



LOCAL PENSION BOARD – 26 OCTOBER 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT **JULY to SEPTEMBER 2022 - QUARTER TWO**

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the quarter. The report covers governance areas including administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators. The Board is recommended to highlight any areas of concern it wishes to raise with the Local Pensions Committee.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 98,000 members.

Performance Indicators

3. Attached to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. These indicators are split into two broad categories – how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of Pensions Section

4. The results for the July to September 2022 quarter are included as the Appendix.
5. KPIs on customer feedback remain strong.
6. From October 2022 changes have been made to help improve two of the business process KPIs.

- Annual allowance was completed by the 6 October 2022 statutory deadline, so more resource is now available for the checking of retirements.
- Two additional colleagues are being trained on death benefit checking and payments.

Governance – Service Delivery

General Workloads

7. The tables show the position in the key work areas, July to September 2022.

July 2022

Area	Cases completed in the period	Remaining cases at the end of the period	Remaining cases in Pensions	Maximum Number of Cases at Month End
Preserved benefits	225	1106	821	1000
Retirement Options	209	327	109	300
Retirements Paid	167	439	91	300
Deaths	105	234	94	200
Refunds	89	266	82	400
Pension Estimates	84	121	96	250
Transfers in	52	290	110	200
Transfers out (excluding interfunds out) *	16	54	32	100
Aggregations	65	1520	1329	1000
New starters set up on the pension system	1422	n/a	n/a	n/a

August 2022

Area	Cases completed in the period	Remaining cases at the end of the period	Remaining cases in Pensions	Maximum Number of Cases at Month End
Preserved benefits	168	1181	907	1000
Retirement Options	225	380	187	350
Retirements Paid	139	420	76	350

Deaths	123	198	68	200
Refunds	102	356	125	400
Pension Estimates	59	155	126	250
Transfers in	66	271	118	200
Transfers out (excluding interfunds out) *	40	44	21	100
Aggregations	27	1653	1466	1000
New starters set up on the pension system	211	n/a	n/a	n/a

September 2022

Area	Cases completed in the period	Remaining cases at the end of the period	Remaining cases in Pensions	Maximum Number of Cases at Month End
Preserved benefits	84	1238	966	1000
Retirement Options	280	380	190	300
Retirements Paid	213	465	89	300
Deaths	120	198	58	200
Refunds	156	288	92	400
Pension Estimates	90	126	104	250
Transfers in	94	257	111	200
Transfers out (excluding interfunds out)*	36	45	31	100
Aggregations	96	1607	1422	1000
New starters set up on the pension system	921	n/a	n/a	n/a

*Interfunds out are excluded from the figures as Regulations allow one year for members to decide whether to transfer.

New starters are set up from IConnect interfaces load files provided by the employers.

8. The main point to note.

- It was a very challenging quarter with three large areas of work taking place. The 31 August statutory deadline for annual benefit statements following the completion of year-end, the Fund Valuation, and annual allowance.

Pensions Helpdesk

9. The Pension Section introduced the Pensions Helpdesk in January 2021 open 9am to 5pm. This was designed to provide a more consistent approach for dealing with member enquiries and to improve the customer experience.
10. The helpdesk is maintained, via a roster on colleagues the Early Leavers Team, usually with 3 Pension Assistants and a more senior colleague available for calls at a single point of time, with the rest of the team easily contactable to help cover peaks in calls.
11. The Early Leavers Team also deal with significant other areas of work including preserved benefits and aggregations.
12. The helpdesk receives 1,344 calls in an average month with calls averaging 5 minutes 25 seconds. The volume of calls has steadily increased since January 2021.
13. Officers have monitored the times calls reach the Helpdesk and these are primarily between 9am and 2pm each day.
14. Whilst aiming to maintain the high level of customer service, yet balancing resource on the Early Leavers Team to deal with other work areas (especially preserved benefits and aggregations), the time of the Helpdesk has been amended to 9am to 2pm (Mon to Fri). Calls after 2pm will be directed to areas of the website where members will be able to find information themselves. If this is not sufficient, members will be able to ring back the following day between 9am and 2pm.
15. The Pensions Manager will closely monitor customer feedback to see if this change reflects negatively in the customer feedback KPIs moving forward.

Governance – General

Complaints – Internal Disputes Resolution

16. The Pension Section deals with complaints through the Local Government Pension Scheme's formal Internal Dispute Resolution Procedure (IDRP). However, complaints are usually resolved informally, avoiding the need for the IDRP to commence. Initial complaints are often caused by misunderstandings or human error and can quickly be resolved.
17. In the period July to September 2022 there were two new IDRP Stage 2 appeals.

In both cases, the independent person who considered these at Stage 2 of the IDR process, did not uphold the complaints. Both cases may now be taken to the Pensions Ombudsman, by the respective scheme members.

An earlier Stage 2 case was concluded in the quarter. The scheme member's previous employer changed their previous decision, now enabling the member to claim payment of pension benefits. The payment has been made to the member.

2021/22 Statutory Work - Annual Benefit Statements and Annual Allowance

18. The 31 August statutory deadline of the production of active member's annual benefit statements was completed. 35,541 active members received their 31 March 2022 statement. 7 active members did not receive their annual benefit statements. These members work at Total Swim. The delay has been caused by the ongoing legal non-completion of the Fund admission agreement, following the staff moving from The Life MAT to Total Swim in June 2021.
19. 152 individual annual allowance letters have been sent to scheme members detailing their annual allowance for 2021/22. There were approximately 100 other cases calculated and checked, where the member did not breach, so no letter was required. The statutory annual allowance exercise was completed by the 6 October 2022 deadline.

Breaches Log

20. The Pension Manager retains the Fund's breaches log. Each breach is reviewed to decide if the breach is material or not. Only material breaches are reported to the Pensions Regulator.
21. There was a breach in the quarter (July to September), because of the failure to provide the 7 members of Active Swim their 2022 annual benefit statements, however the Pensions Manager does not consider this a material breach given they received statements in 2021. The members have been informed in writing of the situation, and as soon as the outstanding legal agreement is completed their 2022 statements will be issued.

McCloud and Dashboards

22. The Board requested McCloud is a standing item at each quarterly report.
23. In the quarter July to August the following progress was made on McCloud.
 - Data in respect of Leicestershire Police, Countesthorpe Parish Council and Voluntary Action Leicester has been manually input on to member's pension records.

- Data in respect of Melton Borough Council, Blaby District Council and Hinckley and Bosworth Borough Council is being worked through to enable an assessment of data quality.
- Queries in respect of some of the data provided by Leicestershire Police and Leicester City Council has been returned for further clarification.

24. Two temporary Pension Assistants will be recruited, initially for six months, to assist with the manual input of data as this is expected to form a significant element of the exercise.

25. Dashboards is covered in a separate report to the Board. Dashboards will also become a standing item in each quarterly report, moving forward.

Governance – Audit

26. During the quarter July to September 2022, there was one Internal Audit report received.

- Pensions Increase. There was no recommendations on the results of the Pensions Increase calculations for April 2022.
- However, to improve good governance on the process, in future years the annual pensions increase sign off document will be authorised by the Pensions Manager. Sign off will include the individual cases checked during the review by Pension Fund Officers and general sign off on the annual increase exercise.

Governance - Regulations

27. There were no new Regulations implemented in the July to September quarter.

Governance – Valuation

28. Year-end was completed and the valuation data submitted to the Fund Actuary. The whole fund results have been received from the Actuary, but to avoid duplication, a separate report on the Funding Strategy Statement and Whole Fund results is included later in the Board meeting agenda.

Governance – The Pensions Regulator Code of Practise

29. In 2021 The Pensions Regulator (TPR) completed a consultation on amalgamating their current codes into one single code.

30. The new code was expected in early/mid 2022, but at the time of writing it is still to be published. It is likely to include some changes and additions that Funds will need to comply with.

31. Officers and The Fund's Actuary will compare the current codes and the new single code via a "gap" analysis.

Governance – Employer Risk

32. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter. Whilst this is regularly monitored, employer risk work continues to expand and resource available is stretched.

33. The Pensions Manager has reviewed this area of risk and created a new role in the Pension Section, primarily assisting with Pension Fund employer risk and dealing with certain legal aspects. It is expected the successful candidate will start in post in quarter three.

34. In the table below, the outstanding cases are listed in risk order, highest to lowest. The highest risk cases are the longest unsigned admission agreements. Unsigned admission agreements mean, the staff that have transferred to the new employer are currently not active LGPS members. Once the admission agreement is legally signed, the pension start date for the staff will be backdated to the date of transfer, so the staff do not lose any scheme membership.

35. Medium or lower risk cases tend to be where bonds are outstanding. The risk level is assessed by either bond value or the type of employer that provided the outsourcing and their ability to act as guarantor to the Fund.

36. When scheme members reach age 55 the risk increases because if those members are made redundant or retire on interests of efficiency, they qualify for unreduced pension benefits. A strain cost is generated that must be paid in full by the employer.

37. At the time of writing the report, 7 October 2022, there are several cases outstanding.

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
LIFE MAT to Total Swim	Admission agreement and bond	Pass through 7 June 2021 7 members – they have been informed.	Capital Cost Bond of £4,000	The Academy has signed both legal documents. Both documents are with Total Swim that has agreed them and is arranging signature.	High
Leicestershire County Council and City	Admission Agreement	Pass-through 9 April 2022	n/a	Joint tender by County and City.	High

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
Council to Ingeus		1 member (split role covers City and County) – the member has been written to		Ingeus have confirmed their Legal team are reviewing the draft admission agreement	
Lutterworth AT to Cucina	Admission Agreement	Pass-through 9 April 2022 8 members – have been written to	n/a	Admission agreement has been agreed by all parties. Awaiting signature	High
Leicester City Council (Granby School) to Caterlink	Admission Agreement	Pass-through 1 August 2022	n/a	Draft admission agreement has been circulated and Officers are chasing	Medium/ High
Leicester City Council (St Barnabas School) to Caterlink	Admission Agreement	Pass-through 1 August 2022	n/a	Draft admission agreement has been circulated and Officers are chasing	Medium/ High
Beacon Academy to Churchill Services	Admission Agreement	Pass-through 1 September 2022	n/a	Draft admission agreement has been circulated and Officers are chasing	Medium/ High
Odyssey Education Trust (Humberstone Primary School) to Caterlink	Bond	Pass-through 1 January 2022	Capital Cost bond of £27,000 3 years	Officers continue to chase completion	Low
City Council to East West Community Centre Ltd	Bond (previously not required but member aged 55)	Pre April 2019	Capital Cost bond of £16,000 3 years	Pensions Manager attending an East West Committee Meeting in October	Low
MET to Taylor Shaw (Elior)	Bond	Passthrough 1 August 2021	Capital Costs of £12,000 3 years	Officers continue to chase for completion of the bond	Low

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level

38. The cases completed in the quarter are listed below.

- Leicester City Council to Turning Point 2022 contract – Admission Agreement (backdated to 01/04/2022)
- Leicestershire County Council to Turning Point 2022 Contract – Admission Agreement (backdated to 01/04/2022)

Governance – Knowledge and Understanding

39. The Pensions Manager collated feedback from the Board on the Fund's on-line knowledge and understanding training tool and reported this back to the provider.
40. The provider welcomed the feedback and is actively working through several improvements to enhance the training for the next release.
41. The Pensions Manager will provide further information once this is available.

Recommendation

42. It is recommended the Board considers the report and highlights any areas of concern it wishes to raise with the Local Pension Committee.

Equality and Human Rights Implications

None specific.

Appendix

Key Performance Indicators July to September 2022

Officers to Contact

Declan Keegan
Assistant Director of Strategic Finance and Property
Telephone: (0116) 305 6199
Email: Declan.Keegan@leics.gov.uk

Ian Howe
Pensions Manager
Telephone: (0116) 305 6945

Email: Ian.Howe@leics.gov.uk