



## West Northamptonshire Council

### Local Pension Board

28/04/2022

### Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund – Administration Performance Report
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#### Contributors/Checkers/Approvers

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#### List of Appendices

**Appendix A – Performance against key performance indicators**

**Appendix B – Timeliness of receipt of employee and employer pension contributions**

#### **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 on the following areas of administration:
- 2.1.1 The achievement against the Key Performance Indicators for the period 1 January to 31 March 2022 (appendix A)
  - 2.1.2 Timeliness of receipt of employee and employer pension contributions for the payroll periods of March 2021 to February 2022 (appendix B)
  - 2.1.3 Occurrences of breaches of the law for the period 1 January to 31 March 2022 (section 5.3).
  - 2.1.4 Occurrences of material data breaches for the period of 1 January to 5 April 2022 (section 5.4)
  - 2.1.5 Details of any Internal Dispute Resolution Procedure cases during the period 1 January to 31 March 2022 (section 5.5).
  - 2.1.6 Details of new employers admitted to the Northamptonshire Pension Fund and those that have ceased (section 5.6).

### 3. Recommendations

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

### 4. Report Background

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- 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

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#### 5.1 Key Performance Indicators

- 5.1.1 The Pension Committee has previously agreed 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 January to 31 March 2022 can be found in appendix A along with the explanations for any underperformance.
- 5.1.2 Over the 3-month period, service performance has been consistently good with all targets being met with the exception of two.
- 5.1.3 In March, the payment of retirement benefits from active employment target was marginally missed due to work being incorrectly allocated for 2 cases. Going forward regular spot checks will be undertaken to ensure work has been correctly allocated.
- 5.1.4 Also in March, the payment of transfer out target was missed due to a training issue within the team and a change in the payment system for processing transfer out payments. These issues have now been resolved.

#### 5.1.5 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 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 March 2021 to 28 February 2022.
- 5.2.3 In December 2021, January and February 2022 100% of payments were received on time. The current yearly average for payments made on time is 99.99% and schedules being received on time is 99.6%.

#### 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 January to 31 March 2022 the following breaches of the law occurred.

Type of breach	Detail of breach	Course of action
Material	Prudential have failed to provide annual benefit statements in respect of the period 1 April 2020 to 31 March 2021 for 514 scheme	Prudential have self-reported this breach to the Pensions Regulator.

Type of breach	Detail of breach	Course of action
	members that have Additional Voluntary Contribution (AVC) funds with Prudential by the statutory deadline of 31 March 2022. (see 5.3.2.1 for further information).	
Non-material	1 refund of contribution payment was 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.

- 5.3.2.1 Additional Voluntary Contributions (AVCs) are referred to as defined contributions. Defined contribution pension schemes are subject to different regulations with regards to the requirements around the provision of annual benefit statements. The requirement under this legislation is for a scheme member to receive an annual benefit statement no later than 12 months after the defined contribution scheme's year end. Prudential have been experiencing considerable issues with the new software that was introduced shortly before the pandemic which has resulted in Prudential being unable to reconcile the data they hold for the production of year end information for inclusion in the Statement of Accounts which has then impacted their ability to produce annual benefit statements for the period 1 April 2020 to 31 March 2021 by the statutory deadline of 31 March 2022.
- 5.3.2.2 Prudential have reported their failure to produce annual benefit statements for the 514 Northamptonshire Pension Fund members to the Pensions Regulator (TPR). Officers of the Fund have also reported this breach to TPR, in line with the Fund's Reporting Breaches of the Law to the Pensions Regulator's policy.
- 5.3.2.3 If Prudential remain unable to produce the annual benefit statements by 30 April 2022, Officers will request that Prudential contact each of the 514 scheme members directly to explain the continued delay.
- 5.3.2.4 Prudential's recent poor performance has been observed by both TPR and the Local Government Association (LGA). The Pensions Committee will receive a report at the June meeting detailing the administrative performance of both Northamptonshire Pension Fund's AVC providers for consideration.

#### 5.4 Material Data Breaches

- 5.4.1 At the beginning of April a data breach involving 157 scheme members occurred. A bulk print job of leaver letters was inadvertently printed double sided so the recipient would have received their own details along with another scheme member's details (name, address, job title and redacted national insurance number) meaning there were approximately 80 data breaches. The error was identified quickly and West Northants Council's data breach guidelines were followed. All 157 scheme members have been written to apologising for the error. The member of staff involved in the breach has repeated the Council's training on data protection and additional safeguards have been introduced to prevent this type of data breach from occurring again.

#### 5.5 Internal Dispute Resolution Procedure cases

- 5.5.1 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.

5.5.2 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.

5.5.3 In the period 1 January 2022 to 31 March 2022 no administering authority disputes were either raised an/or responded to.

5.5.4 In the period 1 January to 31 March 2022 the following employing authority dispute was raised and responded to.

Nature of dispute	Stage 1 (adjudicated by the scheme employer)	Stage 2 (adjudicated by the Monitoring Officer)
Final pay provided for estimate of retirement benefits incorrectly included non-contractual overtime, resulting in a higher estimate of benefits than could be lawfully paid when using the correct final pay figure.	Not upheld (13 December 2021)	Not upheld (18 February 2022)

## 5.6 Employers Admissions and Cessations

5.6.1 The following admitted bodies were admitted to the Northamptonshire Pension Fund:

- Maid Marion’s Limited
- Compass Contract Services

5.6.2 The following designating body was admitted to the Northamptonshire Pension Fund:

- Corby Town Council

5.6.3 The following bodies have ceased to be an employer within the Northamptonshire Pension Fund:

- Change-Grow-Live
- Compass Contract Services
- The Coombs Catering Partnership
- TTC 2000 Limited

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

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### **6.1 Resources and Financial**

6.1.1 There are no resources or financial implications arising from the proposals.

### **6.2 Legal**

6.2.1 The failing by Prudential to produce annual benefit statements for the period 1.4.20 to 31.3.21 has been considered a material breach of the which has been reported to the Pensions Regulator in line with the Fund’s policy. Please refer to section 5.3 of this report.

### **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

The Fund’s full risk register 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 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.