

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Board

**Date:** 08/06/2022

**Subject:** Pension Administration Update

**Report author:** Eleanor Dennis, Head of Pensions

**Responsible Director:** Emily Hill, Director of Finance

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## SUMMARY

The Hammersmith & Fulham Pension Fund began its new partnership with the Local Pension Partnership Administration (LPPA) on 26 January 2022. The commencement of the service with LPPA has been challenging for all stakeholders, as LPPA have been implementing and learning the new software (UPM), new processes and been hampered by system outage and errors as well as large call volumes. This paper provides a summary of activity in key areas of pension administration.

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## RECOMMENDATIONS

1. The Pension Board is asked to consider and note the contents of this report.
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**Wards Affected: None**

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for pension fund members, the Council and the council tax payer.

## Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is

responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation.

*Angela Hogan, Chief Solicitor (Contracts and Procurement) 26<sup>th</sup> May 2022*

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## **Background Papers Used in Preparing This Report**

None.

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## **DETAILED ANALYSIS**

### **Analysis of Pension Administration**

1. The Hammersmith & Fulham Pension Fund began its new partnership with the Local Pension Partnership Administration (LPPA) on 26 January 2022.
2. This commencement of the service has been challenging as LPPA have been implementing and learning the new software (UPM), new processes and been hampered by system outage and errors as well as large call volumes.

### **Update on key areas**

3. Employers – Ahead of this year's valuation our Fund employers have had to submit their end of year data which summarises all activity of membership for any employees that are in the Hammersmith & Fulham Pension Fund. There are more challenges this year than most as 40% of employers have not engaged with the new employer portal and therefore not submitted their data. LPPA's dedicated employer engagement team and the LBHF in house team are working hard to engage with the employers to obtain this key data to maximise the efficiency of the valuation exercise. LPPA have also offered online training sessions for employers but attendance has been low.
4. Guaranteed Minimum Pension (GMP) – The GMP exercise is a mandatory exercise for all occupational pension schemes instructed by DWP to look at entitlement for this element of a member's pension. This first phase was completed in September 2021 by Mercer via Surrey County Council (SCC) and LPPA will be completing the final phase of the exercise, looking at 575 records, which they are scheduled to complete by the end of September 2022 at an additional cost to the Fund of £29,313 excluding VAT.
5. Backlog – There are two backlogs of cases within the Fund, that were inherited from SCC where approx. 740 cases are waiting to be processed at additional cost to the Fund. The Head of Pensions is looking at the best value option for the Fund. In addition, there is a backlog that has arisen since the commencement of the service with LPPA of around 25 cases, some of these cases are unable to be processed due to system error and LPPA will endeavour to resolve all cases by 31 May 2022. There are likely to be other

data quality areas to address on the Fund's data that will come out of the forthcoming valuation.

6. Communications – Contacting LPPA for our members and beneficiaries has been challenging with 902 call to the LPPA Helpdesk over the period January – March 2022 inclusive. With most calls concerning accessing the online portal on retirement. Although most calls were answered within 15 minutes, there was a growing number of calls where the caller will be waiting for far longer. For employers the story has been equally frustrating in late communication sent by email to inform them how to submit changes to member data and accessing the online portal compared to previously sending an email via a secure portal.
7. Transition to LPPA – Whilst the commencement of the pension administration service has been very challenging for all stakeholders, there are positives to be drawn for the Fund. Although there is still more work to be done to increase the number of all memberships that are registered for the online portal, this has increased by 1,015 for the period January – March 2022. There were also 68 more death nominations completed in the same period. Which means the Fund is more engaged with its members.

### **Reasons for Decision**

8. The pension administration service delivered by LPPA has had a poor start for the last 4 months, with poor customer satisfaction, rising complaints, slower processing of cases and poor communication to members and beneficiaries. However, pensioners were paid and LPPA have been working collaboratively with the Head of Pensions. The Head of Pensions continues to work with LPPA to improve this and hopes to the next report will provide a truer reflection of the service the Fund should experience and the enhanced service LPPA can provide to our members and beneficiaries.

### **LIST OF APPENDICES**

None.