

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 19/09/2023

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 4th September 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.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 4th September 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 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 a client relationship manager, more robust training, more recruitment, a centralised mailbox and client forums.

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 83.5% of these and the pensions team continue to work with employers to obtain and have in place the remaining policies. LPPA continue

to offer online training sessions for employers regarding the monthly submission process and to date 55% have been submitted.

3. Communications – The number of calls to the LPPA Helpdesk fell slightly in Q1 but also saw a welcome reduction in the average wait time of 3 minutes 45 seconds. The newsletter for active and deferred members was issued and a small number of attendees engaged with the member training session on the LGPS and retirement.
4. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. Q1 saw 72% of the membership now being registered with the online portal. This is up 30% from the number registered 12 months ago.
5. Pensioners – It has been identified that there were still a small number of pension increases that have not been applied from 2022. As a result of paying arrears due, one pensioner received an overpayment of over £3,000 in error, which has since been recovered. LPPA have apologised for this error and continue to investigate why some individuals did not receive their 2022 pension increase, as well ensure controls are in place to mitigate against such an overpayment occurring in these circumstances again.
6. Regulatory – The pension regulator over the next 2 years will require pension schemes to start issuing McCloud statements alongside members benefits statements and LPPA will be working with the Fund and our employers to ensure they have the data to comply with this requirement. HMRC will be providing tools and resources for members affected by the remedy.
7. Annual Benefit statements – These are required to be sent to all eligible members by the 31 August each year, less system challenges, clearer communication and collaborative approach meant the Fund has been able to send out 92% to active members and 99% to deferred members ahead of the regulatory deadline.
8. Overpayments – The pensions team are working with LPPA to look at legacy pension bereavement overpayments. Overpayments totalling over £4500 have been written off however the team have been able to recover £810.69. The pension team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds.
9. Log of recommendations – There is a separate paper detailing the revised communications policy, which was an outstanding action.

Conclusion

The pension administration service delivered by LPPA despite the challenges continue to show some 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

10. None

Risk Management Implications

11. None

Climate and Ecological Emergency Implications

12. None

Consultation

13. None

Appendices

Appendix 1

Log of recommendations