

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 24/01/2023

Subject: Pension Administration Update

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Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

One of the key priorities for this LGPS Fund is to pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPF) delegates its administration duties to Local Pension Partnership Administration (LPPA). The Fund continues to strive to deliver an efficient and effective service to its stakeholders against a growing trend of an increasing numbers of tasks and challenges. Challenges include increasing complex legislation, data challenges, limited resources and difficulty in engaging with employers, which mean some issues will take months or years to resolve fully. This paper provides a summary of activity in key areas of pension administration for the HFPF.

RECOMMENDATIONS

The Pension Fund Committee is asked to consider and note the contents of this report.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
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.

Sukvinder Kalsi, Director of Finance 13th January 2023

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) 13th January 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Analysis of Pension Administration

The Hammersmith & Fulham Pension Fund began its new partnership with the Local Pension Partnership Administration (LPPA) on 06 February 2022.

1. The service delivered by LPPA continues have challenges but is still monitored closely by the LBHF Head of Pensions. LPPA have acknowledged their unsatisfactory service and are committed to improving the service going forward with initiatives such as the introduction of a relationship manager, a centralised mailbox and client forums in 2023.

Update on key areas

2. Employers – LPPA’s employer engagement team and the LBHF in house team continue to work to engage with the employers who have not yet submitted their end of year data for 2021/22. LPPA have also offered online training sessions for

employers on the monthly submission process and LGPS essentials, but attendance continues to be low. There are 8 employers that are ceasing membership in the Fund and the details of these are detailed in a later report.

3. Backlog – The processing of the backlog of over 740 cases inherited from the previous pension administrators commenced on 9th January 2023 with completion due by the end of March 2023. Progress updates will be provided to the Committee by the Head of Pensions.
4. Communications – Calls to the Helpdesk continued to fall from a peak of 1006 in quarter 1(Q1), 978 in quarter 2(Q2) with 750 received in quarter 3. However, the helpdesk experience for the Fund declined as the average wait time increased to over 9 minutes compared around 3 minutes in Q2 and Q1.
5. Annual Benefit statements – Members that were not able to be receive a statement due to awaiting outstanding information from the employer in August 2022 were advised and a further 36 statements were sent in November 2022. Further statements have also been sent to members in January 2023. Overall, 97% of statements due for eligible members have now been sent.
6. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. As this has increased again since Q1 by 1123 for the period June to September 2022 to 3502.
7. Recommendations log – Updates have been as detailed in appendix 1 however it should be noted that the recommendation and report was produced without reference to LBHF own sovereign decisions and risk mitigation via the Pensions Taskforce, or bi borough team that was in situe at the time the report and its recommendations were published. The decisions of the LBHF Pension Taskforce included the implementation of an inhouse pension team and change of pension administration provider. The work involved is imbedding these key changes means a number of the recommendations are no longer relevant and have been closed. The Head of Pensions will continue to update the Committee with progress on other outstanding tasks.

Conclusion

8. The pension administration service delivered by LPPA despite the challenges continue to show signs of improvement. LPPA continue to work collaboratively with the Head of Pensions. The Head of Pensions continues to work with LPPA to improve the service experienced by our stakeholders including members and beneficiaries.

Equality Implications

9. None

Risk Management Implications

10. None

Climate and Ecological Emergency Implications

11. None

Consultation

12. None

LIST OF APPENDICES

Appendix 1 – Log of recommendations