 2023/2024.
- 12.3 Appendix 3 Receipt of Employee and Employer Contributions.
- 12.4 Appendix 4 Details of late contribution payments – exempt.
- 12.5 Appendix 5 Outstanding payment of secondary contribution rate– exempt.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 23/05/2024

Has this report been cleared by Head of Pensions? Mark Whitby – 30/04/2024

Has this report been cleared by Monitoring Officer? Emma Duncan – 21/05/2024