

West Northamptonshire Council

Pension Fund Committee

29/3/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
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Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	21/3/2023
S151	James Smith on behalf of Martin Henry	7/3/2023
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List of Appendices

Appendix A – Performance against key performance indicators

Appendix B – Timeliness of receipt of employee and employer pension contributions

Appendix C – Proposed development of Key Performance Indicators during 2023/2024

1. Purpose of Report

- 1.1. To present to the Pension Fund Committee a report on the administrative performance of the Northamptonshire Pension Fund.

2. Executive Summary

- 2.1 This report sets out the performance of the Northamptonshire Pension Fund on the following areas of administration:
- 2.1.1 The achievement against the Key Performance Indicators for the period 1 November 2022 to 31 January 2023 (appendix A). 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 B). 100% of payments were received on time.
- 2.1.3 Occurrences of breaches of the law for the period 1 November 2022 to 31 January 2023 (section 5.3). 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 5.4). There were no employer authority disputes raised.
- 2.1.5 Occurrences of material data breaches for the period of 1 November 2022 to 31 January 2023 (section 5.5). There were no material data breaches in the period.
- 2.1.6 Details of any significant overpayment of pension for the period 1 November 2022 to 31 January 2023 (section 5.6). There were no significant overpayments in the period.

3. Recommendations

- 3.1 The Pension Committee is asked to:
 - 1) approve the proposed development of Key Performance Indicators during 2023/2024 (see section 5.1.2)
 - 2) note the contents of the report.

4. Report Background

- 4.1 Pursuant to s 101 of the Local Government Act 1972 and the Council's Constitution section 4.8 Para 1.1 the Pension Fund Committee's remit includes responsibility for dealing with all matters relating to the Northamptonshire Pension Fund Local Government Pension Scheme.
- 4.2 One of the core functions of the Pension Committee is to ensure the effective and efficient governance and administration of the Northamptonshire Pension Fund. This report demonstrates a number of key areas of administration performance for consideration by the Pension Committee.

5. Issues and Choices

5.1 Key Performance Indicators

5.1.1 Pension Service performance against Key Performance Indicators

- 5.1.1.1 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 November 2022 to 31 January 2023 can be found in appendix A along with the explanations for any underperformance.
- 5.1.1.2 Over the 3-month period, service performance has been consistently good with all targets being met with the exception of three.
- 5.1.1.3 In January the target was 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.
- 5.1.1.4 In November the target was missed for providing a transfer quote in for a scheme member and in December the target was missed for transfer out payments. Both targets were missed due to recalculations not being allocated and prioritised accordingly. The team which covers both areas has been reminded to highlight any additional checking required to ensure targets are met.

5.1.2 Proposed changes to Pension Service Key Performance Indicators

- 5.1.2.1 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.
- 5.1.2.2 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.

5.1.2.3 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.

5.1.2.1 The detail of these proposals can be found in Appendix C.

5.2 Receipt of employee and employer contributions

5.2.1 Scheme employers 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 an acceptable format.

5.2.2 The table in appendix B shows the percentage of employers in the Northamptonshire Pension Fund who paid their employee and employer contributions and/or submitted their schedules on time or late for the payroll periods 1 January 2022 to 31 December 2022.

5.2.3 In October, November and December 2022 100% of payments were received on time. The current yearly average for payments made on time is 100% and schedules being received on time is 99.9%.

5.3 Breaches of the Law

5.3.1 There are many laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Committee and Local Pension both (collectively and as individuals) having a statutory duty to report material breaches of those laws to the Regulator. The Northamptonshire 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.

5.3.2 For the period 1 November 2022 to 31 January 2023 having regard to the above, the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	None	None
Non-material	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.
	1 refund of contribution payment paid to a member over the age of 75	Unauthorised payment made with the member electing to self-declare to the HMRC.
	197 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.

5.4 Internal Dispute Resolution Procedure cases

5.4.1 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.

5.4.1 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)
Incorrect conversion options were provided to a pension credit member on Member Self Service which allowed increased lump sum option.	Adjudication sent 5 October 2022, partially upheld for the incorrect information provided.	Adjudication sent 23 December 2022, complaint not upheld.
Non-payment of survivor's pension to co-habiting partner due to ineligibility.	Adjudication sent 21/12/2022, not upheld. Regulations do not allow a survivor's payment to be made to a cohabitee where member left Scheme before 1998.	
Disputing recipients of death grants paid	Adjudication sent 27 January 2023, not upheld (extended from 22/1/2023).	
Claim of maladministration in paying pension and AVCs	Adjudication sent 10 February 2023, upheld.	
Disputing NCC's refusal to pay ill health pension on ill health grounds	Adjudication sent 17 January 2023, not upheld.	

5.4.2 In the period 1 November 2022 to 31 January 2023 no employing authority dispute were either raised and/or responded to.

5.5 Material Data Breaches

5.5.1 None.

5.6 Significant overpayments of pension

5.6.1 None.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 Aon conducted the Key Performance Indicator review.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals, as it is the view of Officers having taken into account all relevant legislation/regulation that the breaches reported in section 5.3.2 would not constitute a material breach and for the purpose of reporting to the Pension Regulator.

6.3 Risk

6.3.1 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

The Fund's full risk register can be found on the Fund's website at the following link:

[Northamptonshire Risk Register](#)

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives as per the Business Plan have been considered in this report -

- To 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.
- To 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.
- To 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.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

6.5 Consultation

6.5.1 Not applicable.