

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 19th September 2022

Appendix 1, attached is exempt and not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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 May 2022 to 31 July 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 current Audit Investigations in Pensions Administration (private and confidential) -Exempt Appdx1
- 2.5. To note the changes in the Annual Allowance rules introduced by Government.
- 2.6. To note the updated target date in respect of members data quality audit.

3. **Background**

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

Category	Apr-22	Jul-22
Number of current active members	6,599	6,567
Number of preserved benefits	8,424	8534
Number of Pensions in payment	6,343	6380
Number of Spouses/dependants pensions in payment	977	976
Total	22,343	22,457

Active membership continues to show a marginal decline, this trend in all probability will continue in the short-term as members are impacted by the cost of living and energy fuel prices. The Fund’s preserved beneficiaries and pensioners continue to grow.

- 3.2. The table below shows the key performance indicators from 1 May to 31 July 2022:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	33	95%	90.0%	7.0
Retirement benefits	5	52	95%	85.0%	7.5
Pension estimates	10	119	95%	88.0%	12.0
Preserved benefit calculations	15	106	95%	79.0%	16.5
Pension Payroll Adj.	10	30	95%	98.0%	10.5
Transfer-in quotation	10	28	95%	81.0%	14.0
Transfer-in actual	10	19	95%	94.0%	11.0
Transfer out actual	12.5	6	95%	82.0%	16.0
Transfer out quotation	15	6	95%	85.0%	18.0
All processes	-	399		87.0%	

3.3. Overall performance has seen a marginal increase of 1% from the 86% achieved in the last quarter in completed processes within the target days.

3.4. Number of members auto-enrolled into the LGPS from May 2022 to July 2022:

Month	Starters No.	Opt Outs	Opt Outs %
May	86	36	41.9
June	51	7	13.7
July	66	2	3.03
Total	203	45	22.2

3.5. The Pension Office received 9 communications thanking Pension Administration staff for their service and 4 complaints. Two of the complaints were in relation to transfers out processing times, one tax code query and the other in relation to an AVC. All these complaints have been resolved without escalating to the Pension Fund's Internal Dispute Resolution Procedure (IDRP).

Annual Allowance Rule Change

3.6. The Annual Allowance rules set out by HMRC have changed with the introduction of the Finance Act 2022 and the Registered Pension Schemes (Miscellaneous Amendment) Regulations 2022. The new regulations require employers to provide further information when they become aware that information they provided previously, for a Pension Input Period (PIP) falling within the 'relevant time', was insufficient to enable the scheme administrator to calculate the pension input amount correctly. Where there has been retrospective changes of facts for a previous tax year, the 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. This new measure extends the deadline for when the scheme administrator must report and pay the annual allowance charge.

Pension Risk Register

3.7. The Data Quality Audit scheduled for June in the Risk Register was performed in July. The audit revealed a number of issues with the external payroll agents not providing new starter and leaver details for all the Islington LGPS employees on their payroll. This issue has been escalated with the external payroll agent's management to ensure an effective process is put in place. A further Quality Audit review will be carried out in November to assess the effectiveness of the changes.

Objective	RISK Identified	Current controls in place to manage risk	Risk Evaluation (drop-down list)	Further actions to mitigate risks	Target Date
To grow membership and confidence in pension scheme administration.	Member data incomplete or inaccurate	Pro-active engagement with internal and external employers, school Business Managers and payroll providers.	Treat	Data Quality Audit	Nov-22

The Members are asked to note the updated target date in respect of member data quality audit.

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.

Appendices: Exempt Appendix 1- Audit Investigations

Background papers: none

Final report clearance:

Signed by:

Corporate Director of Resources

Date: Date the report received final approval

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