

Title of Report	Equiniti - Third Party Administration Performance Update
For Consideration By	Pensions Committee
Meeting Date	15th June 2022
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Ian Williams, Group Director Finance & Corporate Resources

1. Introduction

- 1.1. The Pension Fund's administration services provider, Equiniti, has recently undergone a major internal restructure following its takeover by Siris Capital. This has resulted in significant changes in the team assigned to the Hackney Pension Fund.
- 1.2. The Fund also has long-standing concerns about the quality of service provided by Equiniti, and has therefore asked representatives from the firm to attend the Pensions Committee to provide a review of service performance.

2. Recommendations

2.1. The Committee is recommended to:

- **Note the report**

3. Related Decisions

- 3.1. Pensions Committee 25th April 2017 – Procurement of Third Party Pension Administration Services

4. Comments of the Group Director of Finance and Corporate Resources.

- 4.1. Provision of a high quality pensions administration service is essential to the efficient running of a Local Government Pension Scheme (LGPS) fund.

Pensions administration in the LGPS is costly and challenging, given the complexities of the scheme and the difficulties of recruiting and retaining suitably experienced staff.

- 4.2. Poor administration can be extremely costly. Costs can increase as a result of incorrect payment of benefits and additional contributions required by fund actuaries, as well as fines levied by the Pensions Regulator (tPR). It is therefore vital that contract provisions are met and that the Fund's administration service is delivered to a high standard.
- 4.3. There are no direct financial implications rising from this report.

5. **Comments of the Director of Legal, Democratic and Electoral Services**

- 5.1. The responsibilities for the proper administration of the Fund have been delegated by the Council to the Pensions Committee with the assistance of Pension Board members and senior officers. This is an onerous responsibility given the complexity of the scheme and the difficulty of recruiting sufficient experienced staff and, as such, the Committee previously decided to outsource much of this work to a third party provider.
- 5.2. It is critical that this contract is monitored on an ongoing basis to ensure Equiniti are meeting their contractual requirements. These include the Council's legal responsibilities in administering the fund, such as ensuring benefits are calculated in accordance with and paid within the timescales set out in legislation.
- 5.3. Failure to adhere to the overriding legal requirements relating to the administration of the Fund could impact on scheme members' benefits as well as services to the employers in the Fund. This could result in complaints and potential fines for maladministration.
- 5.4. There are no immediate legal implications arising from this report.

6. **Background to the Report**

- 6.1. Equiniti is the Pension Fund's third party pension administration services provider and has provided this service to the Fund since 2009. The firm was re-appointed from the start of 2018 following a competitive tender process during 2017. The contract is due to expire on 31st December 2022; Equiniti have made a renewal proposal which the Fund is currently considering together with the Council's procurement team.
- 6.2. Implementation of the new contract proved challenging, with a number of service requirements, such as standard communications, good quality monthly reporting and website provision not achieved for a considerable period of time.

- 6.3. Officers of the Fund continue to have some concerns about the standard of quality controls, automation and training within Equiniti. Issues arising have included:
- Examples of incorrectly calculated or communicated scheme benefits
 - Failure to produce Annual Benefit Statements (both deferred and active by the deadline)
 - Failure to provide timely and accurate information for Pensions Saving Statements
 - Insufficient resources to complete work
 - SLAs/KPIs not met
 - Over reliance on manual processes and workarounds and spreadsheets
 - Insufficient LGPS experience and over-reliance on key individuals
- 6.4. Equiniti was taken over by Siris Capital in December 2021. Siris is a private equity firm that primarily invests in mature tech & telecom businesses facing industry changes and transition. Since the restructure, Equiniti has completed a substantial internal restructure, which has seen significant changes to the team providing Hackney’s administration service. To the Fund’s knowledge there are now no members of the team with previous direct experience of LGPS administration.
- 6.5. Representatives from Equiniti will be attending the Pensions Committee to give a presentation on contract performance, giving members the opportunity to understand the service in more detail. The presentation will provide a summary of current performance and lessons learned as well as a summary of the business context and Equiniti’s plans for service improvements.

Appendices

None

Background documents

None

Report Author	Name: Rachel Cowburn Title: Head of Pensions Email: rachel.cowburn@hackney.gov.uk Tel: 020 8356 2630
Comments for the Group Director of Finance and Corporate Resources prepared by	Name: Jackie Moylan Title: Director, Financial Management Email: jackie.moylan@hackney.gov.uk Tel: 020 8356 3032

**Comments for the Director
of Legal, Democratic and
Electoral Services
prepared by**

Name: Georgia Lazari
Title: Team Leader (Places)
Email : georgia.lazari@hackney.gov.uk
Tel: 0208 356 1369