

Resources Department
222 Upper Street
London, N1 1XR

Report of: Corporate Director of Resources

Meeting of: Pensions Committee/Pensions Board

Date: 24th July 2024 /31st July 2024

Subject: PENSION ADMINISTRATION PERFORMANCE

1. **Synopsis**

- 1.1. This report provides the Committee and Board with information on the administration activities and performance of the Pension Administration. The information is an update on the period from 1 February 2024 to 30 April 2024 and includes the number of Local Government Pension Scheme (LGPS) members auto-enrolled into the scheme for this period. The annual admin performance over the 23/24 financial year is also discussed.
- 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 Scheme Advisory Board Update
- 2.6. To note the new timetable for the development of the Pensions dashboard.
- 2.7. To note and comment on the fund's communication strategy in relation to scheme member engagement and the new member's portal.

- 2.7 To note the Mercer LGPS Current Issues briefing for June 2024 via the link <https://lgpscurrentissues.mercer.com/lgps-newsletter-june-2024/>

3. Background

- 3.1. The membership profile in Jan-24 and Apr-24 is shown in the following table.

Category	Jan-24	Apr-24
Number of current active members	6630	6656
Number of preserved benefits	8776	8781
Number of Pensions in payment	6674	6739
Number of Teachers Compensation Pensions in payment	102	101
Number of Spouses/dependants pensions in payment	959	970
Number of Teachers Compensation Spouses Pensions in payment	13	14
Total	23,154	23,261

Active membership has seen a marginal increase of 0.4%. The Fund's preserved beneficiaries have also seen a marginal increase of 0.06%. Retirement pensions in payment have risen by approximately 0.5% and Spouse/Dependants pensions increase by 1.15% respectively during this period.

- 3.2. The table below shows performance against case type for the period from February to 30 April 2024: 1

Process	Total Cases Processed	Target Days	% Achieved within target days	Actual average days
Deaths	33	10	91%	12.0
Retirement benefits	75	7	86%	10.0
Pension estimates	105	10	82%	11.0
Preserved benefits	9	30	94%	28.0
Pension Payroll Adj.	68	10	100%	9.0
Transfer-in quotation	42	10	88%	13.0
Transfer-in actual	70	10	83%	12.0
Transfer out quotation	94	15	96%	16.0
Transfer out actual	65	12.5	90%	15.0
Transfer out (Non-Public Sector) actual	3	30	100%	20.0
Refunds	27	10	94%	11.0

Starters	160	30	80%	34.0
All key processes	751		86%	

Key processes have increased by 2% during this quarter. Overall performance has increased by 1% from the 85% 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 February 2024 to April 2024:

Month	Starters No.	Opt Outs	Opt Outs %
February	48	3	6.25
March	55	3	5.45
April	54	3	5.56
Total	157	9	5.73

- 3.4. The Pension Office received -15- communications thanking Pension Administration staff for their service and -3- complaints. Two of the complaints related to retirements where the members had not been adequately updated on the processing timeline of their retirement benefits. The other related to a delay in setting up a new starter. There were no IDRPs received during this period.

- 3.5. The table below shows the annual performance against case type for the year to 31 March 2024, in respect of the **key** processes:

Process	Total Cases Processed	Target days to complete	% Achieved within target days	Actual average days
Deaths	190	5	92.0%	6.5
Retirement benefits	366	5	85.0%	7
Pension estimates	504	10	75.0%	15.0
Preserved benefit calculations	123	15	87.0%	16.0
Transfer-in quotation	205	10	83.0%	14.0
Transfer-in actual	226	10	77.0%	15
Transfer out quotation	106	15	97.0%	15.0
Transfer-out actual	113	12.5	88.0%	14.0
Transfer-out actual (Non Public Sector)	6	30	100.0%	27.0
Payroll Adj.	242	10	100.0%	10.0

Refunds	104	10	94.0%	11.0
Starters	808	30	89.0%	29

Over the financial-year period, the Pensions Administration Staff completed 2,993 key processes of which 84% were concluded within the target days.

Whilst progress has continued to be made in overall performance, the improvement plan for Pensions Administration has been impeded over more recent times by a number of key issues:

- The delivery of national projects such as the McCloud Remedy and the initial work on the Pension Dashboard.
- A significant increase in the volume of requests for deferred benefits and active retirement quotes.
- Legislative changes to the processing of transfers in and out requiring scheme administrators to perform additional time-consuming checks to ensure the safeguarding of member benefits.
- Various issues encountered with external payroll providers

However, since September 2023, work has taken place in delivering a new structure for Pensions Administration. The additional resources and system improvements will drive forward the required changes, enable the recruitment of staff as necessary and improve access to data within the coming months.

Audit Investigations

- 3.6. 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

3.7 Gender Pensions Gap

SAB commissioned GAD to report on how pension income and total pension pot size in the LGPS were impacted by gender. Administration data were provided by employers including gender pay and service information but no information about other protected characteristics. GAD published their report in January 2023 and a further updated report in June 2023. The analysis showed that while women comprise 74% of current employees within the LGPS England and Wales data, they have lower mean pay and accrued pension. The final salary pension gap and CARE pension gap were 46.4% and 34.7% respectively. The report identified a correlation between part-time working and gender pension (and pay) gaps for LGPS members.

- 3.7.1 SAB has established a Working Group to look at tangible actions to address disadvantage and to consider whether any in-scheme changes that may help address the levels of inequality. On 17th May 2024 SAB sent a letter regarding the gender pensions gap to the Chief Secretary to the Treasury, requesting that the Government takes a consistent and cross-public sector approach to assessing and addressing the gender pensions gap.
- 3.7.2 SAB in partnership with the Institute for Chartered Accountants (England and Wales) issued on 10th June an informer document to explain the timeline and information flow for the triennial valuation and accounting/audit purposes.
https://lgpsboard.org/images/Other/ICAEW_LGPS_informer_FINAL_June2024.pdf
- 3.7.3 SAB issued on 20th May 2024 an opt out survey to local government employers to try to better understand why members choose to opt out and to improve the understanding of the LGPS membership.
- 3.7.4 SAB has confirmed that the consultation on DLUHC's response to their Good Governance recommendations which was expected in early summer 2024 will now be delayed due to the General Election on 4 July. The main regulations that were to be changed were regulations 55 (governance compliance statements) and 59 (pension administration strategy).

Pensions Dashboard

- 3.8 On 25th March 2024 the Department for Works and Pensions published a new timeline for the long delayed pensions dashboard project originally launched in 2019. The guidance sets out a staged timetable for connection to the new platform ahead of the October 2026 connection deadline. The Fund will work closely with the Council's Cybersecurity Team and our software suppliers to consider the most secure approach in connecting to the dashboard ecosystem and uploading data.
- 3.8.1 The Pensions dashboard will allow people to view all of their pension information, including their state pension, for free, online in one place.

Scheme Member Engagement

- 3.9 The Fund is planning a full review of our member communication in November 2024 to ensure they meet best practice, with the focus on improving member engagement and understanding of the LGPS. The communication will include pension surgeries, workplace meetings and more information on our webpages, that is clear and concise, promotes our identity and our commitment to best practice.
- 3.9.1 The scheme member engagement will promote the introduction of the member's portal and self-service. The Fund aims to improve service delivery through the exploitation of digital development opportunities, such as more automation where appropriate and increased self service solutions for our members and employers.

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 at least annually to the Pensions Committee in order to assess administration performance and dispute resolution.

Appendices:

none

Background papers:

Final report clearance:

Authorised by:

Corporate Director of Resources

Date: 16 July 2024

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