



West Northamptonshire Council

Local Pension Board

25/1/2024

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report for the period 1 October to 31 December 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.

Appendix D – Details of late contribution payments – **exempt.**

1. Purpose of Report

- 1.1. To present to the Pension Board 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.
- 2.2 The achievement against the Key Performance Indicators for the period 1 October to 31 December 2023 is detailed in section 5.1.1 and appendix A. The majority of KPIs were met over the period.
- 2.3 The development of key performance indicators is detailed in section 5.1.2 and appendix B.
- 2.4 Timeliness of receipt of employee and employer pension contributions for the payroll periods of December 2022 to November 2023 is detailed in section 5.2 and appendices C & D. 99.9% of contribution payments were on time for the period.
- 2.5 Occurrences of breaches of the law for the period 1 October to 31 December 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 October to 31 December 2023 are detailed in section 5.4. There was one stage 1 administering authority dispute and no employer disputes during the period.
- 2.7 There were no material data breaches for the period as stated in section 5.5.

- 2.8 There was one significant overpayment identified and detailed in section 5.6.
- 2.9 Details of admissions and cessations of the Northamptonshire Pension Fund and updates on previous cessations are detailed in section 5.7.

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 Pension Service performance against Key Performance Indicators

- 5.1.1.1 The Fund 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 October to 31 December 2023 can be found in appendix A along with the explanations for any underperformance.
- 5.1.1.2 Over the 3-month period, 7 of the 21 KPI targets have not been met.
- 5.1.1.3 Targets were missed for the payment of pension benefits from deferred membership, providing an estimate of benefits and for the payment of retirement benefits from active employment across October, November and December due to ongoing training at team leader level and the impact of the McCloud remedy creating additional workloads. In addition, in December there was also a high level of sickness within the team.
- 5.1.1.4 Performance is expected to improve once the training requirements reduce at team leader level as 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.
- 5.1.1.5 In addition, from January 2024 the payment of retirement benefits from active employment target has increased to 10 working days (from 5 working days) as agreed by the Pension Committee, this will also alleviate pressure in this area going forwards.
- 5.1.1.6 In November a target was missed on providing a transfer in quote to scheme members in 2 cases, one was due to the notification being sent late and the other was delayed at the checking stage. These issues have been picked up within the team to prevent recurrence.

5.1.2 Development of the Pension Service Key Performance Indicators

- 5.1.2.1 New and supplementary KPIs continue to be developed to measure the overall customer journey as approved by the Committee in March 2023 and presented to the Board in April 2023.
- 5.1.2.2 The majority of areas are now being reported with ongoing development for the calculation and notification of dependent benefits and the notification following a pension sharing order.
- 5.1.2.3 The analysis of the reporting is continuing to be developed to ensure the Service can take a proactive approach where possible in resolving any employer data issues.
- 5.1.2.4 The development of the KPIs to date can be found in appendix B.

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 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 November 2022 to 31 October 2023.
- 5.2.3 For September and October 100% of payments were received on time. For November 99.7% 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%.
- 5.2.4 Details of late contribution payments can be found in appendix D (exempt).

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 October 2023 to 31 December 2023 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.
	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 C.

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.
- 5.4.2 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.
- 5.4.3 The following tables details that activity undertaken during the period 1 October 2023 to 31 December 2023 with regards to administering authority disputes.

5.4.4 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
Challenging the refusal to allow a refund of contributions or a one-off lump to be paid to a member.	23/11/2023	22/01/2024		On-going

5.4.5 One stage two application was received but this was referred back from the Monitoring Officer for a further response to the stage 1 determination. The further response was issued on 11 December 2023.

5.4.6 In the period 1 October to 31 December 2023 no new employing authority disputes were raised and/or responded.

5.5 Material Data Breaches

5.5.1 None.

5.6 Significant overpayment of pension

5.6.1 In November 2023, an overpayment of £26,775.06 occurred due to a retirement entitlement being paid early. The cause of the overpayment was due to conflicting dates as to when the member wished to claim their benefits from.

5.6.2 An invoice has been raised to recover the original lump sum payment with the actual retirement benefits to be recalculated from 25 January.

5.7 Employers Admissions and Cessations

5.7.1 The following employer has entered the Northamptonshire Pension Fund as an admitted body:

- Innovate Services

5.7.2 The following employer has entered the Northamptonshire Pension Fund as a resolution body:

- Kingsthorpe Parish Council

5.7.3 The following body has ceased to be an employer within the Northamptonshire Pension Fund:

- Pathfinder Legal Services

5.7.4 When an employer ceases to participate in the Fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists, the employer must pay an exit payment to the Fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) should be paid to the exiting employer.

- 5.7.5 The cessation of Voice for Victims was originally reported at the June 2023 meeting of the Pension Fund Committee. Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Voice for Victims was nil.
- 5.7.6 The cessation of Wellingborough Norse was originally reported at the June 2023 meeting of the Pension Fund Committee. Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Wellingborough Norse was nil.

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.

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.