

Report of: Corporate Director of Resources

Meeting of: Pensions Board

Date: 31st July 2024

Subject: LGPS – Pensions Administration - KPI Review

1. **Synopsis**

- 1.1. The purpose of this report is for information to compare Islington Pension administration KPIs.
- 1.2. To review Islington Pension Fund's Key Performance Indicator's (KPI's) to determine its continuing effectiveness in being a tool to deliver continuous improvement in the administration of the LGPS.
- 1.3. This report considers the KPI's of three neighbouring London Borough Pension Funds, Haringey, Enfield and Westminster and compares how Islington's Fund is performing against these local authorities.

2. **Recommendation**

- 2.1. To note the update of Islington Pension Fund's administration KPIs to align more closely with our neighbouring boroughs for future performance reporting and monitoring.

3. **Background**

- 3.1. The Public Service Pensions Act 2013 introduced new governance arrangement for the LGPS with an increased focus on the performance of individual funds and administration. Part of these changes was the setting up of the Scheme Advisory Board (SAB) to encourage best practice and coordinate technical and standard issues.
- 3.2. The SAB Working Group developed KPIs in collaboration with LGPS funds, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Consulting Actuaries. These KPIs describe the various operational processes such as transfers, estimates, refunds, retirements, and deaths to measure. Both

the Pensions Regulator and CIPFA have issued further guidance setting out the legally required response times for pension administration processes.

- 3.3. Local authorities report their performance against these KPIs to the Pension Board. Islington Pension Fund along with many other local authorities have created additional KPIs for their service in order to capture in a more comprehensive way the full activity of the pension administration function.
- 3.4. The table below shows Islington Pension Fund’s target days for processing cases against the legal requirement and how it compares with Haringey, Enfield, and Westminster. Enfield Council has made the decision to measure their performance in terms of their target days against the legal timescale requirement, whilst Islington, Haringey and Westminster have devised their own target days.
- 3.5. The comparison table below shows that Islington Pension Fund target days for processing deaths, retirements and pension estimates are far more onerous than the other local authorities within this survey .

Process	(Legal Requirement)	Islington Fund's Target Days	Haringey Fund's Target Days	Enfield Fund's Target Days	Westminster Fund's Target Days
Deaths	2months	10	15	2months	15
Retirement benefits	1month	7	15	1month	15
Pension estimates	2months	10	15	2months	15
Preserved benefits	2months	30	30	2months	30
Transfer-in quotation	2months	10	10	2months	15
Transfer out quotation	3months	15	10	3months	15
Refunds	2months	10	10	2months	15
Starters	2months	30	40	2months	Not Published

- 3.6. In reviewing and making revisions to Islington Pension Fund’s KPIs in accordance with the Pensions Regulator new general code of practice, issued under section 90 and 90A of the Pensions Act 2004, the Pension Fund must have regard to the extent to which the exercise of setting new performance targets are administered in accordance with the requirements of the law.
- 3.7 The source of the KPI data for Haringey, Enfield and Westminster are detailed in their Pension Board reports published in March 2024.

4. **Implications**

4.1. **Financial Implications**

- 4.1.1. The cost of administering the LGPS is chargeable to the Pension Fund. There are no financial implications arising directly from the report.

4.2. **Legal Implications**

- 4.2.1. There are no specific legal implications in this report. The Pensions Regulator code of practice requires the Pension Fund to prepare, review and publish a Pensions Risk Register. This Register must thereafter be kept under review.

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/20192020/201909101ondonboroughofislingtonpensionfundinvestmentstrategystatement.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. Members are asked to note Islington Fund's pension administration KPIs compared to three other Boroughs. The Pensions Regulator general code of practice requires periodical review of the Fund's KPIs to assess whether they are functioning as intended and if changes are required to drive necessary improvements.

Appendices:

Background papers: None

Final report clearance:

Signed by:

Corporate Director of Resources

Date: 23 July 2024

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