

Report of: Corporate Director of Resources

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	21 st June 2021		

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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 1st February 2021 to 30th April 2021 and includes the number of LGPS members auto-enrolled into the scheme for this period.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, compliments and complaints.

2. Recommendations

- 2.1 To note the number of members' auto-enrolled into the Local Government Pension Scheme during the relevant period.
- 2.2 To note the information in respect of the Internal Dispute Resolution Procedure, compliments and complaints.
- 2.3 To note the impact of the McCloud/Sargeant judgement on Local Government Pension Administration.
- 2.4 To note that our Pensioners received the 2021 Pensions Increase in May due to resourcing challenges within a key team.
- 2.5 To note the passage through Parliament of the Pension Schemes Act 2021 and its implication for the governance of Occupational Pensions.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 31st January 2021 and 30th April 2021 is shown in the following table.

Category	Jan - 21	Apr - 21
Number of current active members	6,451	6,563
Number of preserved benefits	8,324	8,255
Number of Pensions in payment	6,131	6,206
Number of Spouses/dependants pensions in payment	987	978
Total	21,893	22,002

There have been modest increases in actives, the level of deferred benefits have fallen slightly as a consequence of former members claiming their deferred pension early.

3.2. Key performance indicators from 1 February 2021 to 30 April 2021:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	23	95%	100.00%	5.00
Retirement benefits	5	72	95%	85.00%	8.00
Pension estimates	10	133	95%	87.00%	11.00
Preserved benefit calculations	15	45	95%	71.00%	19.00
Transfer-in quotation	10	38	95%	92.00%	12.00
Transfer-in actual	10	24	95%	97.00%	9.00
Transfer out actual	12.5	21	95%	100.00%	11.00
Transfer out quotation	15	33	95%	100.00%	14.00
Legacy Cases - Valuation	-	-	-	-	-
All processes	-	448		82.00%	

3.3 There has been a marginal increase of approximately 1% in overall performance from the 81.00% achieved in the last quarter in completed processes within the target days. The total processes completed is also up by 9 from the last quarter.

3.4 Number of members auto-enrolled into the LGPS from February 2021 to April 2021:

Month	Starters No.	Opt Outs	Opt Outs %
February	50	3	6
March	49	0	0
April	47	0	0
Total	146	3	2

3.5 The Pensions Office have received 4 communications thanking Pension Administration staff for their service and 1 complaint in relation to a member not receiving a returned telephone call after leaving a message.

3.6 There is 1 case that is now part of our Internal Disputes Resolution process.

4. Impact of McCloud/Sargeant Judgment

- 4.1 The Pension Board report in March 2021 gave a summary of McCloud/Sargeant Judgment and the proposed remedies considered by MHCLG.
- 4.2 The Pensions Office has undertaken some initial scoping of work that will be involved in this process and estimate that 4410 records will need to be reviewed (inclusive of actives, deferreds, pensioners, deaths and transfers). The Council have approached our software suppliers to assist in this project and approval is also being sought to recruit agency staff as and when appropriate in terms of the management of this project.
- 4.3 The role of our employers and payroll providers are an important part of this project and their engagement essential in our ability to successfully manage this project. Formal communications and a timeline will be sent by the end June to all the relevant parties. We anticipate that the external payroll providers will charge a fee to provide the additional data that we will be requesting as a bespoke piece of work.
- 4.4 Once the Pensions Office have received the relevant data from our employers and payroll providers, this will be updated to our database and we will use analytical tools to identify members where a calculation needs to be done in order to assess whether the member was worse off by the introduction of the care scheme and should be given underpin protection from 1st April 2014 to 31st March 2022 (or to the members' underpin date, where this is earlier).
- 4.5 At this stage in the process it is difficult to be precise on the final project costs, as there are a number variables, such as the quality of data, the engagement of our employers and the work we ask of our software suppliers and actuaries. All costs will be closely monitored and a summarised progress report provided to the Pension Board each quarter until completion.

5. 2021 Pensions Increase Payment Delay

- 5.1 Payment of the 2021 Pensions Increase should have been made to our Pensioners in April 2021 but was implemented and backdated in May 2021 as a result of challenges in our Corporate HR Payroll Section. It is not anticipated that this will be a problem in the future due to changes already planned for the service.

6. Pension Scheme Act 2021

- 6.1 The Pension Scheme Act 2021 became law on the 11th February 2021. The Act introduces important changes to the governance of Occupational Pensions:
 - The Pensions Regulator receives enhanced enforcement power and can issue civil penalties of up to £1 million.
 - A range of new criminal offences are introduced which include conduct risking accrued scheme benefits and failure to comply with contribution notice.
 - The creation of Pensions Dashboards
 - New climate risk-related governance and reporting requirements
 - Extra conditions members must satisfy before they are able to transfer out their LGPS benefits

The changes introduced by the Pensions Scheme Act 2021 will not immediately apply to the LGPS, however it is expected that MHCLG will bring forward changes in the LGPS regulations to bring them into force in due course.

7. Implications

7.1 Financial Implications

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

7.2 Legal Implications

7.2.1 There are no specific legal implications in this report.

7.3 Resident impact assessment

7.3.1 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.

7.3.2 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.

7.4 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>

8 Conclusion and reasons for recommendations

8.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance and dispute resolution.

Background papers:

None.

Final report clearance:

Signed by:



11 June 2021

Corporate Director of Resources

Date

Received by:

Head of Democratic Services

Date

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