

Resources Department
7 Newington Barrow Way
London, N7 7EP

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 20th March 2024

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 November 2023 to 31 January 2024 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.
- 1.3. The Report also provides an update on the procurement process for the Pension Fund administration system.

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 Scheme Advisory Board (SAB) news update and briefing statement on funding surpluses attached as Appendix 1

- 2.6. To note the contract award report in relation to the procurement of a new pensions administration software attached as Appendix 2

3. Background

- 3.1. The membership profile in Oct 2023 and Jan 2024 is shown in the following table.

Category	Oct-23	Jan-24
Number of current active members	6664	6630
Number of preserved benefits	8881	8776
Number of Pensions in payment	6709	6674
Number of Teachers Compensation Pensions in payment	105	102
Number of Spouses/dependants pensions in payment	1038	959
Number of Teachers Compensation Spouses Pensions in payment	13	13
Total	23410	23154

Active membership has seen a marginal decrease of 0.5%. The Fund's preserved beneficiaries and retirements have also seen a decrease of 1.17% and 0.5 respectively during this period. The most significant fall is the 7.6% decrease in the number of spouses/dependent's pension in payment. The reason for this fall is a combination of pension suspensions, the cessation of dependants pensions due to non-eligibility and deaths.

- 3.2. The table below shows performance against case type for the period from 1 November to 31 January 2024:

Process	Total Cases Processed	Target Days	% Achieved within target days	Actual average days
Deaths	44	10	95%	11.0
Retirement benefits	47	7	89%	9.0
Pension estimates	144	10	77%	12.0
Preserved benefits	23	30	84%	31.0
Pension Payroll Adj.	46	10	91%	11.0
Transfer-in quotation	57	10	94%	12.0
Transfer-in actual	48	10	96%	11.0
Transfer out quotation	41	15	85%	18.0
Transfer out actual	33	12.5	92%	14.0
Transfer out (Non-Public Sector) actual	5	30	100%	23.0

Refunds	39	10	90%	12.0
Starters	209	30	100%	28.0
All key processes	736		85%	

Key processes have increased by 5% during this quarter. Overall performance has increased by 3% from the 82% 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 November 2023 to January 2024:

Month	Starters No.	Opt Outs	Opt Outs %
November	55	5	9.09
December	58	2	3.44
January	96	0	0
Total	209	7	3.35

- 3.4. The Pension Office received -11- 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.

Scheme Advisory Board (SAB) – News Update

- 3.6. SAB commissioned a report to consider the Sharia compliance of the LGPS. The report examines the issue from the starting point that the LGPS is an extension of the employer/employee contract. The report concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the benefits offered by the LGPS.
- 3.7. SAB reports that they are studying the new General Code of Practice published by the Pensions Regulator to identify any new requirements for administering authorities and also its alignment with their Good Governance recommendations. The new General Code of Practice is expected to become law on 27th March 2024.
- 3.8. SAB issued on 20th December 2023 guidance on the issue of fund surpluses, (attached as Appendix 1)

Contract award report for Pensions Administration Software

- 3.9. Islington Pension Fund in February 2024 procured a new Pensions Administration Software via the National LGPS Framework. Using this Framework reduce the time and cost associated with the procurement process by offering a facility that has been competitively tendered.
- 3.10. Islington Pension Fund is looking to improve its service as part of this new contract award. Heywood's the incumbent supplier and winning bidder will host the Council's data, introducing member self-service and other technical solutions to enable continued service improvements and resilience. The award report is attached as (Appendix 2).
- 3.11. Officers will update members as the implementation of the new system and introduction of added benefits progresses.

4. Implications

4.1. Financial Implications

- 4.1.1. The cost of administering the LGPS is chargeable to the Pension Fund.
- 4.1.2. The maximum value of the pensions administration contract is up to £1.8m.

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:

Appendix 1 – SAB Fund Surpluses

Appendix 2 – Contract award report for Pensions Administration Software

Background papers:

Final report clearance:

Signed by:

Corporate Director of Resources

Date: Date the report received final approval

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