

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 12th July 2023

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 2023 to 30 April 2023 and includes the number of Local Government Pension Scheme (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 any new Internal Audit Investigations in Pensions Administration
- 2.5. To note DLUHC new consultation on the 'McCloud Remedy'
- 2.6. To note Sharia compliance report commissioned by Scheme Advisory Board

3. Background

3.1. The membership profile in January 2023 and April 2023 is shown in the following table.

Category	Jan-23	Apr-23
Number of current active members	6,710	6,744
Number of preserved benefits	8,532	8,502
Number of Pensions in payment	6,512	6598
Number of Teachers Compensation Pensions in payment	108	106
Number of Spouses/dependants pensions in payment	998	1007
Number of Teachers Compensation Spouses Pensions in payment	11	12
Total	22,871	22,969

Active membership has seen a marginal increase of just over 0.5%. The Fund's preserved beneficiaries show a marginal reduction of 0.4% and the pensioners continue to grow with a 0.5% increase during this period.

3.2. The table below shows performance against case type for the period from 1 February to 30 April 2023:

Process	Total Cases Processed	Target Days	% Achieved within target days	Actual average days
Deaths	47	10	90%	11.0
Retirement benefits	73	7	85%	12.0
Pension estimates	68	10	72%	18.0
Preserved benefits	12	30	100%	22.0
Pension Payroll Adj.	164	10	100%	9.0
Transfer-in quotation	53	10	88%	14.0
Transfer-in actual	34	10	91%	15.0
Transfer out quotation	26	15	100%	14.0
Transfer out actual	15	12.5	82%	16.0
Transfer out (Non-Public Sector) actual	0	-		-
Refunds	5	10	100%	10.0
Starters	152	30	70.0%	33.0
All key processes	649		78.0%	

Key processes have increased by 18% during this quarter. Overall performance has dropped by 4% from the 82% achieved in the last quarter in completed processes within the target days. This drop in performance is largely due to the 52% increase in retirements from the last quarter and the calculation errors generated in relation to the annual pensions increase program.

- 3.3. The table below shows the number of members auto-enrolled into the LGPS from February 2023 to April 2023:

Month	Starters No.	Opt Outs	Opt Outs %
February	47	1	2
March	46	3	6.5
April	59	0	0
Total	152	4	2.6

- 3.4. The Pension Office received -5- communications thanking Pension Administration staff for their service and -3- complaints. One complaint as escalated to the Pension Fund’s Internal Dispute Resolution Procedure (IDRP).

Audit Investigations

- 3.5. No new cases of potential fraud have been identified by the Pensions Office and reported to Internal Audit for investigation during this period.

McCloud Remedy – Update

- 3.6. In July 2020 the Government published their consultation on removing age discrimination within the LGPS in response to the McCloud/Sargeant judgement. On 30 May 2023 the Department for Levelling Up, Housing and Communities (DLUHC) published a consultation and draft regulations concerning the McCloud remedy and the tax treatment applied.
- 3.7. The Local Government Association (LGA) will be responding to the consultation on behalf of Local Government.
- 3.8. Islington Pension Fund will continue in concert with our pension software supplier pulling together payroll data from our payroll services to measure the number of leavers, transfers, actives, deferreds, pension and death benefits that will be the subject of this retrospective review.

Sharia Compliance in Pension Investments

- 3.9. In May 2023 the Scheme Advisory Board (SAB) commissioned a report from an Islamic finance and legal scholar to review the scheme according to Sharia principles, looking also at governance and administering authorities investment principals. This is in response to Local Government employer concerns whether the LGPS is consistent with anti-discrimination and equality obligations and we await the completed report.
- 3.10. A small number of Council staff have contacted the Pensions Office opting out of the LGPS on the basis of their religious beliefs and concerns that LGPS funds and their investments are not sharia-compliant. These concerns are based on the way the LGPS is funded and the role of interest on its investments.

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/20192020/20190910/ondonboroughofislingtonpensionfundinvestmentstrategystatement.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: n/a

Background papers:

Final report clearance:

Signed by:

Corporate Director of Resources

Date: 3 July 2023

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