

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 28th June 2022

Ward: n/a

Subject: PENSION ADMINISTRATION PERFORMANCE

1. **Synopsis**

- 1.1. This report provides the Board with information on the administration activities and performance of the Pension Administration. The information is in respect of the period from 1 February 2022 to 30 April 2022 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 review the performance data for the administration activities of the Council's Pensions Office.
- 2.4. To note the AVC guidance requirement introduced by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2022 on the 1st June 2022.

- 2.5. To note the letter from Prudential (Appendix 1) in relation to its administration performance for Local Government AVC schemes.
- 2.6. To note the updated Pensions Risk Register (Appendix 2)

3. Background

- 3.1. The membership profile at 31 January 2022 and 30 April 2022 is shown in the following table.

Category	Jan-22	Apr-22
Number of current active members	6,685	6,599
Number of preserved benefits	8,344	8424
Number of Pensions in payment	6,358	6343
Number of Spouses/dependants pensions in payment	990	977
Total	22,377	22,343

There have been modest decline of 1.29% and 0.24% in the number of active members and pensioners respectively. Spouses and Dependants pension have also declined marginally by 1.31%. The number of deferred beneficiaries have increased by just under 1%.

- 3.2. Key performance indicators from 1 February to 30 April 2022:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	43	95%	93.0%	6.0
Retirement benefits	5	61	95%	91.0%	7.0
Pension estimates	10	186	95%	82.0%	14.0
Preserved benefit calculations	15	53	95%	87.0%	17.0
Pension Payroll Adj.	10	44	95%	100.0%	9.0
Transfer-in quotation	10	31	95%	90.0%	12.0
Transfer-in actual	10	24	95%	89.0%	12.5
Transfer out actual	12.5	29	95%	92.0%	15.0
Transfer out quotation	15	36	95%	100.0%	14.0
All processes	-	572		86.0%	

- 3.3. Overall performance has seen an increase of 4% from the 82% achieved in the last quarter in completed processes within the target days.
- 3.4. Number of members auto-enrolled into the LGPS from February 2022 to April 2022:

Month	Starters No.	Opt Outs	Opt Outs %
February	38	4	10.5
March	32	1	3.1
April	68	0	0
Total	138	5	3.6

- 3.5. The Pension Office received -12- communications thanking Pension Administration staff for their service and -31- complaints. The majority of the complaints were in relation to auto-enrolment (i.e. staff being automatically enrolled into the pension scheme on the 1st May). One stage 2 Internal Dispute Resolution Procedure (IDRP) complaint was received in April 2022 in relation to the delay in processing a transfer out. Once these cases are resolved, a process is undertaken to review our actions and any lessons learned are shared within the team and procedures will be updated if appropriate.

Stronger Nudge to Pensions Guidance

- 3.6. Pension Wise is a government service from MoneyHelper that offers free, impartial pensions guidance about DC pension options. On the 1st June 2022 the government introduced legislation to ensure that individuals are made aware of Pension Wise guidance as part of the application process for taking or transferring AVCs. The Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022 referred to as the 'Nudge Regulations' requires Scheme Administrators to book a Pension Wise appointment on behalf of the member.
- 3.6.1 The process also includes explaining to the member that the application process cannot proceed unless the member has attended the appointment or opted out of attending and confirmed this to the authority.

Prudential Update

- 3.7. Prudential have outlined in a letter to Pension Funds the current issues in relation to their administration performance for Local Government AVC schemes. These administration performance issues have delayed the year-end statements which

we have now received, but have not impacted on AVC payments to members this year. A copy of the letter is included as Appendix 1.

3.8 Pension Risk Register

Our current register is a live document reviewed regularly by the Board. Members requested at the March meeting that officers revise the format to align it with the council's corporate risk register. The revised risk register attached now outlines the pension fund objectives and risk arising from meeting these objectives. The issues covered are from operational to market risks and the level of risk to the fund and mitigation actions taken to lower risk levels and responsible persons. A copy of the current risk register Appendix 2 is attached that incorporates a traffic light model risk assessment. The risks that are considered of most urgent concern are red and amber. The Members are asked to consider the revised version and agree to review the register at least every six months.

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. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

4.3.1. 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>

4.4. Equalities Impact Assessment

4.4.1. 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.

- 4.4.2. An Equalities Impact Assessment is not required in relation to this report, because there are no adverse impacts in terms of equalities arising from the contents of this report. The LGPS is a statutory public service pension scheme open to all Council employees.

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 and dispute resolution. The pension risk register Appendix 2 is attached for review.

Appendices:

- Appendix 1- letter from Prudential
- Appendix 2 – pension risk register

Background papers:

Final report clearance:

Signed by:

Corporate Director of Resources

Date: Date the report received final approval

Report Author: Patrick Fullerton, Pensions Manager
Tel: 020 7527 2588
Email: patrick.fullerton@islington.gov.uk

Financial Implications Author: joana marfoh
Tel:02075272382
Email: joana.marfoh@islington.gov.uk

Legal Implications Author: n/a
Tel:
Email: