



**Havering**  
LONDON BOROUGH

## **LOCAL PENSIONS BOARD**

**Subject Heading:**

Pensions Administration and Legislation  
Update

**SLT Lead:**

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**Policy context:**

Local Government Pension Scheme  
Regulations 2013.

**SUMMARY**

This report reviews the performance of the Local Pensions Partnership Administration (LPPA) against the agreed service levels for the period January to March 2024.

It also provides an update on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment.

**RECOMMENDATIONS**

It is recommended that members note the report.

**REPORT DETAIL**

**1. Administration Update**

- 1.1 From 1 November 2017, the London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. The Local Pensions Partnership was formed in 2016 through a collaboration between Lancashire County Council and the London Pensions Fund Authority and provides pension services to the Local Government Pension Scheme, Police and Firefighter Schemes
- 1.2 LPPA provide a quarterly performance report (attached as Appendix A) and an Annual Appendix (Appendix B)
- 1.3 LPPA are committed to improving their service and have introduced a 3 year Efficiency and Service Improvement Plan.
- 1.4 Overall performance against SLA for Q4 is reported at 98.3%, with the annual performance at 97.6%. The reported service has improved but is still falling below the SLA in retirements from an active status (94.3% on time where the target is 95%). Regular client meetings are held to discuss performance and challenge the service levels reported in line with the independent monitoring of completed cases by the Havering Pensions Team.
- 1.5 The independent checking of cases completed within the quarter notes a discrepancy with the starting point of the SLAs in some cases. The contract states the SLA will be triggered on the date the last piece of information required to complete a case is received. However examples have been identified where this is not the case. LPPA advised the SLA is triggered on the day the benefit calculation is run as this is when the final check is completed to ensure all information is present and correct. Unfortunately this leaves a lack of transparency regarding the actual time it takes to complete a case, although LPPA are considering working toward elapsed time reporting. The discrepancies are being challenged and discussions with LPPA are ongoing.

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1.6 Looking at the 3 highest priority cases, members should note the following:

Case Type	SLA Target	Brought Forward	Received in Period	Completed	Carried Forward	Completed on time
Retirement (Active)	5 working days	64	154	130	88	94.3%
Retirement (Deferred)	5 working days	93	178	190	81	98.1%
Deaths	5 working days	152	177	179	150	99.4%

1.7 When looking at retirement satisfaction surveys, the results remain disappointing with a limited number of members responding. The table below provides the breakdown of the Q4 responses

Calendar Month	Satisfied	Neutral	Dissatisfied	Surveys Taken
January 2024	66.7%	16.7%	16.7%	6
February 2024	0.0%	0.0%	100%	2
March 2024	0.0%	0.0%	100%	2

1.8 LPPA received 5 complaints during Q4 and carried forward 6 complaints from Q3. 5 cases were upheld where the complaint is justified due to errors or omissions in processing, 2 case was not upheld and no error or omission had been made and 1 case was partially upheld where LPPA acknowledge part of the complaint is justified. 3 cases will carry forward to Q1.

1.9 Calls into the LPPA's helpdesk are now recorded at a client level with 1009 calls being answered during the quarter. The 69.6% of calls were answered in under 2 minutes with only 8 calls having to wait over 15 minutes.

1.10 Helpdesk satisfaction levels are shown below:

Calendar Month	Satisfied	Neutral	Dissatisfied	Surveys Taken
January 2024	88.2%	5.9%	5.9%	17
February 2024	77.3%	13.6%	9.1%	22
March 2024	66.7%	25.0%	8.3%	12

1.11 The report details the data quality and the Pension Regulator data scores for common and scheme specific data. At the end of Q3 our common data score was 98.1% (previously 98.2%) and the scheme specific data score was 89.4% (previously 89.2%).

1.12 LPPA have started working on a data project, designed to improve data quality for both the reporting to tPR and in readiness for the implementation of pension dashboards. More information will be available at the next meeting.

## **2. Legislation Update**

### **2.1 The McCloud Remedy**

2.1.1 The Regulations were laid on 8 September 2023, coming into force on 1 October 2023 to allow underpin protections to be extended to all members of the scheme who meet the relevant criteria.

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- 2.1.2 LPPA have been working with Civica, who provide the pensions administration platform, to install the system updates required to ensure the McCloud underpin can be applied. The functionality is now available to calculate the underpin at the point of retirement for our active members. An update to revise the benefits already paid is due to be delivered for testing in September and, pending approval, into the live environment in October. Revisions will be carried out by August 2025 in line with DLUHC guidance
- 2.1.3 In total 4875 Havering fund members have been flagged as meeting the eligibility criteria for an underpin calculation. This does not mean they will receive an underpin, only that they meet the criteria. The following table shows the number of members in each status: .

Active	Deceased	Deferred	Full Commutation	Pensioner	Deferred Pensioner	Transfer Out
1928	105	1187	28	1443	1	183

- 2.1.4 The underpin can only correctly be applied if the hours and service breaks are held on a members record. When the LGPS moved from a final salary to a care scheme in 2014 it was no longer a requirement to record service (hours or breaks) as they are not used in the calculation of care benefits. The exception to this was for people covered by the underpin protections in force at the time (ie those born prior to 1957 and within 10 years of retirement). As an internal administration team, Havering made the decision to continue recording changes in hours but stopped reporting on breaks in service.
- 2.1.5 The reports now required to retrospectively establish those members with a nil pay period of service due to a maternity, paternity or adoption leave span 3 different payroll systems (for anyone on a Havering payroll) and many of our scheme employers are in a similar position. It is therefore difficult to identify any members with a period of relevant nil pay and extract the required data. We are currently reviewing the Scheme Advisory Board guidance to establish the correct method of dealing with potentially 'missing data'.

## 2.2 The Pension Regulator's General Code of Practice

- 2.2.1 tPR's new General Code of Practice came into force on 27<sup>th</sup> March 2024. The code contains new governance requirements and sets out tPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place
- 2.2.2 We have purchased the Hymans Robertson Compliance Checker tool and will begin to identify any areas of non or partial compliance over the coming weeks. We will bring an update and an action plan to the September Board meeting.

## 2.3 The Cost Control Mechanism

- 2.3.1 The cost control mechanism is designed to ensure a fair balance with regard to the cost of providing public service defined benefit pension schemes between the members and the Exchequer (and by extension, the taxpayer). It assesses certain elements of the costs of the schemes and if that cost has increased or

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decreased by more than 3% of pensionable pay compared to the original level, the member benefits are decreased or increased to bring the costs back in line.

2.3.2 A case was taken to the Court of Appeal by the British Medical Association and the Fire Brigades Union. This requested a second opinion on HMT's decision to classify the cost of the McCloud remedy as a member cost rather than an employer cost, leaving the cost of the schemes within the allowable 3% corridor.

2.3.3 The appeal was rejected by the Court and therefore no retrospective changes are required to the benefit or employee contribution structure of the scheme.

### 2.4 Pension Dashboards

2.4.1 DWP has published its Dashboard Connection Guidance, outlining the staging timetable for connection. The guidance confirms the staging date for public sector schemes will be 31 October 2025.

2.4.2 LPPA have created an internal project group to agree the objectives and work with their appointed provider, Intellica, and Civica to ensure dashboard readiness.

2.4.3 LPPA will provide regular updates on the progress of the project.

### 2.5 tPR Trustee Diversity and Inclusion Survey

2.5.1 tPR conducted a D&I survey during July and August 2023. The results are based on responses from 2197 trustees and Local Pension Board members, including Havering.

2.5.2 The report is attached for your information as Appendix C

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

The Administering Authority must ensure the Shared Service Agreement is working efficiently, providing value for money and meeting the statutory requirements of the Fund via the monitoring of the work of LPPA.

### **Legal implications and risks:**

Havering as the Administering Authority must ensure the Local Government Pension Scheme Regulations are adhered to however there are no specific legal implications within the report.

### **Human Resources implications and risks:**

There appear to be no HR implications or risks arising directly as a result of this report.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.