



**Report of: Director of Corporate Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board/Pension Sub-Committee	03 December 2019		

<b>Delete as appropriate</b>		Non-exempt
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## **SUBJECT: PENSION ADMINISTRATION PERFORMANCE**

### **1. Synopsis**

- 1.1 This report provides the Board with information on the administration activities of the Pension Administration. The information is in respect of the period from 1 August 2019 to 31 October 2019 and includes the number of LGPS members auto-enrolled into the scheme for this period.
- 1.2 The report proposes an amendment to the implementation of regulation 40, 43 and 46 of the LGPS in relation to the discretions available under the LGPS. As the Pension Board do not have the power to amend the regulations, the Pension Sub-Committee will be recommended to make the necessary amendment.
- 1.3 The report provides information on the Pensions page of Islington Council's website and proposals for future inclusions.
- 1.4 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.

### **2. Recommendations**

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the deferment of the report detailing the numbers, department and salary profile of Islington employees who are not members of the LGPS until March 2020 Pension Board meeting.

- 2.3 To note the number of members auto-enrolled into the Local Government Pension Scheme during the relevant period.
- 2.4 To consider and agree the proposals for future inclusion of information available to staff on the Pensions page of Islington Council's website.
- 2.5 To note the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints.
- 2.6 To recommend that Pension Sub-Committee agree an amendment to regulation 40, 43 and 46 of the LGPS, concerning employer discretions, as detailed in paragraph 4.1 of this report.

### 3. Background – Statistics and key performance indicators

- 3.1 The membership profile at 31 July 2019 and 31 October 2019 is shown in the following table.

Category	Jul - 19	Oct - 19
Number of current active members	6,356	6,508
Number of preserved benefits	8,089	8,034
Number of Pensions in payment	6,118	6,205
Number of Spouses/dependants pensions in payment	1,041	1,047
Total	21,604	21,794

- 3.2. Key performance indicators from 1 August 2019 to 31 October 2019:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	15	95%	93.75%	5.33
Retirement benefits	5	44	95%	86.29%	6.57
Pension estimates	10	80	95%	72.63%	13.70
Preserved benefit calculations	15	17	95%	70.59%	19.40
Transfer-in quotation	10	11	95%	100.00%	8.91
Transfer-in actual	10	11	95%	100.00%	9.80
Transfer out actual	12.5	15	95%	95.10%	13.05
Transfer out quotation	15	26	95%	100.00%	16.40
Legacy Cases - Valuation	-		-	-	-
All processes	-	219		82.10%	

- 3.3 The overall performance has slipped from the 85.33% achievement of processes completed within the target days as at the end of Jul 2019. This is because of an increase in the workload of the Pensions Office, staff vacancies not being filled and long- term sickness. After the actuarial valuation data was submitted, a review of the Pensions Administration function was undertaken to examine processes and quantify resourcing deficits. An additional resourcing of £61,500 per annum was agreed with the Interim Director of Finance and Property as part of the pension management cost. The new structure is designed to deliver on key performance targets as well as giving adequate capacity for work to be carried out on a strategic level in order to be

compliant with the Pensions Regulator codes of practice and instructions from the Pensions Board. The administration cost per member for last year was £78.26 and this new structure will add an extra £3 per member in a full year. Unfortunately, there is no London wide benchmarking data published now due to the variations on externalisation of service provision.

3.4 It has not been possible for our Payroll & Analytics teams to provide an accurate report on the exact numbers of part-time and full-time staff who are not enrolled in the LGPS, split by department and salary. The report received contained too many anomalies and inconsistencies. It is proposed to bring in a consultant to write a program to produce this report which will be available for the Pension Board meeting in March 2020.

3.5 Number of members auto-enrolled into the LGPS from August to October 2019:

<b>Month</b>	<b>Starters No.</b>	<b>Opt Outs</b>	<b>Opt Out %</b>
August	52	3	5.77
September	140	11	7.86
October	97	3	3.09
<b>Total</b>	<b>289</b>	<b>17</b>	<b>5.88</b>

3.6 It is proposed that the Pensions Page on Islington Council's website and intranet be updated. It is heavily text driven and needs to be more user friendly, with effective signposting, segmentation and optimising the use of white space and images. Pensions will be working with the Communication Team and plan on having an amending site in place by March 2020. Inclusion on the amended site will be forms which members frequently request (i.e. Nomination and Transfer Requests).

3.7 Since the September 2019 meeting of the board -3- communications have been received thanking Pension Administration staff for their service.

3.8 There has been one complaint during the period. A member who works for an Academy complained that she is only being offered a settlement agreement with the termination of her employment and not redundancy, which means that her pension benefits will be reduced. I have written to both parties explaining what benefits are payable under redundancy and any reductions to benefits taken early outside of redundancy. I have also made it clear that Islington Council's Pension's Office solely administers the LGPS on behalf of eligible members and does not get involved in any employer decisions by the Academy.

3.7 There are no Internal Disputes to report.

#### **4 Employer Discretions**

4.1 Regulations 40(2), 43(2) and 46(2) of the LGPS 2013 gives the Council absolute discretion in relation to the payment of the death grants to the executor of the estate of a deceased member. The current process by which this is exercised is that the Director of Finance and Property signs off any such payment. There have been situations in the recent past where the exercise of this function has been delayed because of the difficulty in obtaining the sign off due to the absence of the Director of Finance and Property. It is proposed that the Pension Board make a recommendation to the Pension Sub-Committee that the following key staff (each acting individually) have delegated authority to also provide the sign off function for these death grant payments, where the Director of Finance and Property is not available, to avoid any delay to bereaved families:

Chief Executive  
Head of Treasury Management & Pension Fund  
Chief Accountant  
Director Service Finance

## **4. Implications**

### **4.1 Financial Implications**

4.1.1 The cost of administering the LGPS is chargeable to the Pension Fund.

### **4.2 Legal Implications**

4.2.1 There are no specific legal implications in this report.

### **4.3 Resident impact assessment**

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, a Resident Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

### **4.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary. The current agreed investment strategy statement for pensions outlines the policies and targets set to April 2022 to reduce the current and future carbon exposure by 50% and 75% respectively compared to when it was measured in 2016 and also invest 15% of the fund in green opportunities. The link to the full document is <https://www.islington.gov.uk/~media/sharepoint-lists/public-records/finance/financialmanagement/adviceandinformation/20192020/20190910londonboroughofislingtonpensionfundinvestmentstrategystatement.pdf>

## 5 Conclusion and reasons for recommendations

5.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance, dispute resolution and agree to the proposed amendment to Employer discretion on regulation 40.

### Background papers:

None

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