

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 13/06/2023

**Subject:** Pension Administration Update

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

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## 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.

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## RECOMMENDATIONS

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

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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.

Sukvinder Kalsi, Director of Finance 25th May 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 to be paid to LCC for 22/23 from £384,084 plus VAT to £399,000 plus VAT 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. Clause 5.1 of the Discharge Agreement with LCC deals with how the budget is set annually – by LCC sending a proposed budget for the next financial year to be agreed by the Council. This report finalises the process and recommends that the budget proposed by LCC is agreed.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 23<sup>rd</sup> May 2023

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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 28 January 2022 and has completed a full 12 months of service.

1. The service delivered by LPPA continues have challenges that are 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 client 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 ensure they have a discretions policy in place and provide a copy to the Fund. We have received 74% of these and the pensions team continue to work with employers to obtain and have in place the remaining policies. LPPA have offered online training sessions for employers regarding the monthly submission process which was introduced in April 2023, attendance is around 78%. The end of year process is underway and although the official deadline of 28<sup>th</sup> April has passed, the inhouse team are working closing with our fund employers and LPPA to ensure as many of these are received in order for the prompt issuing of the annual benefit statements.
3. **Backlog** – The processing of the backlog of over 740 cases inherited from the previous pension administrators commenced on 9<sup>th</sup> January 2023 with completion due by the end of March 2023. All 740 cases were processed by 30<sup>th</sup> April 2023. There is no outstanding backlog with LPPA of HFPF cases.
4. **Communications** – The average wait times to the Helpdesk have remained around 6 minutes, unfortunately the Head of Pensions is unable to report how many calls were received in respect of the LBHF as LPPA state they no longer record this information. Though the number of calls to the Helpdesk for all clients has increased significantly over quarter 4. Whilst LPPA have recruited more call handlers it is disappointing that this is taking some time to follow through to a lower average wait time.
5. **Engagement** – There continues to be a positive trend from all membership groups engaging with the online portal. As this has increased again to 4043 in Q4 (from Q1 by 2379, 3502 in Q2 and Q3 3761) for the period December to March 2023.
6. **Pensioners** - Pension increases were paid at the end of April at 10.1% and P60's issued. The pensioner newsletter has been delayed from April and was issued at the end of May 2023.
7. **Regulatory** – The pensions dashboard has been paused until further notice by Department of Work and Pensions to allow a more achievable timeline for the platform to be established. LPPA has issued emails to employers who are still outstanding legacy data required for the McCloud exercise.
8. **Overpayments** – The pensions team are working with LPPA to look at legacy pension overpayments and to date have written off £4,187.35 from the Fund due to cases where we have been unable to make contact with the recipient and or where the period lapsed since the payment is over 8 years. The pension team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds.
9. **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 increased costs have been smoothed over 3 years that mean the cost per member for 23/24 will increase from £23.03 to £26.56. 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 LPPA staff.

10. Log of recommendations – There are no updates for this paper as the pension team focus on service delivery and legislative changes.

### **Conclusion**

The pension administration service delivered by LPPA despite the challenges continue to show signs of improvement, although this needs to be achieved in a faster timeframe and be maintained for consecutive periods. LPPA continue to work collaboratively with the Head of Pensions. The Head of Pensions continues to work with LPPA to improve the service and quality experienced by our stakeholders including members and beneficiaries.

### **Equality Implications**

11. None

### **Risk Management Implications**

12. None

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

13. None

### **Consultation**

14. None

### **Appendices**

#### **Appendix 1**

LPPA Revised Budget Proposal

#### **Appendix 2**

Log of recommendations