



Report of: Corporate Director Resources

Meeting of	Date	Agenda Item	Ward(s)
Pensions Board	23 rd November 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 August 2021 to 31st October 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 (IDRP), compliments and complaints.

2. Recommendations

- 2.1 To note the number of members' auto-enrolled into the LGPS during the relevant period.
- 2.2 To note the information in respect of the IDRP, compliments and complaints.
- 2.3 To note the Pensions Increase figure for April 2022.
- 2.4 To note the ongoing work in relation to the McCloud Judgement.
- 2.5 To note the steps taken in relation to the recruitment of experienced Pensions Officers.
- 2.6 To note the useful guidance published by the Pensions Ombudsman on complaint management.
- 2.7 To note the current developments in relation to the Pensions Dashboard.

3. Background – Statistics and key performance indicators

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

Category	Jul - 21	Oct - 21
Number of current active members	6,465	6,606
Number of preserved benefits	8,511	8,465
Number of Pensions in payment	6,269	6,329
Number of Spouses/dependants pensions in payment	981	985
Total	22,226	22,385

There have been modest increases in the number of active members and pensioners. The increase in actives is largely due to auto-enrolment and the cyclical engagement of new staff in September in our schools. The Pensions Office is still seeing a high uptake of deferred beneficiaries claiming their pensions early which has led to the small increase in total pensioner numbers.

3.2. Key performance indicators from 1st August 2021 to 31st October 2021:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	35	95%	98.00%	6.00
Retirement benefits	5	77	95%	92.00%	7.50
Pension estimates	10	88	95%	87.00%	11.00
Preserved benefit calculations	15	46	95%	78.00%	17.00
Pension Payroll Adj.	10	28	95%	97.00%	10.50
Transfer-in quotation	10	41	95%	95.00%	12.00
Transfer-in actual	10	31	95%	96.00%	11.00
Transfer out actual	12.5	9	95%	100.00%	12.00
Transfer out quotation	15	38	95%	100.00%	14.00
All processes	-	450		80.00%	

3.3 Overall performance as seen a marginal increase of 1% from the 79% achieved in the last quarter in completed processes within the target days. The total processes completed is also up by 48 from the last quarter. The sending out of Pension Saving Statements generated a high volume of queries from members and there has also been an increase in death processing of 59% following our work on the National Fraud Initiative data. Overall performance is improving but very slowly, once we have the Pensions Office fully resourced this will be reflected in a rise in the service delivery numbers.

3.4 Number of members auto-enrolled into the LGPS from August 2021 to October 2021:

Month	Starters No.	Opt Outs	Opt Outs %
August	38	1	2.63
September	104	0	0
October	68	0	0
Total	210	1	0.48

- 3.5 The Pensions Office have received 11 communications thanking Pension Administration staff for their service and 1 complaint. The complaint was in relation to a deferred pensioner whom we traced and informed that their pension benefits were due for payment a year ago. The pensioner felt we should pay compensation, despite the fact the pensioner moved several times without informing the Pension Office. The pensioner has the option to pursue their claim through the Internal Disputes Resolution Procedure.

4. Pensions Increase 2022

- 4.1 The Office for National Statistics announced on 20th October the Consumer Prices Index (CPI) rate of inflation for September 2021 as 3.1%. The September CPI rate is the metric the Government uses to increase public sector pensions under section 9 of the Public Service Pensions Act 2013. We are now just awaiting confirmation from Government that the headline pensions increase figure for April 2022 will be 3.1%.
- 4.2 It is important that the April 2022 pensions increase is paid to our pensioners on time. We will be putting together a timetable in December for work that needs to be carried out by our Payroll Service to test the pensions increase program on their software in advance, to ensure that it is fit for purpose and any issues can be identified early and a fix deployed by the payroll software suppliers to meet our April 2022 payroll deadlines.

5. McCloud Update

- 5.1 Work is continuing on identifying members who were found to have been discriminated against in transitional protection arrangements following the LGPS move from a final salary to a care scheme. We have received a report from our main payroll provider which we are currently reviewing and will report our findings to the Pension Board in March 2022, together with further actions that need to be taken. We are also liaising with Scheme Employers and our Admitted Bodies to provide similar reports by the end of the year.

6. Staffing Update

- 6.1 We have successfully recruited via agency a Pensions Officer who will be starting on a permanent basis sometime in January 2022, subject to satisfactory references.
- 6.2 This position was originally advertised via our Recruitment Team and did not yield any strong applicants we could interview. The first two recruitment campaigns had on average 25 applicants, none of whom were short-listed because they did not meet the person specification. In the most recent campaign last month, we had one applicant, who did not meet the person specification. This is despite assistance from Islington Council's Recruitment Manager reviewing our job advert and making changes to make it more attractive and placing it on the LinkedIn platform. Eventually we needed to use a recruitment agency to find a suitable candidate. **The simple reality is that these positions are challenging to fill, so to retain and attract talent our compensation must be competitive and reflect the current market conditions.**
- 6.3 The way forward in consultation with HR, is to undertake job evaluations of certain posts which have changed and grown in scope and consider re-grading/market supplements. In light of our staffing challenges and the backlogs that have been created, we have also engaged with

recruitment consultants to find us another Pensions Officer who will be appointed on a fixed-term contract to assist in the processing of work in relation to the Pension Fund Valuation.

7. Avoiding the Pensions Ombudsman (TPO)

7.1 In October 2021 the TPO published on their website a useful guide on top tips for Pension Scheme Administrators on how to avoid complaints and TPO decisions against their organisation. We will be reviewing this information against our current practices, consulting with HR and making changes as necessary. Any changes in processes will be cascaded to the Pensions Team to adopt.

8. Pension Dashboard Update

8.1 The Pensions Dashboard is a project by the Government to create a central platform that brings together details of all pension savings under one roof in order that members of the public can access information on all their pension entitlements.

8.2 The Government has announced that draft regulations on the pension's dashboard are to be published toward the end of the year or early in 2022. The draft regulations will outline information on the data standards and how it is to be provided by both public and commercial pension providers.

8.3 In preparation for the implementation of the Government pension's dashboard, the Pensions Office will be liaising with the Council's Head of Cybersecurity in January 2022 and our software suppliers to consider the most secure approach in connecting to the dashboard ecosystem and uploading data.

8.4 The Government plans to pass legislation in 2022 to make it compulsory for pension providers to participate with the on-boarding.

9. Implications

9.1 Financial Implications

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

9.2 Legal Implications

9.2.1 There are no specific legal implications in this report.

9.3 Resident impact assessment

9.3.1 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.

9.3.2 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.

9.4 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>

10 Conclusion and reasons for recommendations

10.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance and dispute resolution. This report also updates members on progress on McCloud, pension dashboard and resources in the Pensions Team.

Background papers:

None.

Final report clearance:

Signed by:



Corporate Director of Resources

Date

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