



Havering
LONDON BOROUGH

LOCAL PENSIONS BOARD

Subject Heading:

Pensions Administration and Legislation
Update

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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 April to June 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)
- 1.3 LPPA introduced 3 year Efficiency and Service Improvement Plan that currently has 9 live projects, including the improvement of the monthly returns process and the member and employer portals. July saw the introduction of automated deferred retirement quotes, which enables deferred members to receive a retirement quote instantly via email. Work is underway to introduce similar functionality to active members.
- 1.4 Overall performance against SLA for Q2 is reported at 98.7%. The reported service is achieving results in excess of the required 95% target in all areas. 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

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LPPA are considering working toward elapsed time reporting. The discrepancies are being challenged and discussions with LPPA are ongoing.

1.6 Looking at the 3 highest priority cases, Board 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	123	157	167	113	96.4%
Retirement (Deferred)	5 working days	86	139	168	57	99.1%
Deaths	5 working days	228	245	253	220	98.2%

1.7 There are 499 processes on UPM that are more than 6 months old. The data is broken down in the table below:

Case Type	Number of Cases
Aggregations	91
Bereavements	95
Deferreds	145
Refunds	22
Retirements	20
Transfers In	46
Transfers Out	60
Others	20

The delays in processing can be caused by a number of factors including awaiting information from the members or next of kin, employers or internal processes. Delays caused by an employer can be addressed as part of the Pensions Administration Strategy.

Reports to provide member journeys have not yet been received so these will follow when available.

1.8 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 Q2 responses:

	Surveys Issued	Surveys Taken	Satisfied	Neutral	Dissatisfied
Ret from Active	28	10	3	4	3
Ret from Deferred	39	12	6	1	5

1.9 LPPA received 8 complaints during Q2 and carried forward 3 complaints from Q1. Of the 7 cases completed in the quarter, 6 were upheld and 1 was not upheld. 4 cases will carry forward to Q3.

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- 1.10 Calls into the LPPA's contact centre are now recorded at a client level with 1022 calls being answered during the quarter. The average wait time for callers across the quarter was 2 minutes 28 seconds with 8 people having to wait more than 15 minutes.
- 1.11 Members are directed to the contact centre survey on the completion of their call. Satisfaction levels are shown below:

	Surveys Taken	Satisfied	Neutral	Dissatisfied
Contact Centre Overall	52	40	6	6
Contact Centre Agent	57	55	1	1

- 1.12 The report details the data quality and the Pension Regulator data scores for common and scheme specific data. At the end of Q2 our common data score was 97.6% (previously 97.7%) and the scheme specific data score was 89.4% (previously 73.6%). The scheme specific score has returned to its previous level following the seasonal fall in the last quarter, relating to the processing of Pensions Increase and Annual Allowance calculations.
- 1.13 LPPA is partnering with Civica and Intellica to improve data quality ahead of the 2025 valuation and in readiness for Pension Dashboards. The project is being scoped and the creation of system test environments is underway. Delivery dates are to be finalised and an update is now expected during Q3.

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.
- 2.1.2 All McCloud flagged cases will need to be reviewed by August 2025. UPM system functionality to enable previously completed cases to be revisited is due in October 2024.
- 2.1.3 LPPA are now calculating the underpin for all active cases with a McCloud flag and whose data has been verified as being present and correct. Early results show, across all clients, the underpin is driving a small increase in benefits of approximately £300 on average to circa 4% of cases. These are generally where a member had a significant pay increase during the remedy period and/or retired early. LPPA will report the additional costs of the McCloud remedy for the Havering Fund in due course.
- 2.1.4 We are currently reviewing the Scheme Advisory Board guidance to establish the correct method of dealing with potentially 'missing data' for members who were on the Havering payroll during the remedy period.

2.2 The Pension Regulator's General Code of Practice

- 2.2.1 tPR's new General Code of Practice came into force on 27th 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 are required to undertake a gap analysis to identify any areas of partial or non-compliance and have a plan in place to address the shortcomings. There is no official deadline for having the plan in place but the LGA felt 6 months would be reasonable.
- 2.2.3 Work is well underway to assess Havering's compliance with the code and we are working with LPPA to gather the final pieces of evidence and address some formatting issues with Hymans within the checker tool.
- 2.2.4 The full report will be presented at the March 2025 Board meeting

2.3 Tax Changes on Death Benefits

- 2.3.1 Death benefits paid by the LGPS are currently out of scope for inheritance tax. Following the October budget, the Government is consulting on changes that mean death grants paid by the LGPS would form part of a member's estate for inheritance tax purposes. The change is planned to take place from April 2027. The consultation is open until 22 January 2025.

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;

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- (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.