



Report of: Corporate Director Resources

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	14 September 2021		

Delete as appropriate		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 1st May 2021 to 31st July 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 continued delays in receiving AVCs data from Prudential-attached Exempt Appendix 1.
- 2.4 To note that there was a major data breach during the process of sending out the deferred annual pension statements.
- 2.5 To note the Government's recent publication of guidance on the use of Special Severance Payments (SSP).

3. Background – Statistics and key performance indicators

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

Category	Apr - 21	Jul - 21
Number of current active members	6,563	6465
Number of preserved benefits	8,255	8511
Number of Pensions in payment	6,206	6269
Number of Spouses/dependants pensions in payment	978	981
Total	22,002	22,226

There have been modest increases in the level of deferred members and pensioners.

3.2. Key performance indicators from 1 May 2021 to 31 July 2021:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	22	95%	100.00%	5.00
Retirement benefits	5	74	95%	90.00%	7.00
Pension estimates	10	122	95%	84.00%	12.00
Preserved benefit calculations	15	31	95%	76.00%	20.00
Transfer-in quotation	10	28	95%	95.00%	11.00
Transfer-in actual	10	20	95%	98.00%	10.50
Transfer out actual	12.5	76	95%	97.00%	11.50
Transfer out quotation	15	81	95%	100.00%	10.00
Legacy Cases - Valuation	=		=	=	=
All processes	=	402		79.00%	

3.3 There has been a 3% drop in overall performance from the 82.00% achieved in the last quarter in completed processes within the target days. This is due to targeting resources on the production of the annual benefit statements and the 2 outstanding vacancies in the Pension's Office. The vacancies have proved difficult to recruit to despite assistance from external Employment Agencies.

3.4 Number of members auto-enrolled into the LGPS from May 2021 to July 2021:

Month	Starters No.	Opt Outs	Opt Outs %
May	59	0	0
June	57	3	5.26
July	53	2	3.77
Total	169	5	2.96

3.5 The Pensions Office have received -7- communications thanking Pension Administration staff for their service and -2- complaints. The first complaint was in relation to a pensioner being unhappy with the rate of Pensions Increase and linking it to the overall performance of the Pension Fund.

3.6 The second complaint was resolved via our Internal Disputes Resolution process.

4. Prudential

4.1 The Local Government Pension Scheme Regulations requires local authorities to provide an Additional Voluntary Contribution (AVC) scheme to run concurrently with the occupational scheme. This is to allow members to pay additional contributions in order to increase retirement savings and/or to provide additional life insurance. Although this is an individual choice, the administering authority is the policyholder for the group arrangement in place and, therefore, has certain responsibilities.

4.2 Islington Council appointed Prudential as the Council's new AVC provider in 2004. Our relation with Prudential prior to the Covid pandemic was very good, information and payments requested were always actioned in a timely and efficient manner. This has changed since the start of the pandemic and we have made numerous complaints to Prudential in relation to the long delays our members have experienced when wishing to cash in their AVCs at retirement. Prudential have contacted us in relation to their recent service performance **Exempt Appendix 1** acknowledging the issues and conveying their expectation that the service would improve by April 2021, unfortunately this has not been the case. This issue has been discussed with the Council's Actuary and the LGA. If there is no improvement in performance by Prudential and we continue to experience long delays that are inconsistent with the Pensions Regulator's Codes of Practice, it will be necessary to refer them to the Pensions Regulator to investigate. The Pensions Regulator can take enforcement action against Prudential, including issuing compliance notices and fines.

5. Deferred Annual Pension Statement – Data Breach

5.1 The Council's Print Service Section when despatching the deferred pension statements unfortunately included the statements of other deferred members in the same envelope. We have yet to determine precisely how many deferred members this affected however our current list consists of over 30 deferred members to whom we re-sent out statements. Islington Council takes the issue of data security very seriously and the Council's Governance Team is currently investigating this incident with Print Services. A review of Print Services processes for bulk mail outs will be conducted to ensure there are effective checks in place to prevent any repeat of this failure.

6. Use of Special Severance Payments 2021

6.1 Special Severance Payments (SSP) are payments made to employees outside of statutory, contractual or other requirements when leaving employment in public service. The Ministry of Housing Communities and Local Government (MHCLG) has published a consultation on the use of Special Severance Payments. The key take aways from this guidance are as follows:

- There will be a requirement to document evidence that all options other than Special Severance Payments have been considered including performance improvement plan, reasonable adjustments, disciplinary processes and redeployment.
- Evidence will need to be provided that a SSP does not present a repercussive risk. That is to say, the circumstances are unique and does not set a precedent for future cases.
- SSP should be personally approved and signed off by the Chief Executive in consultation with both the Leader of the Council and the Section 151 Officer.
- Public bodies must also consider that even if the cost of defeating a vexatious claim will exceed the likely cost of that settlement to the employer, it may be just as prudent to undertake formal

proceedings. Such action will discourage future vexatious claims. SSP should not be used to avoid unfavourable publicity or reputational damage.

The Local Government Association (LGA) submitted a response to MHCLG on behalf of Local Authority Employers, pointing out a number of areas that need to be re-thought or clarified. These include the involvement of the Leader of the Council and the Chief Executive in the approval process (as this is likely to prolong this process) and whether a personal injury claim involving the exit of an employee on ill health grounds counts as a SSP? The Government has not given a timeline when it will respond to the submissions they have received.

The SSP guidance and compliance is an **employer responsibility and not the Pension Fund**. Islington Council will need to review its policies on the payment of severance so that it is compliant with the MHCLG guidance.

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. The report also covers the government's guidance on SSP and service performance from our AVC provider, Prudential attached Exempt Appendix 1.

Background papers:

None.

Final report clearance:

Signed by:



Corporate Director of Resources

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