

West Northamptonshire Council

Pension Fund Committee

2/10/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report for the period 1 May to 31 July 2023.
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List of Appendices

- Appendix A Performance against key performance indicators
 Appendix B Development of Key Performance Indicators during 2023/2024
 Appendix C Timeliness of receipt of employee and employer pension contributions

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 May to 31 July 2023. For the period, 17 of the 21 KPI targets were achieved, with 2 amber and 2 red (section 6.1.1 & appendix A).
- 2.1.2 Progress on the development of the Pension Service Key Performance Indicators (section 6.1.2 & appendix B).
- 2.1.3 Timeliness of receipt of employee and employer pension contributions for the period 1 April to 30 June 2023, 100% of payments were received on time (section 6.2 & appendix C).

- 2.1.4 Occurrences of breaches of the law for the period 1 May to 31 July 2023. There were no material breaches in the period (section 6.3).
- 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 May to 31 July 2023. There were no new employer authority disputes raised (section 6.4).
- 2.1.6 Occurrences of material data breaches for the period of 1 May to 31 July 2023. There were no material data breaches in the period (section 6.5).
- 2.1.7 Details of any significant overpayment of pension for the period 1 May to 31 July 2023. There was one significant overpayment (over £3k) in the period (section 6.6).

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 May to 31 July 2023 can be found in appendix A along with the explanations for any underperformance.
- 6.1.1.2 Over the 3-month period, 17 of the 21 KPI targets have been met.
- 6.1.1.3 The team that processes the payment of retirements benefits from active employment and deferred membership status had several contributing factors that led to KPIs being missed for May, June, and July. The team contended with periods of annual leave and sickness over the period and two inexperienced team leaders were receiving training in preparation to replace a leaver and a maternity cover in August. The team itself is inexperienced with ongoing training continuing to be delivered at different levels.
- 6.1.1.4 Maternity leave across the wider Operations Team has impacted the ability to divert resources as required due to the back filing of those positions. In addition, following the release of the GAD factors, resource was allocated to clearing the divorce backlog which also sits within this team.
- 6.1.1.5 Performance is expected to improve once the training requirements reduce at both officer and team leader level and skills and experience are embedded within the team, although this will not impact instantly the results are expected to be seen by the end of the calendar year.

The medium to long term plan is for officers to be developed to become multi skilled to help with service resilience across teams.

- 6.1.1.6 In May the target was missed for awarding dependent benefits due to cases not being completed and allocated correctly, the issue was addressed and no recurrence for June or July.
- 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 Initial test data has been produced in the following areas for July:
 - 1) inform members who leave the scheme before retirement age of their right and options.
 - 2) provide transfer details for transfer in.
 - 3) provide transfer details of transfer value for transfer out.
- 6.1.2.3 Officers are analysing this information and identifying high level reasons for the customer journey outcomes. The Committee will be presented with the first customer journey KPIs in December. In the meantime, the full suite of KPIs being developed can be seen at appendix B.
- 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 C 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 July 2022 to 30 June 2023.
- 6.2.3 In April, May and June 2023 100% 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 99.7%.
- 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 May to 31 July 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	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.

- 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 May to 31 July 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
Refusal to allow a retrospective change to the structure of the member's pension entitlement (pension/lump sum commutation)	21 July 2023*	5 October 2023 (extended from 20 September 2023)		Ongoing

*outside of 6 month time limit of initial decision, Head of Service exercised discretion to extend time limit.

6.4.4 Stage 2 disputes:

Nature of Stage 2 Dispute (WNC Monitoring Officer)	Date Received	Date Decision Due	Stage 1 Decision: Upheld/not upheld/partially upheld	Date of Decision
Disputing recipients of death grants paid.	16 March 2023	13 September 2023 (extended from 14 July and 15 May 2023)	Upheld	13 September 2023
Disputing NCC's refusal to pay ill health pension on ill health grounds.	10 March 2023	28 July 2023 (extended from 23 June and 9 May 2023)	Upheld	28 July 2023
Claim of maladministration in paying pension and AVCs.	21 March 2023	20 May 2023	Upheld*	18 May 2023

*Stage 1 decision upheld with no further redress due.

6.4.5 In the period 1 May to 31 July 2023 no new employing authority disputes were raised and/or responded.

6.5 Material Data Breaches

6.5.1 None.

6.6 Significant overpayments of pension

6.6.1 A death was identified as part of the National Fraud Initiative exercise dating back to June 2021. The period is from 29 June 2021 to 31 March 2023 and amounts to a net overpayment amount of £7,728.01. A death certificate is currently awaited to be able to progress this case further.

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.