



West Northamptonshire Council

Pension Fund Committee

28/06/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
Report Author	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	8/6/2023
S151	James Smith on behalf of Martin Henry	5/6/2023
Head of Pensions	Mark Whitby	25/5/2023

List of Appendices

- Appendix A Performance against key performance indicators
- Appendix B Timeliness of receipt of employee and employer pension contributions
- Appendix C Late payment of employer contributions (exempt)
- Appendix D Data Improvement Plan

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 February to 30 April 2023 (section 6.1.1 & appendix A). The majority of KPIs were met over the period.
 - 2.1.2 Progress on the development of the Pension Service Key Performance Indicators (section 6.1.2)

- 2.1.3 Timeliness of receipt of employee and employer pension contributions for the payroll periods of April 2022 to March 2023 (section 6.2 & appendix B). 100% of payments were received on time, with the exception of March 2023.
- 2.1.4 Occurrences of breaches of the law for the period 1 February to 30 April 2023 (section 6.3). There were no material breaches in the period.
- 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 February to 30 April 2023 (section 6.4). There were no new employer authority disputes raised.
- 2.1.6 Details of the Data Improvement Plan for the 2023/24 year (section 6.5 & appendix D). Three key areas have been identified
- 2.1.7 Occurrences of material data breaches for the period of 1 February to 30 April 2023 (section 6.6). There were no material data breaches in the period.
- 2.1.8 Details of any significant overpayment of pension for the period 1 February to 30 April 2023 (section 6.7). There were no significant overpayments in the period.

3. Recommendation

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

4. Reasons for Recommendation

- To ensure adequate oversight of the administrative performance of the Northamptonshire Pension Fund.
- To ensure good governance and compliance with the Local Government Pension Scheme Regulations and other relevant legislation and guidance.

5. Report Background

- 5.1 Pursuant to s101 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.
- 5.2 One of the core functions of the Pension Fund 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.

6. Issues and Choices

6.1 Key Performance Indicators

6.1.1 Pension Service performance against Key Performance Indicators

- 6.1.1.1 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 February to 30 April 2023 can be found in appendix A along with the explanations for any underperformance.
- 6.1.1.2 Over the 3-month period, service performance has been consistently good with all targets being met, with the exception of five.
- 6.1.1.3 In March and April targets were missed (red for March and amber for April) for the payment of benefits from active employment due to inexperience within the team and additional training required, as newer members become more experienced the performance in this area will improve. In addition, there was also a period of long-term sickness. Targets were also missed (2 amber) for providing a transfer in quote and for the payment of a transfer out due to training issues within the team and reduced checking capacity due to sickness and annual leave.

6.1.1.4 In April a target was missed for the payment of benefits from deferred membership status (amber) due to the same inexperience and long-term sickness issue. In addition, there was an error on some case review dates following closedown activities which also impacted the team.

6.1.2 Development of the Pension Service Key Performance Indicators

6.1.2.1 New and supplementary KPIs are being developed during 2023-24 to measure the overall customer journey as approved by the Committee in March.

6.1.2.2 Development of the new and supplementary KPIs is underway, from June these will enter a period of testing before being reported to the Committee and Board.

6.2 Receipt of employee and employer contributions

6.2.1 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.

6.2.2 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 April 2022 to 31 March 2023.

6.2.3 In January and February 2023 100% of payments were received on time, in March 2023 99.4% of payments were received on time. The current yearly average for payments made on time is 99.9% and schedules being received on time is 99.8%.

6.2.4 Details of any late payments can be found in appendix C.

6.3 Breaches of the Law

6.3.1 There are many laws relating to the Local Government Pension Scheme, with various individuals, including the Pension Committee and Local Pension Board 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.

6.3.2 For the period 1 February to 30 April 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	9 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.

6.4 Internal Dispute Resolution Procedure cases

6.4.1 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.

6.4.2 The following tables detail that activity undertaken during the period 1 February to 30 April 2023 with regards to administering authority disputes.

6.4.3 Stage 1 disputes:

Nature of Stage 1 Dispute (Head of Pensions)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Refusal to allow a transfer of AVC fund to an alternative provider	31 March 2023	13 June 2023 (extended from 30 May 2023)	Partially upheld	13 June 2023
Claim of maladministration in paying pension and AVCs	15 December 2023	14 February 2023	Upheld	10 February 2023

6.4.4 Stage 2 disputes:

Nature of Stage 2 Dispute (WNC Monitoring Officer)	Date Received	Date Decision Due	Decision: Upheld/not upheld/partially upheld	Date of Decision
Disputing recipients of death grants paid.	16 March 2023	14 July 2023 (extended from 15 May)		
Disputing NCC's refusal to pay ill health pension on ill health grounds.	10 March 2023	23 June 2023 (extended from 9 May)		
Claim of maladministration in paying pension and AVCs (relating to the Stage 1 decision made on 10 February 2023)	21 March 2023	20 May 2023	Upheld Stage 1 appeal	18 May 2023

6.4.5 In the period 1 February to 30 April 2023 no new employing authority disputes were raised and/or responded.

6.5 Data Improvement Plan

6.5.1 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 by 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.

6.5.2 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.

6.5.3 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.

6.5.4 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%

6.5.5 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.

6.6 Material Data Breaches

6.6.1 None.

6.7 Significant overpayments of pension

6.6.1 None.

7 Implications (including financial implications)

7.1 Resources and Financial

7.1.1 Aon conducted the Key Performance Indicator review.

7.2 Legal

7.2.1 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.

7.3 Risk

7.3.1 The mitigated risks associated with this report have 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](#)

7.4 Relevant Pension Fund Objectives

7.4.1 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.

7.5 Consultation

7.5.1 Not applicable. The Administration Report is a best practice report to ensure the Fund is managed appropriately and transparently.