

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 23/07/2024

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 the Hammersmith & Fulham LGPS Fund is to accurately pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPPF) 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 HFPPF.

RECOMMENDATIONS

The Pension Fund Committee is asked to approve the recommendation in respect of the increased budget for pension admission costs as detailed in Appendix 1 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, 24th May 2024

Legal Implications

This report seeks approval to increase the budget for the Administration of the Fund. The budget is paid from the Pension Fund and it is within the remit of the Committee to approve the increase.

Angela Hogan, Chief Solicitor (Contracts and Procurement), 21st May 2024

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Analysis of Pension Administration

The Hammersmith & Fulham Pension Fund began its partnership with the Local Pension Partnership Administration (LPPA) on 28 January 2022.

1. The service delivered by LPPA continues to 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, training academy for their staff and client and employer forums in 2023.

Update on key areas

2. Employers – Engagement from employers on monthly files being submitted has increased to 85% however 10% are not up to date. LPPA have been slow to engage with employers and it is hoped this does not impact on ABS exercise. LPPA have supported some stakeholders with additional training and guidance to enable submissions to be completed. An employer newsletter was circulated at the end of May.
3. Complaints – The number of complaints being worked on decreased in Q3 to 14 from 25 in Q2. LPPA are starting to provide clearer reporting in this area which will help the Fund to have a better visibility of activity in this area.
4. Helpdesk – The number of calls to the LPPA Helpdesk rose again in Q4 to 1357 from Q3 levels of 1198, 1187 received in Q2 and 1110 received in Q1. The service provision continues to improve, in Q4 average call wait times were 2 minutes 14 Q4. With an 2.4% average abandonment rate across all calls.
5. Communications – LPPA have created a dedicated retirement section on their website and increased engage with members who have attained the minimum retirement age and issued an employer newsletter in May and member newsletter in June. They have also commenced the annual life existence exercise for members overseas.
6. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. The end of Q4 saw 5189 members registered, compared with 4939 members in Q3, 4748 in Q2 and 4510 in Q1 registered with the online portal. This is up by 679 for the scheme year. There were 13 opt outs in Q4.
7. Members - From the HFPP there were 13 opt outs in Q4. LPPA have also commenced the annual life existence exercise for members and beneficiaries residing overseas. There has been a 50% response from members with further cases suspended and tracing exercise commenced.
8. Regulatory – There are a number of regulatory initiatives impacting the Hammersmith & Fulham pension fund, the key ones are;

McCloud - LPPA systems have now been updated with the McCloud software and LPPA are identifying the affected members. The LBHF records were reviewed in May 2024.

Pensions Dashboard – Pensions dashboards will allow individuals to access all their multiple pensions securely online including the state pension. The go live date for the Fund is October 2025.

The Pension Regulator Single Code – Is a set of 10 governance codes of practice for pension schemes. Recently revised in March 2024 it requires that

schemes regularly review their practice and governance against these guidelines. The new code puts a greater emphasis on areas such as cyber security, as well as the need to complete and review an Effective System Of Governance record (ESOG) and Own risk assessment (ORA).

9. Cyber security – LPPA understands the importance of keeping our members data safe and has implemented a number of procedures and technologies to maintain this data securely.
10. Audit – Both the 2021/2022 and 2022/23 are complete and planning has started for the 23/24 audits. LPPA are working on a new process to ensure that future audits are planned and information is provided more efficiently.
11. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds.
12. EXEMPT ITEM
Pension Administration services budget – The LPPA budget is in line with the agreed costs for 23/24 of £468,115. However as detailed in EXEPMT Appendices 1 and 2, the pension administration costs for 24/25 will be significantly higher.

Recommendation – To approve the increase budget for 24/25.

Conclusion

The pension administration service delivered by LPPA continues to show some signs of improvement, although the Fund is disappointed to see delivery under target in key areas of active retirements and deaths and some continued issues with quality. LPPA do however to take onboard constructive feedback and are keen to improve.

Equality Implications

12. None

Risk Management Implications

13. None

Climate and Ecological Emergency Implications

14. None

Consultation

15. None

Appendices

EXEMPT Appendix 1 – Details on item 12 re increases pensions administration costs

EXEMPT Appendix 2 - LPPA Budget proposal for pension administration costs - 2024/25