



West Northamptonshire Council

Pension Fund Committee

5/12/2023

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report for the period 1 August to 31 October 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 August to 31 October 2023. For the period, 13 of the 21 KPI targets were achieved, with 1 amber and 7 red (section 6.1 & 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 October 2022 to 30 September 2023, 99.9% of payments were received on time (section 6.2 & appendix C).
- 2.1.4 Occurrences of breaches of the law for the period 1 August to 31 October 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 August to 31 October 2023. There were no new Stage 1 administering authority disputes raised and a decision was made not to uphold one pre-existing Stage 1 administering authority dispute. (section 6.4).
- 2.1.6 Occurrences of material data breaches for the period of 1 August to 31 October 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 August to 31 October 2023. There were no significant overpayments (over £3k) in the period (section 6.6).

3. Recommendation

- 3.1 The Pension Committee is asked to:
 - 1) note the contents of the report.
 - 2) approve a change to the KPI target for the payment of retirements benefits from active employment from 5 working days to 10 working days (section 6.1).

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.
- To align the KPI target for the payment of retirement benefits from active employment with industry standards.

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 August to 31 October 2023 can be found in appendix A along with the explanations for any underperformance.
- 6.1.1.2 Over the 3-month period, 13 of the 21 KPI targets have been met.
- 6.1.1.3 The team that processes retirement benefits had several contributing factors that led to KPIs being missed over the reporting period. The team contended with periods of annual leave and

sickness 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. In addition, the implementation of the McCloud remedy has increased workloads and queries.

- 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 backlogs.
- 6.1.1.5 Performance is expected to improve by the end of the calendar year once the training requirements reduce at both officer and team leader level and skills and experience are embedded within the team. The medium to long term plan is to increase multi-skilling to help with service resilience across teams.
- 6.1.1.6 There was one isolated case of a missed target for September for providing a transfer in quote to scheme members and this was due to the volume of work within the team during a period a team leader was on leave. This is not expected to be an ongoing concern.
- 6.1.1.7 For additional context the average number of days for processing retirements from active status was 6.6 days during October 2023.
- 6.1.1.8 The particularly tight turnaround time for notifying active members of their benefits award is contributing to the missed targets and in line with industry standards as per CIPFA Benchmarking (15 Funds in scope – 1 Fund 1 month, 12 Funds 15 working days, 1 Fund 7 working days, 1 Fund 5 working days), Officers are seeking to revise this target to 10 working days to allow for sufficient processing time, especially in light of inexperienced team members needed a proportion of cases recalculating.

6.1.2 Development of the Pension Service Key Performance Indicators

- 6.1.2.1 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.
- 6.1.2.2 Insights reporting has provided additional analysis for the information to be provided to new joiners, the functionality is not in place at this time for other areas and development options are being considered.
- 6.1.2.3 The new supplementary KPI information can be found in Appendix B.
- 6.1.2.4 Once the data set has expanded, the intention is to analyse any lower than desired KPI performance in Appendix B and target communications and interventions appropriately.

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 October 2022 to 30 September 2023.
- 6.2.3 In July, August and September 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 99.6%.

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 August to 31 October 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	28 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 B.

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 August to 31 October 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 retrospective change to the structure of the member's pension entitlement (pension/lump sum commutation)	21 July 2023*	5 October 2023 (extended from 22 September 2023)	Not upheld	4 October 2023

*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 decision not to allow transfer of AVCs to alternative arrangement at retirement, maladministration in paying AVC entitlement to member following Stage 1 partially upheld adjudication	28 September 2023	27 November 2023		Ongoing

6.4.5 In the period 1 August to 31 October 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 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.