

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 6th December 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 August 2023 to 31 October 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 completion of the initial data analysis undertaken by Heywoods in respect of the Pension Fund data as it relates to the 'McCloud Remedy' and the publication of HMRC guidance for members.
- 2.6. To note the update on the reported breach of the law to the Pensions Regulator regarding the production of the Annual Benefit Statements for Active members.

3. Background

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

Category	Jul-23	Oct-23
Number of current active members	6634	6664
Number of preserved benefits	8736	8881
Number of Pensions in payment	6700	6709
Number of Teachers Compensation Pensions in payment	105	105
Number of Spouses/dependants pensions in payment	1022	1038
Number of Teachers Compensation Spouses Pensions in payment	13	13
Total	23210	23410

Active membership has seen a marginal increase of 0.5%. The Fund's preserved beneficiaries and retirements continue to grow with a 1.66% and 0.13% increase respectively during this period. The figure of 1149 Spouses/Dependants pension in the previous quarter report included incorrectly suspended pensions and have subsequently been amended to show 1022 Spouses/Dependants pensions in payment in July 2023.

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

Process	Total Cases Processed	Target Days	% Achieved within target days	Actual average days
Deaths	43	10	92%	12.0
Retirement benefits	52	7	85%	10.0
Pension estimates	132	10	74%	14.0
Preserved benefits	44	30	80%	32.0
Pension Payroll Adj.	61	10	100%	7.0
Transfer-in quotation	52	10	93%	14.0
Transfer-in actual	48	10	95%	11.5
Transfer out quotation	35	15	82%	20.0
Transfer out actual	22	12.5	90%	15.0
Transfer out (Non-Public Sector) actual	1	30	100%	27
Refunds	22	10	94%	11.0
Starters	189	30	87%	33.0
All key processes	701		82%	

Key processes have increased by 1.6% during this quarter. Overall performance has increased by 1% from the 81% 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 August 2023 to October 2023:

Month	Starters No.	Opt Outs	Opt Outs %
August	62	2	3.2
September	80	0	0
October	47	0	0
Total	189	2	1.1

- 3.4. The Pension Office received -5- communications thanking Pension Administration staff for their service and -3- 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. Heywoods have provided an initial report on our data which is being reviewed and actions taken on resolving the validation errors prior to running a live data load. It is anticipated that the validation process will be complete in January 2024.
- 3.6.1 HMRC published in October 2023 a newsletter on the McCloud remedy for public service pension schemes and a link will be provided on the Council's pension webpages for members in November 2023.
- 3.6.2 The Pensions Office will keep the Board informed of developments.

Breach of law – Annual Benefit Statements

- 3.7. Following Islington Council's notification to The Pensions Regulator (TPR) that the Annual Pension Statements were sent out late, TPR has written to the Council for further information on the mitigation the Council will have in place to prevent any future breaches of law. We are currently awaiting access to their secure portal to provide a detailed response.
- 3.8. As detailed in the risk register, officers are working with the external payroll provider, Zellis, to develop an appropriate year end report to enable the annual benefit statement process to work efficiently for 2024.

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 and updates from SAB website.

Appendices: none

Background papers: none

Final report clearance:

Signed by:

Corporate Director of Resources

Date: Date the report received final approval

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