

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 28/02/2023

Subject: Pension Administration Update

Report author: Eleanor Dennis, Head of Pensions

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 and agree the increase pension administration providers increased budget.

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 14th February 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. This report seeks approval for an increase in the budget for the LPPA for 22/23 from £384,000 to £399,000 because of increased IT and resourcing costs and to £399,000 in 23/24 for the additional work anticipated for regulatory change for the pensions dashboard and Mc Cloud judgement, as well as further investment in the training and development of staff.

Under the terms of the Discharge Agreement between H and F and Lancashire CC (clause 5), the budget is agreed annually. The decision which the Committee is being asked to make here in relation to the budget gives effect to the terms of the Discharge Agreement.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 14th February 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 28 January 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 – The LBHF in house team are working with fund employers to engage with the employers to ensure they have a discretions policy in place and provide a copy to the Fund. 2021/22. LPPA have offered online training sessions for employers regarding the monthly submission process which will be introduced in April 2023 and LGPS essentials, but attendance continues to be low.
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. To date 198 cases have been processed. Further 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 6 minutes (with wait times of over 9 minutes for callers in December 2022) compared around 3 minutes in Q2 and Q1.
5. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. As this has increased again to 3761 in Q3 (from Q1 by 2379 and 3502 in Q2) for the period October to December 2022.
6. Pension Administration services budget – LPPA have increased their forecast for 2022/23 budget from £384,000 to £399,000 because of increased IT and resourcing costs as detailed in appendix 1. In addition, they have issued their 23/24 budget which is proposed to be £399,000. This increase is due to increased resources costs in particular for the additional work anticipated for regulatory change for the pensions dashboard and Mc Cloud judgement, as well as further investment in the training and development of staff. This will move our current cost per member from £23.03 to £27.98.

The recommendation is for the Committee to approve this increased budget.

7. Recommendations log – There is no new update to the recommendations log in appendix 2. The Head of Pensions will continue to update the Committee with progress on 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.

LIST OF APPENDICES

Appendix 1 – LPPA Pension administration services budget

Appendix 2 – Log of recommendations