

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 5th October 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 May 2023 to 31 July 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.
- 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 the publication by DLUHC of the LGPS Amendment (No.3) Regulations 2023 implementing the 'McCloud Remedy'.
- 2.6. To note the reported breach of the law to the Pensions Regulator regarding the production of the Annual Benefit Statements for Active members.
- 2.7. To note the updated Pensions Risk Register (Appendix 1)

3. Background

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

Category	Apr-23	Jul-23
Number of current active members	6,744	6,634
Number of preserved benefits	8,502	8,736
Number of Pensions in payment	6,598	6,700
Number of Teachers Compensation Pensions in payment	106	105
Number of Spouses/dependants pensions in payment	1007	1,149
Number of Teachers Compensation Spouses Pensions in payment	12	13
Total	22,969	23,337

Active membership has seen a marginal reduction of 1.63%. The Fund's preserved beneficiaries and retirements continue to grow with a 2.75% and 1.55% increase respectively during this period.

3.2. The table below shows performance against case type for the period from 1 May to 31 July 2023:

Process	Total Cases Processed	Target Days	% Achieved within target days	Actual average days
Deaths	34	10	95%	10.5
Retirement benefits	94	7	88%	11.0
Pension estimates	147	10	70%	15.0
Preserved benefits	32	30	75%	35.0
Pension Payroll Adj.	42	10	100%	8.0
Transfer-in quotation	58	10	90%	15.0
Transfer-in actual	55	10	93%	12.5
Transfer out quotation	21	15	85%	18.0
Transfer out actual	12	12.5	96%	14.0
Transfer out (Non-Public Sector) actual	0	-		-
Refunds	20	10	89%	12.0
Starters	175	30	95%	31.0
All key processes	690		81%	

Key processes have increased by 6.3% during this quarter. Overall performance has increased by 3% from the 78% achieved in the last quarter in completed processes within the target days.

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

Month	Starters No.	Opt Outs	Opt Outs %
May	44	3	6.8
June	85	0	0
July	46	0	0
Total	175	3	1.7

- 3.4. The Pension Office received -9- communications thanking Pension Administration staff for their service and -4- complaints.

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. The McCloud remedy regulations are due to take effect from 1 October 2023. These regulations extend the LGPS statutory underpin protection to ensure it works effectively and consistently for all qualifying younger members with pensions built up in the remedy period, between 1 April 2014 and 31 March 2022.
- 3.7. The implementation of McCloud remedy is complex and will require additional resourcing in terms of assessing former, current and deceased member records of those in scope. The Pensions Office is working in partnership with Heywood's (the Council's pensions software supplier) to conduct this retrospective review. The Scheme Advisory Board have provided guidance on the options available where an employer has not supplied the data or there is missing data. The Pension Office will consult with the Council's actuaries on the types of assumptions to be made in those scenarios.
- 3.8. The Pensions Office will keep the Board informed of developments.

Breach of law – Annual Benefit Statements

- 3.9. Under Section 70 of the Pensions Act 2004 Islington Pension Fund is required to report breaches of the law to the Pensions Regulator where a legal duty which is relevant to the administration of the scheme has not been met. Technical issues around accessing required payroll reports led to the delay in sending out the Annual Benefit Statements for our active members. The software supplier was engaged at an early stage however the scale of work required meant that the deadline was missed. Future mitigations of this problem are addressed on the risk register. The statements were due to be sent out by the 31st August and our now being sent in September 2023.
- 3.10. Following a case review to identify why the statements were delayed, HR Senior Management have committed to allocating additional resources to this area in order to provide the specified pension reports needed and to mitigate any risk of future delays.

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:

Appendix 1 – Pension Risk Register

Background papers:

Final report clearance:

Signed by:

Corporate Director of Resources

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