


Non-Executive Report of the:  <b>Pensions Board</b>  Monday, 20 November 2023	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine Corporate Director, Resources	<b>Classification:</b> unrestricted
<b>Pensions Administration and LGPS Quarterly Update – June 2023</b>	

<b>Originating Officer(s)</b>	Miriam Adams
<b>Wards affected</b>	(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 Board is recommended to:

1. Note and comment on the contents of this report and appendix; and
2. Note the admission of Nourish Catering limited.

### **1. REASONS FOR THE DECISIONS**

- 1.1 This Board and 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 on 30 June 2023.

- 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. Table 1A below shows membership number at the end of the quarter.

Table 1A: Membership number on 30 June 2023

- 3.2

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,775	8,399	164	7,203	3,013
% of Membership	29.28%	31.63%	0.62%	27.13%	11.35%
Change from last quarter	(35)	7	116	64	123

Table1B: Quarterly change in membership numbers

Membership Category	At 31/03/23	+/- Change (%)	At 30/06/2023
Active	7,810	-0.4	7,775
Deferred	8,392	0.1	8,399
Undecided	48	241.7	164
Pensioner (incl spouse & dependant members)	7,139	0.9	7,203
Frozen	2,890	4.3	3,013
<b>Total</b>	<b>26,279</b>	<b>1.0</b>	<b>26,554</b>

- 3.3 The table below shows tasks completed and outstanding during the quarter.

Table 2: Tasks completed and Outstanding during the quarter

	Altair Workflow	Target days	April				May-23				Jun-23			
			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
<b>Retirements</b>														
Voluntary	AHEARLYA	15	10	7	5	12	12	4	6	10	10	6	6	10
Redundancy	AHREDUNA	15	1	0	0	1	1	4	2	3	3	4	5	2
Medical	AHIRETA	15	2	2	1	3	3	2	2	3	3	0	2	1
Late	AHLATERA	15	4	10	2	12	12	8	10	10	10	6	10	6
Flexible	AHFLEXRA	15	1	0	1	0	0	4	3	1	1	1	1	1
Deferred into Payment	AHDBPAYA	15	22	17	17	22	22	22	13	31	31	27	34	24
			40	36	26	50	50	44	36	58	58	44	58	44
<b>Transfers</b>														
Transfer In - Quotes	AHTVIQ	10	8	15	13	10	10	14	15	9	9	16	17	8
Transfer Out - Quotes	AHTVOQ	10	7	17	13	8	8	11	16	3	3	17	16	4
Transfer In - Actual	IFAIN03 & TVIN03		13	8	9	12	12	9	8	13	13	11	11	13
Transfer Out - Actual	IFAOUT02 & TVOUT02		10	6	9	7	7	10	6	11	11	14	7	18
			38	46	44	37	37	44	45	36	36	58	51	43
<b>Refunds</b>														
Refund Calculations	AHRFNDF	10	10	81	70	21	21	32	48	5	5	42	37	10
Refund Payments	AHRFNDA	10	15	16	23	8	8	49	42	15	15	31	30	16
			25	97	93	29	29	81	90	20	20	73	67	26
<b>Estimates</b>														
Voluntary	AHBENEST & AHEARLYC	15	15	26	27	14	14	29	26	17	17	39	30	26
Redundancy	AHREDUNQ	15	1	5	4	2	2	8	9	1	1	6	6	1
Medical	AHIRETQ	15	3	1	3	1	1	0	0	1	1	0	0	1
Late	AHLATERQ	15	2	3	5	0	0	3	1	2	2	5	5	2
Flexible	AHFLEXRQ	15	2	1	3	0	0	3	2	1	1	3	2	2
Deferred into Payment	AHDBPAYQ	15	28	18	34	12	12	15	21	6	6	33	15	24
			51	54	76	29	29	58	59	28	28	86	58	56
<b>Deferred</b>														
Deferred Calculations	AHDEFVLV	30	21	39	38	22	22	24	23	23	23	25	26	22
<b>Opt Out</b>														
Opt Out	OPTOPRT2	2	29	39	55	13	13	29	31	21	21	48	41	28
<b>New Starters</b>														
New Starters	AHNEWST	40	11	76	70	17	17	67	76	8	8	67	73	2
<b>Nominations</b>														
Nomination Changes	AHNOMIN	10	3	4	6	1	1	5	3	3	3	6	6	3
<b>Address</b>														
Address Changes	AHADDRES	15	9	37	35	11	11	39	29	21	21	27	43	5
<b>Bank Account</b>														
Bank Account Change	BANKCHGE	0	4	6	8	2	2	7	4	5	5	12	6	11
<b>General Enquiry</b>														
General Enquiry	AHMEMBER	10	65	102	112	55	55	208	202	61	61	137	150	48
<b>Deaths</b>														
Death Cases - General	AHDEATH	15	62	33	33	62	62	43	32	73	73	45	31	87
<b>TOTAL</b>			<b>358</b>	<b>569</b>	<b>596</b>	<b>328</b>	<b>328</b>	<b>649</b>	<b>630</b>	<b>357</b>	<b>357</b>	<b>628</b>	<b>610</b>	<b>375</b>

3.4 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 workload. Some queries like refunds, opt outs, death notifications, leavers, retirement quotes are logged as tasks and allocated to members of the team to action.

3.5 The pensions email inbox response time lag is now down to 4 days. This is a significant improvement from 3 years ago when the back log to respond to emails was over 12 months in some instances and majority of cases over 6 months.

A dedicated agency employee cover has been assigned in the last 12 months to clear outstanding back log and ensure that queries are now attended or assigned to an officer promptly. It is anticipated that a permanent post will be

created to cover this work stream at some point. The number of emails received via the inbox ranges between 35 to 55 each day. The team aims to target a turnaround time of 24 hours to either action the query or raise tasks for a member of the team to action if complex.

#### Performance Against CIPFA Pensions Administration Suggested Targets

- 3.6 The table below shows performance against CIPFA suggested timelines between the period April to June 2023. Some tasks such as transfers in and out as well as processing of deaths and retirements require initial responses from 3<sup>rd</sup> parties, other pension funds, lawyers or scheme members which sometimes take time. Due date on all cases are never amended or revised except in exceptional circumstances to enable officers effective monitor time taken to complete tasks and review process changes in the team which might be required. Performance during the quarter was significantly impacted by staff annual leave and long term sickness.

Table 3A: Performance against CIPFA suggested timelines between the period April and June 2023.

			April	May	June
		Target	% Within	% Within	% Within
	Altair Workflow	days	Target	Target	Target
<b>Retirements</b>					
Voluntary	AHEARLYA	15	60	0	60
Redundancy	AHREDUNA	15	-	100	60
Medical	AHIHRETA	15	100	50	50
Late	AHLATERA	15	100	10	40
Flexible	AHFLEXRA	15	0	100	100
Deferred into Payment	AHDBPAYA	15	41.18	50	40
<b>Transfers</b>					
Transfer In - Quotes	AHTVIQ	10	61.54	73.33	52.94
Transfer Out - Quotes	AHTVOQ	10	81.25	57.14	87.5
Transfer In - Actual	IFAIN03 & TVIN03				
Transfer Out - Actual	IFAOUT02 & TVOUT02				
<b>Refunds</b>					
Refund Calculations	AHRFNDF	10	79.71	62.22	75.76
Refund Payments	AHRFNDA	10	59.09	83.33	53.85
<b>Estimates</b>					
Voluntary	AHBENEST & AHEARLYC	15	81.48	95.83	86.21
Redundancy	AHREDUNQ	15	100	77.78	83.33
Medical	AHIHRETQ	15	33.33	-	-
Late	AHLATERQ	15	80	100	100
Flexible	AHFLEXRQ	15	100	100	100
Deferred into Payment	AHDBPAYQ	15	54.5	80.95	78.57
<b>Deferred</b>					
Deferred Calculations	AHDEFLV	30	89.47	91.3	79.17
<b>Opt Out</b>					
Opt Out	OPTOPRT2	2	78.18	70.97	68.42
<b>New Starters</b>					
New Starters	AHNEWST	40	100	100	100
<b>Nominations</b>					
Nomination Changes	AHNOMIN	10	60	100	33.33
<b>Address</b>					
Address Changes	AHADDRES	15	85.71	89.66	77.5
<b>Bank Account</b>					
Bank Account Change	BANKCHGE	0	100	100	100
<b>General Enquiry</b>					
General Enquiry	AHMEMBER	10	73.87	83.9	79.59
<b>Deaths</b>					
Death Cases - General	AHDEATH	15	66.67	30.71	67.74
			<b>73.30</b>	<b>74.22</b>	<b>72.78</b>

## EMPLOYER UPDATES

### 3.7 Employers with active members on 30 June 2023.

<b>Administering Authority</b>	<b>Scheduled Bodies</b>
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
<b>Admitted Bodies</b>	Boleyn Multi-Academy Trust
Age UK East London	Bishop Challoner
Atlantic Cleaning Services	Canary Wharf College
Compass Contract Services Limited	City Gateway
East End Homes	Cyril Jackson Academy
Greenwich Leisure Limited	East London Arts & Music
Juniper Ventures Ltd	Gateway (Bethnal Green & Vic)
Mediquip	Letta Trust (Stebon and Bygrove Schools)
Olive Dining	London Enterprise Academy
One Housing Group (formerly Island Homes)	Mulberry Academy
Phoenix Trust – closed scheme	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Purgo Supplies Services Ltd	Sir William Burrough
Tower Hamlets Community Housing Limited	St. Pauls Way Community School
Taylor Shaw	Tower Hamlets Homes Limited
Vibrance (formerly Redbridge Community Housing Limited)	Wapping High School
Wettons Cleaning Limited	
Nourish Catering	

### Employer Insourcing

- 3.8 The following insourcing arrangements is ongoing:  
 Leisure services insourcing - Tower Hamlets Council  
 Tower Homes (THH) - Tower Hamlets Council 1 November 2023

### New Employer Admissions

- 3.9 Nourish Catering Ltd in respect of contracts with Thomas Baxter and John Scarr schools and Chisenhale and Old Palace.

### Employer Data Quality

- 3.10 The Council's Payroll team has since commenced uploading monthly council employee payroll data to the pensions iconnect system in April 2023. This means that all employers in the scheme now upload employee payroll data.

Data extracted remain incomplete and inaccurate in some instances, the payroll/pensions working group chaired by the Director of Finance Procurement and Audit meets monthly to looking into payroll system issues which result in inaccurate data being provided to pensions.

Online payslip for pensioners

- 3.11 Tower Hamlets Council has launched the online payslips app for all employees, schools staff and pensioners. The app enables pensioners to access their payslips on a monthly basis and eventually save on annual costs of issuing paper P60 and annual payslips. Although take up for pensioners is expected to be low at the onset the team is working on communication and additional work to ensure pensioners provide the Fund with email addresses.

Employer Cessation

- 3.12 No reported employer cessations during the June 2023 quarter.

## **LGPS SCHEME and LEGISLATIVE UPDATES**

2022 Scheme valuation report

- 3.13 On 10 August 2023, the LGPS Scheme Advisory Board published its 2022 Scheme valuation report. The report is compiled from data drawn from local fund valuation report. It shows:

- the average funding level has improved from 98 per cent in 2019 to 107 per cent in 2022 (on local funding bases) – all fund valuation reports show an improvement since 2019.
- the average contribution rate to meet future service costs rose from 18.6 per cent of payroll in 2019 to 19.8 per cent of payroll in 2022.
- overall contribution rates fell from 22.9 per cent of payroll in 2019 to 21.1 per cent of payroll in 2022 – this reflects lower deficit contributions.
- employee contribution rates marginally increased from 6.5 per cent of pay to 6.6 per cent.

Scheme Advisory Surpluses Working Group

- 3.14 The SAB plans to set up a small working group to look at the issues presented by the improving funding position across the LGPS. The objective is to provide general advice for administering authorities and employers that are in surplus or are likely to become so. The kinds of issues this raises include:
- What impact could / should being in surplus have on employer contributions?
  - When is it appropriate to set a negative secondary contribution rate?
  - What impact could / should being in surplus have on investment and funding strategies? While open defined benefit schemes may not need to de-risk, some:

- employers in the scheme might prefer such a strategy
- funds may be looking at a different strategy that enables them to realise more of their surplus.
- How to best communicate being in a surplus position to employers and member representatives? Are communications needed for:
  - admitted bodies which could exit and have received their international accounting standard 19 figures showing substantial surpluses
  - scheduled bodies which cannot exit but still have questions about the benefits of a surplus position.

### Pensions dashboards

- 3.15 On 9 August 2023, DWP updated the deferred connection guidance and forms in readiness for pensions dashboard. The update reflects the changes made by the Pensions Dashboards (Amendment Regulations 2023), which came into force on 9 August 2023. The guidance is for trustees and managers of relevant occupational pensions schemes wishing to apply to defer connection beyond 31 October 2026. It sets out the rules, issues to consider, how to apply and how DWP will consider applications.

A revised staging date timetable will be set out in guidance and all schemes in scope will need to be connected by 31 October 2023. The staging timetable will indicate when schemes are scheduled to connect, based on their size and type. Although the timelines in guidance will not be mandatory, schemes will be expected to demonstrate how they have had regard to the guidance.

### Additional Pension and Club transfers

- 3.16 The Cabinet Office has confirmed that additional pension bought by paying APC's should be transferred on Club terms when a Club transfer takes place.

### Life Time Allowance

- 3.17 HMRC has issued draft legislation for removing the lifetime allowance (LTA) April 2024. The proposed legislation removes the structure of the LTA and the LTA charge from 6 April 2024 and includes lots of transitional provisions for people with existing LTA protections.

### Economic Activity of Public Bodies (Overseas Matters) Bill

- 3.18 On 23 June 2023 the Government published a Bill which, if enacted, would prevent administering authorities from making investment decisions "influenced by political or moral disapproval of foreign states", except where is required by formal Government legal sanctions, embargoes and restrictions. While private



sector pension funds have been excluded, the LGPS would be covered by the Bill. TPR would be responsible for overseeing compliance. The Bill will be considered by the House of Commons Public Bill Committee, which is expected to first sit on 5 September 2023. The Committee has issued a call for evidence and the SAB will be considering this further.

#### McCloud legislative Update

- 3.19 The process of data collection from employers is still ongoing templates were issued to employers. 30% of employers returned data. However, others are yet to return include Council.

Officers will require additional resources to focus fully on McCloud, contact with employers who have failed to return requested data as data correction as necessary. It is anticipated this would be a senior level resource at Grade K or above for a period of 12 to 18 months.

Completed Tasks	Responsible for
<p>The following activities have been completed so far:</p> <ul style="list-style-type: none"> <li>• Kick off call/Employer survey (Fund/</li> <li>• Run reports and identify all in scope members</li> <li>• Employer contact details supplied</li> <li>• Data issued to employers with deadline of 15<sup>th</sup> August 2022</li> <li>• 2<sup>nd</sup> chaser sent to employers</li> <li>• Deadline of 15<sup>th</sup> August. 25 employers have responded so far (30%)</li> </ul>	<ul style="list-style-type: none"> <li>• LBTH/Heywood</li> <li>• Heywood</li>   <li>• LBTH</li> <li>• Heywood</li>   <li>• Heywood</li> </ul>
<ul style="list-style-type: none"> <li>• Periodic checkpoint call held with Heywood on way forward to discuss how to deal with employers who have not responded</li> </ul>	<ul style="list-style-type: none"> <li>• LBTH/Heywood</li> </ul>
<b>Slippage and remediation actions</b>	
<ul style="list-style-type: none"> <li>• Additional resources required by Fund to focus on McCloud and related employer bottlenecks. <b>October 2023</b></li> <li>• Fund looking into possibility of extracting data from historic payroll records in Resource Link payroll system and transferring over to datasheet. <b>October 2023</b></li> <li>• Update implementation plan <b>December 2023</b></li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Review time scales and targets <b>September 2023</b></li> </ul>	<ul style="list-style-type: none"> <li>• LBTH</li>   <li>• Heywood /LBTH</li>   <li>• LBTH/Heywood</li> </ul>

## Member Self Service (MSS) Roll Out

- 3.20 The roll out of Member Self Service (MSS) continues although, take up remain low. Officers will be visiting schools over the next few months to register LGPS members.

## 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. All pension fund costs are met by the Fund.

## 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 the 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).
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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE

### **Appendices**

- Employer monthly data submission (Appendix 1)

### **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

**Monthly Data Submission on 30 June 2023**

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

<b>Employer Name</b>	<b>Employer Code</b>	<b>Employer Type</b>	<b>Data Submitted to</b>
Age UK	00045	Admitted Body	30/06/2023
Atlantic Cleaning Services	00037	Admitted Body	31/07/2023
City Gateway	00025	Admitted Body	31/07/2023
Compass Contract	00027	Admitted Body	30/04/2023
Greenwich Leisure Limited	00007	Admitted Body	31/08/2023
Juniper Catering St Saviours	00040	Admitted Body	31/05/2022
Juniper Cleaning St Saviours	00041	Admitted Body	31/08/2023
Nourish Catering – Thomas Baxter/John Scarr	00053	Admitted Body	30/04/2023
Nourish Catering – Chisenhale/Old Palace	00054	Admitted Body	31/01/2022
Olive Dining	00043	Admitted Body	31/07/2023
One Housing (Toynbee Island)	00011	Admitted Body	31/03/2023
Phoenix Trust (Closed Scheme)	00051	Admitted Body	31/07/2023
Purgo Supply Cyril Jackson	00039	Admitted Body	14/07/2023
Purgo Supply St Paul's	00042	Admitted Body	15/07/2023
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	31/07/2023
THCH (Closed Scheme)	00003	Admitted Body	31/07/2023
THCH (Open Scheme)	00008	Admitted Body	31/07/2023
Taylor Shaw - Catering	00036	Admitted Body	31/07/2023
Taylor Shaw - Stepney Green	00048	Admitted Body	31/05/2023
Wettons Cleaning Services Ltd	00034	Admitted Body	07/07/2023
Bowden House	00129	Main Scheme	31/08/2023
Cayley Primary School	00130	Main Scheme	30/06/2023
TH EPM MPP	00001	Main Scheme	31/07/2023
Bishop Challinor Catholic Federation of Schools	00131	Scheduled Body	31/08/2023
Canary Wharf College	00021	Scheduled Body	30/04/2023
Clara Grant - Boelyn Trust	00046	Scheduled Body	31/07/2023
Cyril Jackson Academy	00044	Scheduled Body	31/07/2023
East London Arts & Music	00030	Scheduled Body	31/07/2023
Ian Mikardo Academy	00029	Scheduled Body	31/07/2023
LETTA Trust	00028	Scheduled Body	31/07/2023
London Enterprise Academy	00023	Scheduled Body	31/05/2023
Mulberry Academy	00026	Scheduled Body	30/06/2023
Olga Primary School	00128	Scheduled Body	31/07/2023
Paradigm Trust	00033	Scheduled Body	31/05/2023
Sir William Burrough Academy	00018	Scheduled Body	31/07/2023
Stepney Green -Mulberry Trust	00047	Scheduled Body	31/03/2023
St Pauls Way Trust Academy	00019	Scheduled Body	31/07/2023
Wapping High School	00024	Scheduled Body	31/07/2023
<b>Internal</b>			
Tower Hamlets LBC	00001	Main Scheme	31/07/2023
Tower Hamlets Schools	00001	Main Scheme	31/07/2023
Central Foundation	00001	Main Scheme	31/07/2023
East End Homes	00006	Admitted Body	31/07/2023
Tower Hamlets Homes	00013	Scheduled Body	31/07/2023