



## West Northamptonshire Council

### Pension Fund Committee

27/3/2024

### Mark Whitby – Head of Pensions

<b>Report Title</b>	Northamptonshire Pension Fund – Administration Performance Report for the period 1 November 2023 to 31 January 2024.
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#### Contributors/Checkers/Approvers

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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 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 November 2023 to 31 January 2024. For the period, 16 of the 21 KPI targets were achieved, with 2 amber and 3 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 October to 31 December 2023, 99.9% of payments were received on time (section 6.2 & appendix C). Details of any late contribution payments (appendix D **exempt**).
- 2.1.4 Occurrences of breaches of the law for the period 1 November 2023 to 31 January 2024. 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 November 2023 to 31 January 2024. There were 2 new Stage 1 administering authority disputes raised (section 6.4).
- 2.1.6 Occurrences of material data breaches for the period of 1 November 2023 to 31 January 2024. 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 November 2023 to 31 January 2024. There was one significant overpayment identified (over £5k) in the period (section 6.6).

### **3. Recommendation**

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

### **4. Reasons for Recommendation**

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- 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**

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- 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**

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#### 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 November 2023 to 31 January 2024 can be found in appendix A along with the explanations for any underperformance.
- 6.1.1.2 Over the 3-month period, 16 of the 21 KPI targets have been met.
- 6.1.1.3 Targets were missed for providing an estimate of benefits and for the payment of retirement benefits from active employment for the period. The team contended with periods of annual leave and sickness at both Team Leader and Pension Officer level, 79.5 days sickness in total was recorded during the period within the Operations Team.

- 6.1.1.4 The team is inexperienced with ongoing training continuing to be delivered at different levels and is also impacted by the implementation of the McCloud remedy, which has required additional learning and workloads.
- 6.1.1.5 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.
- 6.1.1.6 Training and resources have been allocated to cases where a benefit was due as priority. Additional time will be dedicated to estimate cases as resources stabilise. Sickness levels are being addressed through absence management procedures.
- 6.1.1.7 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. The medium to long term plan is to increase multi skilling to help with service resilience across teams.

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.
- 6.1.2.2 The new supplementary KPI information can be found in Appendix B.
- 6.1.2.3 Once the reporting has been expanded, the intention is to analyse any lower than desired KPI performance 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. Scheme employers must provide 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 to 31 December 2023.
- 6.2.3 In October 2023 and December 2023, 100% of payments were received on time. For November 2023, 99.7% were received on time. The current yearly average for payments made on time is 99.9% and schedules being received on time is 99.5%.
- 6.2.4 Details of late contribution payments can be found in appendix D (**exempt**).

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 November 2023 to 31 January 2024 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	8 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.

Type of breach	Detail of breach	Course of action
	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 November 2023 to 31 January 2024 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
Delays encountered by member in paying retirement benefits, specifically AVCs	3 January 2024	2 March 2024		On-going

One case was entered into the Stage 1 administering authority dispute resolution process in November due to not being entitled to a refund of contributions. The investigation concluded that the member should not have been a member of the LGPS and West Northants Council on behalf of the former Northamptonshire County Council confirmed this to be the case.

This dispute has therefore been reallocated to Stage 1 of the employing authority disputes procedure for resolution of the refund and any associated compensation payment as the nature of the dispute is not covered by the remit of the administering authority complaints process.

6.4.4 Stage 2 disputes: None.

6.4.5 In the period 1 November 2023 to 31 January 2024 no new Stage 2 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 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.

6.6.2 The money was returned to the Fund and the actual retirement benefits were recalculated from 25 January 2024.

## **7 Implications (including financial implications)**

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### **7.1 Resources and Financial**

7.1.1 None.

### **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.