

Pension Board Supplemental Agenda

Date: Monday 5 February 2024

6. **Pension Administration Update - Quarterly Performance Update (30 Sept 2023)**
(Pages 1 - 7)
Report of the Director of Finance and Assurance.

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REPORT FOR: Pension Board

Date of Meeting:	5 February 2024
Subject:	Pensions Administration Update with Key Performances
Responsible Officer:	Sharon Daniels – Interim Director of Finance and Assurance
Exempt:	No
Wards affected:	None
Enclosures:	None

Section 1 – Summary and Recommendations

This report provides Members with information relating to the administration performance of the Fund over the quarter ending 31 December 2023.

Recommendations:

The Board is **recommended** to consider, note and comment on the contents of this report and make recommendations to the Pension Fund Committee if appropriate or if any further action is required.

Section 2 – Report

1. London Borough of Harrow (the Council) is the Administering Authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the London Borough of Harrow Pension Fund (the Fund). The LGPS is governed by statutory regulation.
2. The Harrow Pension Administration Team carries out the operational, day-to-day tasks on behalf of the members and employers of the Fund and for the Council. A core part of running the pension fund is the maintenance of scheme membership records that enable scheme benefits to be calculated in addition to dealing with new members joining and members leaving the scheme. The team also deals with employer related issues, including new employers and cessation.

Membership

3. Employees working for an employer that participates in the Local Government Pension Scheme (LGPS) are eligible for scheme membership. Membership in the LGPS is voluntary, members are free to choose whether to continue participating in the scheme or to make personal arrangements outside of it.
4. The table below provides a breakdown of London Borough of Harrow Pension Fund's membership at the end of each of the last three quarters

LB Harrow Pension Fund Member status	31 Dec 2023	30 Sept 2023	30 June 2023	Change from June to Dec
Active	5,614	5,579	5,566	48
Deferred	7,013	7,079	7,058	-45
Frozen	916	904	819	97
Pensioner	6,967	6,916	6,705	262
Total	20,510	20,478	20,148	362

Performance

5. The table below shows tasks / case type completed and outstanding as at 31 December 2023 and are categorised as follows:

Case Type	Outstanding cases brought forward to period	Completed cases 01.10.2023 - 31.12.2023 total	Open cases to next period	% Completed within target total
Transfer in quote	6	19	3	77
Transfer out quote	3	53	14	70
Transfer in actual	3	5	1	80
Transfer out actual	8	38	4	49
Age Estimate	2	57	2	76
Actual retirement	2	33	1	61
Refund	0	23	0	57
Death	9	53	1	86
Preserved Benefit Estimate	3	55	1	78
PB Retirement	8	55	0	73
Starters	0	7	0	100
Leavers	10	78	31	64
Other	0	1,400	80	78
Total	54	1,876	138	73

6. For quarter ending 31 December 2023 the Administration Team completed a total of 1,876 tasks. An average of 73% of all tasks were completed within the target time over this period. Performance dipped in the quarter – this was due in part to staffing changes and partly to ongoing challenges with the Council's payroll system.

Complaints

7. During this period there were two new complaints received.
- i. This related to late payment of the first monthly pension (payment was rejected by the bank due to an error) – this has been resolved to the complainant's satisfaction in the quarter ended 31 December 2023.
 - ii. This was received from the son of a deceased pensioner, who was ineligible for a death grant as the pensioner's death occurred after their 75th birthday. In the quarter ended 31 December 2023 the complaint has been considered under stages 1 and 2 of the Council's Independent Dispute Resolution Procedure, and neither of the two adjudicators has upheld the complaint. The complainant has been

advised that should he wish to pursue the matter further his only recourse is to the Pensions Ombudsman.

8. There is one ongoing complaints against Clerical Medical (CM), as reported to the Board's last meeting.

Pension Ombudsman Appeals

9. No new Pensions Ombudsman appeals were received in this period.

Update on Log of Breaches (potential breaches)

10. The issue in respect of the annual benefits statements (see below) is clearly a breach, and in accordance with the Fund's Breaches Policy, this has been logged with the Monitoring Officer and the Director of Finance. They will shortly confirm whether the breach is sufficiently material to be reported to the Pensions Regulator. Other than this item, there are no new breaches to report in this period.

Guaranteed Minimum Pension (GMP)

11. Harrow undertook the main GMP Reconciliation Project in 2016. During testing of data used in the 2022 triennial valuation (as part of the sign off for the 2021/22 accounts), external audit identified a small number of errors which need to be reviewed.
12. Further analysis indicates that the number of cases affected is small, and work is continuing with the Fund's actuary and IT suppliers to confirm this and identify a rectification process.

Annual Benefit Statements (ABS)

13. Administering authorities of the Local Government Pension Scheme (LGPS) are required to provide all active and deferred scheme members with a yearly benefit statement which shows the current value of pension benefits accrued as at 31 March of the previous financial year. The ABS includes a projection of future benefits, members can expect to accrue until they reach their Normal Pension Age (NPA). This allows scheme members to better plan for their retirement. The Regulations require that ABS's are made available to members by 31 August each year.
14. As reported to the last meeting, statements for all members (except Harrow active scheme members) were produced and made available to members via MSS portal or through the post. Internal communication has been produced and circulated to inform members that their statement is ready and provide information on how to obtain it. Approximately 3,800 active statements for active members and 7,015 for deferred members were issued in line with the August 31st deadline. However, approximately 1,900 statements were not issued on time.
15. Since the Board's last meeting, work has continued in processing the statements for LBH active members. At the time of writing this report, 970

remain outstanding. The problem is a technical one with the employer's payroll system and affects those staff who have multiple employments or whose remuneration or hours changed during the year. A work around has been developed and is currently being tested. It is hoped that the remaining ABS's will be issued before 31 March 2024 at the latest.

McCloud

16. Since the Board's last meeting, work is continuing with employers and our Software suppliers to confirm all cases requiring remediation.

Pension Dashboard

17. As previously reported, the deadline for LGPS funds to have Pension Dashboards "live" has been extended to 31 October 2026. Work will be progressed with employers and our IT suppliers to ensure that the deadline can be met.

Member Self Service (MSS) Roll Out

18. The Member Self Service (MSS) portal enables active and deferred scheme members to register an account which enables them to view and edit their personal information as well as running their own retirement estimates and downloading annual benefits statements.
19. The roll out of MSS continues, take up has been significantly good.

Legal Implications

20. There are no direct legal implications arising from this report.
21. The terms of reference for the Board include the Board's role as set out in the following paragraphs.
22. The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including:
 - i) securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
 - ii) securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - iii) such other matters the LGPS regulations may specify.
23. The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.

24. In its role, The Board will have oversight of the administration of the fund including:
 - i) The effectiveness of the decision making process
 - ii) The direction of the Fund and its overall objectives
 - iii) The level of transparency in the conduct of the Fund's activities
 - iv) The administration of benefits and contributions
25. The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.
26. The Board will ensure it effectively and efficiently complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. It will help to ensure that the Fund is managed in the same way.
27. The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

Financial Implications

28. Whilst the performance and effective controls of the fund managers is of paramount importance in the performance of the Pension Fund, there are no direct financial implications arising from this report.

Risk Management Implications

29. Risks included on corporate or directorate risk register? **No**
Separate risk register in place? **Yes**
30. The Pension Fund's Risk Register is reviewed regularly by both this Committee and by the Pension Board.
31. There are no specific risk management implications arising from this report. The level of risk to which its investments are exposed is a key component in developing the Fund's investment strategy.

Equalities implications / Public Sector Equality Duty

32. Was an Equality Impact Assessment carried out? **No**
There are no direct equalities implications arising from this report.

Council Priorities

33. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Chief Financial Officer

Date: 01/02/2024

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 01/02/2024

Chief Officer: Sharon Daniels

Signed on behalf of the Chief Executive

Date: 01/02/2024

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager

Email: Jeremy.randall@harrow.gov.uk

Telephone 020 8736 6552

Background Papers: None