

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 20/06/2022

**Subject:** Pension Administration Update

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**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 familiarise themselves with the new software (UPM), new processes and been hampered by system outage and errors as well as large call volumes. All these issues have impacted on both service delivery and member experience. This paper provides a summary of activity in key areas of pension administration.

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## RECOMMENDATIONS

The Pension Fund Committee 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.

## **Finance Impact**

The costs of the contract for the pensions administration service, including costs of additional work commissioned, provided by LPPA are met from the Pension Fund.

Emily Hill, Director of Finance 6th June 2022

## **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. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. The Service Levels are set out in the Addendum to Schedule 1 of the contract with Lancashire County Council. This report asks that the Pension Fund Committee notes the performance against those Service Levels.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 6th June 2022

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

**None**

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## **DETAILED ANALYSIS**

### **Analysis of Pension Administration**

The Hammersmith & Fulham Pension Fund began its new partnership with the Local Pension Partnership Administration (LPPA) on 26 January 2022.

1. 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 to the Helpdesk.

### **Update on key areas**

2. 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 usual, 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 ensure the valuation exercise and the issuing of the annual benefit statements are not impacted. LPPA have also offered online training sessions for employers but attendance has been low.

3. **Guaranteed Minimum Pension (GMP)** – The GMP exercise is a mandatory exercise for all occupational pension schemes instructed by Department of Work and Pensions (DWP), to look at entitlement for this element of a member's pension. The 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, with the rectification of 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.
4. **Backlog** – There are two backlogs of unprocessed cases within the Fund, one batch has been 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 another batch of backlog cases that has arisen since the commencement of the service with LPPA. This consists of around 25 cases. Some of these cases are unable to be processed due to system errors and LPPA will endeavour to resolve all cases by 31 May 2022. In addition, there are likely to be other data quality areas to address on the Fund's data that will be highlighted further in the forthcoming valuation.
5. **Communications** – Contacting LPPA for our members, beneficiaries and employers has been challenging with 902 calls to the LPPA Helpdesk over the period January – March 2022 inclusive. Most calls were regarding accessing the online portal or retirements. Although most calls were answered within 15 minutes, there was a growing number of calls where the caller had been waiting for over 60 minutes. For employers, this has been equally frustrating as LPPA have been slow to advise them on requirements of changes to the process of submitting member data for the annual year end process. Which directly impacts on the accuracy of members annual benefit statements.
6. **Engagement** – Whilst the commencement of the pension administration service has been very challenging for all stakeholders, there are positives to be drawn for the Fund. As although there is still more work to be done to increase the number of all memberships that are registered for the online portal, there has already been some increased engagement. As this rose to 1,816 for the period January – March 2022 from 801. There were also 68 more death nominations made by members in the same period. Which highlights that the Fund is more becoming more engaged with its members.

## **Conclusion**

7. 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 on time, there has been better engagement 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 its members and beneficiaries.

### **Equality Implications**

8. None

### **Risk Management Implications**

9. None

### **Climate and Ecological Emergency Implications**

10. None

### **Consultation**

11. None

### **LIST OF APPENDICES**

None