



West Northamptonshire Council

Local Pension Board

27/4/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
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Appendix A – Performance against key performance indicators

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

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

Appendix D – Data Improvement Plan

1. Purpose of Report

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

2. Executive Summary

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- 2.1 This report sets out the performance of the Northamptonshire Pension Fund.
- 2.2 The achievement against the Key Performance Indicators for the period 1 January to 31 March 2023 is detailed in section 5.1 and appendix A. The majority of KPIs were met over the period.
- 2.3 The changes to key performance indicators are detailed in section 5.2 and appendix 2.
- 2.4 Timeliness of receipt of employee and employer pension contributions for the payroll periods of February 2022 to January 2023 is detailed in section 5.2 and appendix C. 100% of contribution payments were on time for the period December 2022 to February 2023.
- 2.5 Occurrences of breaches of the law for the period 1 January to 31 March 2023 are detailed in section 5.3. There were no material breaches in the period.
- 2.6 Details of any Internal Dispute Resolution Procedure cases during the period 1 January to 31 March 2023 are detailed in section 5.4. There were three administering authority disputes that entered into the stage 2 process for adjudication by West Northamptonshire’s Monitoring Officer. There were no employer disputes raised during the period.

- 2.7 Details of the Data Improvement Plan for the 2023/24 year is detailed in section 5.5 and appendix D.
- 2.8 Details of new cessations of the Northamptonshire Pension Fund and updates on previous cessations is detailed in section 12.

3. Recommendations

- 3.1 The Pension Board is asked to note the contents of the report.

4. Report Background

- 4.1 One of the core functions of the Pension Board 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 Board.

5. Issues and Choices

5.1 Key Performance Indicators

- 5.1.1 The Pension Committee has previously agreed 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 January to 31 March 2023 can be found in appendix A along with the explanations for any underperformance.
- 5.1.2 Over the 3-month period, service performance has been consistently good with all targets being met with the exception of 4.
- 5.1.3 In January and March targets were missed for the payment of benefits from active employment and the payment of deferred benefit entitlement due to inexperience within the team and additional training required. There are currently 6 out of 9 employees participating in various stages of training, once all training has been delivered the performance should improve in these areas. In addition, for March the issue was compounded by a member of the team being on long term sick which led to a red performance indicator.
- 5.1.4 Another target was missed in March to provide a transfer out quote due to a training issue within the team which is being addressed.

5.2 Changes to Pension Service Key Performance Indicators

- 5.2.1 Following a comprehensive review of the current Key Performance Indicators, supplementary KPIs are being implemented to measure the member's overall customer journey. These supplementary KPIs will be developed and implemented during 2023-24, as agreed by the Pension Committee in March 2023.
- 5.2.1 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.
- 5.2.2 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.
- 5.2.3 The detail of these changes can be found in Appendix C.

5.3 Receipt of employee and employer contributions

- 5.3.1 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.
- 5.3.2 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 February 2022 to 31 January 2023.
- 5.3.3 For the period December 2022 to February 2023 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 99.7%.

5.4 Breaches of the Law

- 5.4.1 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.
- 5.4.2 For the period 1 January 2023 to 31 March 2023 the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material		
Non-material	11 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.

5.5 Internal Dispute Resolution Procedure cases

- 5.5.1 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.
- 5.5.2 Disputes that are upheld at stage 1 may still progress to stage 2 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.

- 5.5.3 The following table details that activity undertaken during the period 1 January 2023 to 31 March 2023 with regards to administering authority disputes.

Nature of dispute	Stage 1 (Head of Pensions)	Stage 2 (West Northamptonshire Council Monitoring Officer)
Dispute regarding the recipients of a death grant.	Adjudication sent 27 January 2023, not upheld (extended from) 22/01/2023	Adjudication due 15 May 2023.
Claim of maladministration in paying pension and AVCs.	Adjudication sent 10 February 2023, upheld.	Adjudication due 20 April 2023.
Non-payment of ill health pension from deferred member status.	Adjudication sent 17 January 2023, not upheld.	Adjudication due 9 May 2023.

- 5.5.4 In the period 1 January 2023 to 31 March 2023 no employing authority disputes were raised and/or responded to.

5.6 Data Improvement Plan

- 5.6.1 The Pensions Regulator requires every pension scheme to have a Data Improvement Policy and a Data Improvement Plan. The Fund's Data Improvement Plan was last reviewed and approved the Pension Committee in July 2022. The Data Improvement Plan is updated each year accordingly. The revised plan for 2023/24 can be found in appendix D.

- 5.6.2 For a number of years the Pensions Regulator has asked pension schemes to score their quality of data. It should be noted that the Pensions Regulator has not issued specific guidance on this other than what type of data should be scored. As such each pension scheme is likely to score their data differently. An analysis of the data quality scores across all pension schemes has yet to be produced from the data provided annually in the Pension Regulator's mandatory scheme return.

- 5.6.3 In April 2023, an analysis of the Fund's common data was undertaken which provided the following scores. Common data is largely the personal details of the scheme member (name, national insurance number, address, date joined and/or left scheme). The Pensions Regulator expects pension schemes to have a score of at least 95% in this area.

- 5.6.4 The approach to increasing the Fund's score is detailed in the Data Improvement Plan which can be located in appendix D.

2023		2022	
Common Data	Conditional Data	Common Data	Conditional Data
93.9%	To be updated in November 2023 once all 2022/23 year end activities have been completed.	95%	95%

- 5.6.5 Conditional data is the data required to calculate the scheme member's pension entitlement. The score for this area will be calculated in November 2023 once all the 2022/23 year end activities such as pensions increase, annual allowance and year end reconciliations have been conducted.

5.7 Material Data Breaches

5.7.1 None.

5.8 Significant overpayment of pension

5.8.1 None.

5.9 Employers Admissions and Cessations

5.9.1 The following bodies have ceased to be an employer within the Northamptonshire Pension Fund:

- ABM Catering Limited (Innovate MAT)
- The Complementary Education Academy Limited

5.9.2 The following cessations were previously reported, and updates are provided as follows:
Barby & Onley Parish Council

The cessation of Barby and Onley Parish Council was originally reported at the October 2022 meeting for the Committee. The Funding assessment at the date of exit identified a funding deficit of £2,900.00. The cessation payment was received in full on 3 October 2022.

Consortium Audit (Warwickshire)

The cessation of Consortium Audit was originally reported at the June 2022 meeting of the Committee. The funding assessment at the date of exit identified a funding surplus of £34,000. Following an exit credit determination, as required by, and taking into account, the factors listed under section 64 (2ZC) of the Regulations, the administering authority has determined that the amount of exit credit payable to Consortium Audit was Nil.

6 Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

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

6.3.2 The executive summary 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.