


<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Monday, 3 October 2022</p>	
<p>Report of: Kevin Bartle, Interim Corporate Director, Resources</p>	<p>Classification: unrestricted</p>
<p>Pensions Administration and LGPS Quarterly Update – June 2022</p>	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards)

Executive Summary

To provide Members with information relating to the administration and performance of the Fund over the last quarter as well as update on key LGPS issues and initiatives which impact the Fund.

Recommendations:

The Pensions Committee is recommended to:

1. Note and comment on the contents of this report and appendix
2. Note and approve the admission to the Fund of Phoenix Autism Trust
3. Note the Government Update that it will continue to provide the academy liability guarantee. The ceiling will also increase to £20m.

1. REASONS FOR THE DECISIONS

- 1.1 This Committee need to receive this report on a regular basis to discharge its duty.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternative options to this report.

3. DETAILS OF THE REPORT

ADMINISTRATION UPDATE

Scheme Membership at 30 June 2022.

- 3.1 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. This activity is carried out in house. The team also deals with employer related issues, including new employers and cessation. Task outstanding reported last quarter slightly moved since reported due to reopening of a few frozen and pensioner cases since quarter end report.

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7552	8320	94	7009	2157
% of Membership	30.05	33.11	0.37	27.89	8.58
% Change from last quarter	2.64%	0.74%	-26.56	1.23%	6.05%

Membership Category	At 31/03/22	+/- Change (%)	At 30/06/2022
Active	7,358	194	7,552
Deferred	8,259	61	8,320
Undecided	128	-34	94
Pensioner (incl spouse & dependant members)	6,924	85	7,009
Frozen	2,034	123	2,157
Total	24,703	429	25,132

- 3.2 The table below shows tasks completed and outstanding on 30 June 2022.

Casetype	Cases Outstanding March 2022	New Cases	Cases Closed	Cases Outstanding June 22
Transfer in quotes	11	50	44	17
Transfer Out quotes	16	56	53	19
Employee estimates	12	56	49	19
Retirement quotes	19	68	71	16
Preserved benefits	11	179	153	37
Opt out	28	156	151	33
Refund Calculations	12	233	220	25
Refund Payments	7	84	79	12
Death in payment or in service	21	128	80	69
Actual Transfers In	6	31	31	6
Actual Transfers Out	8	37	35	10
Others	33	307	272	68
Starters	0	763	305	458

Leavers	16	205	183	38
Total Case	200	2353	1726	827

- 3.3 The above tables exclude most tasks received via the pension team inbox and telephone queries. Most queries are currently actioned immediately without logging them to avoid further delay to existing backlog. Some queries like refunds, opt outs, death notifications, leavers, retirement quotes are logged as tasks and allocated to members of the team to action.

Tower Hamlets council autoenrollment

- 3.4 Tower Hamlets autoenrollment staging date was April 2022. In addition to the above tasks the team also proceeded opt out requests. Where a scheme member has been opted into the scheme, refunds in respect of opt outs are processed by the scheme, while opt outs for membership over 3 months is processed by the Fund.
- 3.5 To ensure council employees who requested to opt out of the scheme receive their refunds in the same month as deductions, processing was done outside of Altair as payroll records for majority had yet to be received by the Fund.
- 3.6 The setting up of workflows for tasks was included in the Pensions Administration remediation plan presented to Committee in June 2020. Since then, the team has engaged with Aquila Heywood, the pensions administration software provider to set up workflows for majority of tasks thereby enabling staff to follow the same processes, minimising errors and monitor performance.
- 3.7 The use of workflow system now enables the team to benchmark its tasks against CIPFA suggested KPI's. The table below shows performance of completed cases for newly set up workflows on 31 March 2022.
- 3.8 The following work flows previously reported as in progress has now been completed:
- Optout
 - Transfer in actual
 - Bank account change
 - Bacs return
 - AVC
 - APC
 - Over payment of pension

Transfer out process and workflows have also been further developed to differentiate between Club, Non-Club and overseas transfer out. This will enable proper capture of the requirements of the Pensions Regulator guidance in respect of pension scam.

- Club transfer out actual
- Transfer out quotes

- Non club transfer out actual
- Overseas transfer out actual

3.9 The table below shows performance against CIPFA suggested timelines. Some tasks such as transfers in and out as well as processing of deaths and retirements require initial responses from 3rd parties, other pension funds, lawyers or scheme members which sometimes take time.

Performance for June quarter has been impacted by a combination of move of staffing resourcing from processing pensions to help with council employee manual data correction in time for the triennial valuation/Annual Benefit Statements and processing of council autoenrollment opt out requests.

	Altair Workflow Ref	CIPFA Target Days	April % Within Target	May % Within Target	June % Within Target
Retirements					
Voluntary	AHEARLYA	15	40.00	57.14	75
Redundancy	AHREDUNA	15	100.00	66.67	66.67
Medical	AHIHRETA	15	100.00	100.00	-
Late	AHLATERA	15	75.00	60.00	100
Flexible	AHFLEXRA	15	100.00	50.00	100
Deferred into Payment	AHDBPAYA	15	33.33	30.43	26.32
Transfers					
Transfer In - Quotes	AHTVIQ	10	87.50	57.14	100
Transfer Out - Quotes	AHTVOQ	10	62.50	55.56	41.67
Transfer In - Actual	IFAIN03 & TVIN03	0			
Transfer Out - Actual	IFAOUT02 & TVOUT02	0			
Refunds					
Refund Calculations	AHRFNDF	10	94.59	89.15	81.08
Refund Payments	AHRFNDA	10	80.00	81.82	92.11
Estimates					
Voluntary	AHBENEST & AHEARLYQ	15	65.22	100.00	100
Redundancy	AHREDUNQ	15	80.00	71.43	100
Medical	AHIHRETQ	15	100.00	100.00	-
Late	AHLATERQ	15	100.00	75.00	33.33
Flexible	AHFLEXRQ	15	100.00	100.00	100
Deferred into Payment	AHDBPAYQ	15	93.33	54.55	50
Deferred					
Deferred Calculations	AHDEFLV	30	96.15	100.00	72.73
Opt Out			Workflow to be developed		
Opt Out	OPTOUT	2			
New Starters					
New Starters	AHNEWST	40	100.00	100.00	100
Nominations					
Nomination Changes	AHNOMIN	10	88.89	25.00	37.5
Address					
Address Changes	AHADDRES	15	100.00	90.00	86.67
Bank Account			work flow to be developed		
Bank Account Change	BANK-01	0			
General Enquiry					
General Enquiry	AHMEMBER	10	92.59	73.33	68.75
Deaths					
Death Cases - General	AHDEATH	15	87.50	84.21	66.67
Average			85.30	73.70	74.93

EMPLOYER UPDATES

3.10 Employers with active members on 30 June 2022.

Administering Authority	Scheduled Bodies
--------------------------------	-------------------------

London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
Admitted Bodies	Canary Wharf College
Compass Contract Services Limited	City Gateway
East End Homes	East London Arts & Music
Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association)	London Enterprise Academy
Greenwich Leisure Limited	Letta Trust (Stebon and Bygrove Schools)
One Housing Group (formerly Island Homes)	Mulberry Academy
Tower Hamlets Community Housing Limited	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Vibrance (formerly Redbridge Community Housing Limited)	Sir William Burrough
Wettons Cleaning Limited	St. Pauls Way Community School
Mediquip	Tower Hamlets Homes Limited
Atlantic Cleaning Services	Wapping High School
Purgo Supplies Services Ltd	Boleyn Multi-Academy Trust
Juniper Ventures Ltd	
Olive Dining	
Age UK East London	
Taylor Shaw	

Employer Data Quality

- 3.11 Officers continue to liaise with employers on quality of data received. The following employers - Council, Tower Hamlet Homes, Mulberry Academy Trust, East End Homes and Bowden House School all of which use the internal payroll service of the council are yet to commence uploading of monthly payroll data to the pensions iconnect system.

The Pensions Admin Team in respect of these employers continues to extract monthly payroll data for populating pension system from council resource link system pending when the payroll team takes on this responsibility. Data extracted still remain incomplete and inaccurate in some instances.

Admission of New Employers

- 3.12 Staff employed by Phoenix School but work in Phoenix College will TUPE to Phoenix Autism Trust who run the 16+ College with effect from 1 September 2022. The admitted body status will relate to non-teaching staff employees of Phoenix Autism Trust all of whom are seconded council employees currently employed by Phoenix School (LEA maintained). The Trust is not an Academy Trust but a U.K. Registered Charity incorporated with Companies House. The Committee is grant admitted body admission to

Phoenix Autism Trust. Employees of the council who currently TUPE over to the Trust will be a part of closed scheme while new employees will form part of an open scheme.

LGPS SCHEME and LEGISLATIVE UPDATES

GAD Cost cap results

- 3.13 On 29 June 2022, the Government Actuary's Department published the results

of the first cost cap valuation for LGPS (England and Wales).

The cost cap was introduced by the Public Service Pensions Act 2013. The Act requires the setting of an employer cost cap rate against which changes in the cost are to be measured. If the cost changes and falls outside a two per cent corridor above / below the rate, action must be taken to bring the cost back to the rate.

The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed. The employer cost cap rate for LGPS (England and Wales) is 14.6 per cent. The results for the valuation as at 31 March 2016 show that the cost is 1.2 per cent below the cost cap rate.

A new Regulation passed on 13 July 2022 now increases the specified margins for the cost cap introduced by the Public Service Pensions Act 2013. Regulation 3 – the specified margins are the margins in which scheme costs must remain before corrective action is taken. The margins are currently set at two percentage points above and below the employer cost cap rate. The new regulations amend this to three percentage points.

HMT intends that all three changes will be in place for the 2020 cost cap valuation.

Academy Guarantee

- 3.14 Government confirms academy guarantee will continue after a reassessment; the Government confirmed on 21 July 2022 in a written ministerial statement that it will continue to provide the academy guarantee. The annual ceiling will also increase to £20 million.

In 2013, the Government introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.

Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities. The Scheme Advisory Board in England and Wales has also published a news article on this.

Pensions Dash Board Update

- 3.15 Department of Works and Pensions (“DWP”) responds to consultation on the draft pensions dashboards regulations On 14 July 2022. The key areas of the response that affect LGPS administering authorities are set out below.

The staging deadline for the LGPS and all other public service pension schemes will be deferred from 30 April 2024 to 30 September 2024. Schemes will be expected to meet the required standards (connection, security and technical) by 30 September 2024. They must also, by that date, be able to respond to find requests, complete matching and provide administrative and signpost data on request. Administering authorities will need to be able to provide value data (accrued and projected values) by 1 April 2025. Though they can provide this earlier if they wish.

HMRC Clarification on annual allowance changes

- 3.16 These was in respect of new requirements on administering authorities to recalculate annual allowance amounts for previous years in certain situations when the employer informs the scheme of changes in pay that result in recalculations.

Where the recalculation shows an annual allowance excess, the authority must issue a pension savings statement to the member and inform HMRC about this on an event report.

Administering Authorities must tell “HMRC within three months of the date the statement is sent to the member, or if later, by 31 January following the tax year to which the [event] report relates.

The LGA’s understanding although yet to be clarified is that “the tax year to which the report relates” refers to the tax year in which the authority issues the statement to the member.

For example, an authority issues the statement on 1 October 2023 telling a member they exceeded the annual allowance in tax year 2019/20. The deadline under 3(9)(a) would be 31 December 2023. The deadline under 3(9)(b) would be 31 January 2025. However, LGA are unsure whether their understanding was correct as it would mean the deadline in 3(9)(a) could never apply.

HMRC will consider amending the regulations to remove the redundant deadline in 3(9)(a).

Administering authorities are to ensure that their processes are in line with HMRC’s clarification.

Member Self Service (MSS) Roll Out

- 3.17 The role out of Member Self Service (MSS), the pensions portal to

enable scheme members access pension records, update home address, nominations and telephone numbers continue.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no direct financial implications arising from the contents of this report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Pensions Committee is required to consider pension matters and ensure that the Council meets its statutory duties in respect of the Fund. It is appropriate having regard to these matters for the Committee to receive information from the Pensions Administration team about the performance of the administration functions of the pension fund and updates on the LGPS generally.
- 7.2 When carrying out its functions as the administering authority of its pension fund, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

Linked Report

- NONE

Appendices

- NONE

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

<https://ri.lgpsboard.org/items>

Officer contact details for documents:

Miriam Adams – Interim Head of Pensions & Treasury Ext.4248
3rd Floor Mulberry Place, 5 Clove Crescent E14 2BG
Email: miriam.adams@towerhamlets.gov.uk

Appendix 1

Monthly Data Submission on 31 March 2022

(Employer data submission is not a guarantee that correct data was submitted)

Employer Name	Employer Code	Employer Type	Payroll Provider	Data Submitted to
Age UK	00045	Admitted Body	In House	31/03/2022
Atlantic Cleaning Services	00037	Admitted Body	In House	31/03/2022
Compass Contract	00027	Admitted Body	In House	31/03/2022
Gateway (Bethnal Green & Vic)	00010	Admitted Body	In House	31/03/2022
Greenwich Leisure Limited	00007	Admitted Body	In House	31/03/2022
Juniper Catering St Saviours	00040	Admitted Body	In House	30/04/2022
Juniper Cleaning St Saviours	00041	Admitted Body	In House	30/04/2022
Medequip	00035	Admitted Body	In House	31/03/2022
Olive Dining	00043	Admitted Body	In House	31/03/2022
One Housing (Toynbee Island)	00011	Admitted Body	In House	31/03/2022
Purgo Supply Cyril Jackson	00039	Admitted Body	In House	25/03/2022
Purgo Supply St Paul's	00042	Admitted Body	In House	26/03/2022
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	In House	31/03/2022
THCH (Closed Scheme)	00003	Admitted Body	In House	31/03/2022
THCH (Open Scheme)	00008	Admitted Body	In House	31/03/2022
Taylor Shaw - Catering	00036	Admitted Body	In House	31/03/2022
Taylor Shaw - Stepney Green	00048	Admitted Body	onboarding process on going	
Wettons Cleaning Services Ltd	00034	Admitted Body	In House	31/03/2022
Bishop Challinor Catholic Federation of	00131	Scheduled Body	SGW Payroll	31/03/2022
Canary Wharf College	00021	Scheduled Body	In House	31/03/2022
City Gateway	00025	Scheduled Body	EPM	31/03/2022
Clara Grant - Boelyn Trust	00046	Scheduled Body	Access Group	31/03/2022
Cyril Jackson Academy	00044	Scheduled Body	Midland HR	31/03/2022
East London Arts & Music	00030	Scheduled Body	Day One Trust	31/03/2022
Ian Mikardo Academy	00029	Scheduled Body	EPM	31/03/2022
LETTA Trust	00028	Scheduled Body	Access Group	31/03/2022
London Enterprise Academy	00023	Scheduled Body	Strictly Education	31/03/2022
Olga Primary School	00128	Scheduled Body	In House	31/03/2022
Paradigm Trust	00033	Scheduled Body	Neo People	31/03/2022
Sir William Burrough Academy	00018	Scheduled Body	Data Plan	31/03/2022
Stepney Green -Mulberry Trust	00047	Scheduled Body	EPM	31/03/2022
St Pauls Way Trust Academy	00019	Scheduled Body	Midland HR	31/03/2022
Wapping High School	00024	Scheduled Body	In House	31/03/2022
Bowden House	00129	Council Pool	In House	30/04/2022
Cayley Primary School	00130	Council Pool	Strictly Education	31/03/2022
TH EPM MPP	00001	Council Pool	EPM	31/03/2022
Tower Hamlets LBC	00001	Council Pool	LBTH Payroll	31/03/2022
Itres (Fortnightly Payroll)	00001	Council Pool	LBTH Payroll	13/03/2022
Central Foundation	00001	Council Pool	LBTH Payroll	31/03/2022
East End Homes	00006	Admitted Body	LBTH Payroll	31/03/2022
Mulberry Academy	00026	Scheduled Body	LBTH Payroll	31/03/2022
Tower Hamlets Homes	00013	Scheduled Body	LBTH Payroll	31/03/2022

Appendix 2

Performance Stats detail – March 22

		Target Days	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding
Retirements	Altair Workflow													
Voluntary	AHEARLYA	15	5	9	5	9	9	6	14	1	1	5	5	1
Redundancy	AHREDUNA	15	2	1	0	3	3	3	3	3	3	2	3	2
Medical	AHIHRETA	15	0	0	0	0	0	1	1	0	0	1	0	1
Late	AHLATERA	15	3	8	6	4	4	3	4	3	3	3	3	3
Flexible	AHFLEXRA	15	0	4	3	1	1	1	2	0	0	1	1	0
Deferred into Payment	AHDBPAYA	15	17	25	12	30	30	20	24	26	26	12	21	17
			27	47	26	47	47	34	48	33	33	24	33	24
Transfers														
Transfer In - Quotes	AHTVIQ	10	8	10	8	10	10	7	12	5	5	14	7	12
Transfer Out - Quotes	AHTVOQ	10	11	21	9	23	23	18	20	21	21	7	12	16
Transfer In - Actual	IFAIN03 & TVIN03	0	6	10	6	10	10	10	14	6	6	11	11	6
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	8	19	15	11	11	9	12	8	8	10	8	10
			33	60	38	54	54	44	58	40	40	42	38	44
Refunds														
Refund Calculations	AHRFNDF	10												
Refund Payments	AHRFNDA	10	12	59	38	33	33	145	141	37	37	29	41	25
			7	23	21	9	9	23	18	14	14	38	40	12
Estimates			19	82	59	42	42	168	159	51	51	67	81	37
Voluntary	AHBENEST & AHEARLYQ	15												
Redundancy	AHREDUNQ	15												
Medical	AHIHRETQ	15	12	14	23	3	3	22	14	11	11	20	12	19
Late	AHLATERQ	15	2	6	5	3	3	4	7	0	0	1	1	0
Flexible	AHFLEXRQ	15	0	1	0	1	1	3	3	1	1	0	0	1
Deferred into Payment	AHDBPAYQ	15	1	6	1	6	6	6	6	6	6	0	4	2
			0	1	1	0	0	7	6	1	1	3	3	1
Deferred			16	8	15	9	9	12	13	8	8	10	6	12
Deferred Calculations	AHDEFLV	30	31	36	45	22	22	54	49	27	27	34	26	35
Opt Out														
Opt Out	OPTOUT	2	11	61	26	46	46	100	99	47	47	18	28	37
New Starters														
New Starters	AHNEWST	40	28	50	46	32	32	47	53	26	26	59	52	33
Nominations														
Nomination Changes	AHNOMIN	10	0	111	105	6	6	373	61	318	318	279	139	458
Address														
Address Changes	AHADDRES	15	6	11	9	8	8	10	9	9	9	6	9	6
Bank Account														
Bank Account Change	BANK-01	0	5	29	25	9	9	21	21	9	9	14	15	8
General Enquiry														
General Enquiry	AHMEMBER	10	0	5	2	3	3	5	6	2	2	4	3	3
Deaths														
Death Cases - General	AHDEATH	15	22	71	56	37	37	63	64	36	36	67	52	51
			21	71	34	58	58	33	25	66	66	24	21	69