

Non-Executive Report of the: Pensions Committee Thursday, 10 March 2022	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: Restricted
Pensions Administration and LGPS Quarterly Update – December 2021	

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

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 31 December 2021.

- 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	7,315	8,132	331	6,907	1,851
% of Membership	29.83%	33.16%	1.31%	28.16%	7.55%
Change from last quarter	(8)	60	(29)	81	41

Membership Category	At 30/09/21	+/- Change (%)	31/12/21
Active	7,323	-0.1	7,315
Deferred	8,072	0.7	8,132
Pensioner (incl spouse & dependant members)	350	-8.3	321
Undecided	6,826	1.2	6,907
Frozen	1,838	0.7	1,851
Total	24,409	0.5	24,526

- 3.2 The table below shows tasks completed and outstanding on 31 December 2021.

Task type	Tasks Outstanding 30/09/21	New Tasks	Tasks Closed	Tasks Outstanding 31/12/21
Transfer in quotes	6	56	47	15
Transfer Out quotes	15	71	61	29
Employee estimates	32	74	71	21
Retirement quotes	23	196	189	30
Preserved benefits	75	137	196	21
Opt out	10	208	185	33
Refund Calculations	6	123	116	12
Refund Payments	7	69	66	10
Death in payment or in service	14	102	87	29
Actual Transfers In	10	29	28	11
Actual Transfers Out	12	37	39	10
Others	34	266	284	16
Starters	5	531	494	42
Leavers	81	214	263	32
Total Tasks	330	2,113	2,126	311

- 3.3 The above tables exclude most tasks received via the pension team inbox. 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.

3.4 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.

3.5 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 December 2021.

The Head of Pensions and Treasury meets with officers within the team weekly or fortnightly to review their tasks lists. This is expected to be passed on to the Pensions Admin Manager and Team Leaders.

3.6 Additional workflows outstanding to be set up:

- Optout
- Transfer in actual
- Transfer out actual
- Bank account change
- Bacs return
- AVC
- APC

3.7 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.

Description	Altair Workflow Ref	CIPFA Target (Days)	Oct	Nov	Dec
			% Within Target	% Within Target	% Within Target
Retirements					
Voluntary	AHEARLYA	15	100.00	100.00	87.50
Redundancy	AHREDUNA	15	90.91	100.00	87.50
Medical	AHIHRETA	15	80.00	-	100.00
Late	AHLATERA	15	71.43	100.00	100.00
Flexible	AHFLEXRA	15	-	-	100.00
Deferred into Payment	AHDBPAYA	15	42.11	75.00	67.86
Transfers					
Transfer In - Quotes	AHTVIQ	10	64.71	57.14	50.00
Transfer Out - Quotes	AHTVOQ	10	33.33	72.73	14.29
Transfer In - Actual	IFAIN03 & TVIN03	0	workflow to be developed		
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	workflow to be developed		

Refunds					
Refund Calculations	AHRFNDF	10	96.67	90.48	97.37
Refund Payments	AHRFNDA	10	95.00	79.17	93.75
Estimates					
Voluntary	AHBENEST & AHEARLYQ	15	68.00	70.37	82.35
Redundancy	AHREDUNQ	15	64.29	66.67	100.00
Medical	AHIHRETQ	15	100.00	50.00	100.00
Late	AHLATERQ	15	100.00	100.00	71.43
Flexible	AHFLEXRQ	15	100.00	100.00	100.00
Deferred into Payment	AHDBPAYQ	15	91.30	88.89	83.33
Deferred					
Deferred Calculations	AHDEFLV	30	73.20	88.06	88.89
Opt Out					
Opt Out	OPTOUT	2	workflow to be developed		
New Starters					
New Starters	AHNEWST	40	100.00	100.00	100.00
Nominations					
Nomination Changes	AHNOMIN	10	100.00	90.48	93.75
Address					
Address Changes	AHADDRES	15	100.00	95.45	100.00
Bank Account					
Bank Account Change	BANK-01	0	workflow to be developed		
General Enquiry					
General Enquiry	AHMEMBER	10	89.80	81.13	83.78
Deaths					
Death Cases - General	AHDEATH	15	75.92	67.65	57.69
Monthly Average			78.99	76.06	84.52

Pension Savings Statement 2020/21

- 3.9 Annual Allowance (AA) is the value of annual pension savings a scheme member can make each year and still receive tax relief. If the value of pension benefits in any one year grows by more than the Annual Allowance, then the growth will become subject to a tax charge – unless the scheme member has any unused annual allowance amounts from the previous 3 tax years. The Fund issued majority of statements to scheme members who required one by 6th October, there remains a few which require more work to resolve. It is the member's responsibility to resolve the tax issue with HMRC.

The Fund is not authorised to provide any financial advice to our members.

EMPLOYER UPDATES

- 3.10 Employers with active members on 31 December 2021.

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	

- 3.11 As at the time of writing of this report all employers have submitted data to 31 December 2021 however officers continue to liaise with employers on quality of data received. The Pensions Admin Team continues to extract data from council resource link system pending when the payroll team takes on this responsibility. Data extracted still remain incomplete and inaccurate in some instances.

The focus remains to get the Council, Mulberry Academy Trust, Tower Hamlets Homes, East End Homes, Cayley School and Bowden House School and their payroll provider uploading of monthly employee payroll data to the i-Connect pensions portal.

Admission of New Employers

- 3.12 No new employer admissions during the quarter.

LGPS SCHEME and LEGISLATIVE UPDATES

2022/23 Employee Contribution Bands

- 3.13 Below are the employee contribution bands which will be effective from 1 April

2022. These are calculated by increasing the 2021/22 employee contribution bands by the September 2021 CPI figures of 3.1 per cent and then rounding the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 or more	12.50%	6.25%

HMT

- 3.14 On 20 January 2022, the Government made a written statement on Indexation and revaluation in public service pension schemes and published the 2022 pensions increase (PI) multiplier tables. The statement confirms that public service pensions will increase on 11 April 2022 by 3.1 per cent, except for pensions that have been in payment for less than a year, which will receive a pro-rata increase. The statement also confirms that active LGPS CARE accounts will increase on 1 April 2022 by 3.1 per cent. The Government expects to make the annual revaluation orders in March 2022.

SF3

- 3.15 On 21 December 2021, DLUHC published revised SF3 statistics for 2020/21. Initial figures for 2020/21 was published on 27 October 21, the statistics were based on data provided by 83 of the 85 administering authorities, which in some cases was based on provisional accounts data. Where data was based on provisional accounts, authorities were asked to submit revised data if their audited figures were significantly different.

DWP

- 3.16 DWP launch second review of State Pension age. The review was launched on 14 December 2021. It will consider if the State Pension age (Spa) rules are still appropriate based on the latest life expectancy data and other evidence.

The Pensions Act 2014 requires Government to regularly review Spa and for the latest review to be published by 7 May 2023. The Government Actuary will provide a report assessing the appropriateness of Spa considering the latest life expectancy projections.

Levelling Up by Investing Locally

3.17 Government white paper issued 2 February states an ambition for the LGPS to invest up to 5% of its assets in local projects.

It is the understanding of the LGPS Scheme Advisory Board that this local context refers to UK rather than local to a particular fund and currently there is no mandate beyond the requirement to have a plan. This issue is covered in more detail in the December quarter performance report.

Section 13

3.18 The Government Actuary's Department (GAD) in December 2021 published its report on the 2019 LGPS valuations in England and Wales, prepared under Section 13 of the Public Service Pensions Act 2013. The report checks whether local fund valuations comply with four criteria and sets out some recommendations for the Scheme Advisory Board and DLUHC to consider. The 2019 report noted the LGPS scheme's strong funding position and the positive steps taken since the last report in 2016.

McCloud

3.19 The recently introduced Public Service Pensions and Judicial Offices Bill to Parliament makes provision to rectify the unlawful age discrimination identified by the McCloud judgement. For the LGPS, the Bill confirms which members will be in scope and what service is 'remediable'. This clarity will allow for LGPS legislation to be changed to implement the McCloud remedy. On 18th February 2022, further amendments to the Public Service Pensions and Judicial Offices Bill will be debated at report stage. LGPS specific legislation remain expected. In the interim officers focus on working with Heywood in respect of filling data gaps and data collection from employers.

The table below shows work completed by Heywood and officers during the quarter.

Completed Tasks	Next Period
<p>The following activities have been completed so far in respect of working with employers to collect required data:</p> <ul style="list-style-type: none"> • Kick off call/Employer survey • Run reports and identified all in scope members • Employers contact details supplied by the pension fund 	<p>Activities planned for next quarter:</p> <ul style="list-style-type: none"> • Issue data to employers and set deadline for response (2 weeks) • Monitor response from employers

<ul style="list-style-type: none"> • Data split complete – Majority of email addresses missing complete • Preparations to send data to employers 	
Slippage and remedial action on data collection	Key risks and issues
	<ul style="list-style-type: none"> • Risk that employers do not respond or supply data in in correct format • Heywood will send the Fund a list of employers who have not replied.

McCloud project plan on 31 January 2022.

Task	Target Completion Date	Current Status
Planning	Oct-20	Complete
Understanding of broad technical requirements	Feb-21	Complete
Consider use of 3rd party provider	Apr-21	Complete
Identify stakeholders	May-21	Complete Jul 21
Identify workstream for McCloud*	May-21	Complete
Locate historic council employee data held in house	Jul-21	Outstanding
Receive LGPS regulations and guidance*	Jun-21	Expected Mar 22
Understand detailed technical requirements from LGPS regulations and guidance*	Jul-21	Expected May 22
Establish initial possible data set	May-21	Completed Dec 21
Analyse data set for membership in scope*	Sep-21	Completed Feb 22
Commence employer engagement to ensure receipt of member data when required	May-22	May-22
Attend employer's forum	Aug-22	Aug-22
Identify scheme members who may be affected*	May-22	May-22
Establish delivery format*	Mar-22	Jun-22
Member Communication (continuous)	July 21 -- Mar 23	Mar-23

Analyse data received from employers and establish how to deal with non-compliance	Apr 22 - Jul 22	Sep-22
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*Status dependent on LGPS legislation issued

Member Self Service (MSS) Roll Out

- 3.20 The roll out of Member Self Service (MSS), the pensions portal to enable scheme members access pension records, update home address, nominations and telephone numbers continue.

The team commenced roll out via a phased roll out approach, starting with scheme members in Mulberry Place with email addresses on the pensions systems. This was followed by larger employers like Tower Hamlet Homes and St Pauls Way Trust School Academy. In January the roll out to LGPS members employed by schools took place in addition to a remainder to staff in Mulberry Place who had initially received pin numbers.

DLUHC Levelling Up whitepaper

- 3.21 The government published the Levelling Up whitepaper which includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. It is the understanding of the Scheme Advisory Board that in this context local refers to UK rather than local to a particular fund and that there will be no mandate beyond the requirement to have a plan. Further details will emerge over the period up to an expected summer consultation which will also include the outstanding climate risk and reporting regulations and the pooling guidance.

DWP Consultation on Pensions Dashboards Regulations

- 3.22 The DWP have launched a consultation on the draft Pensions Dashboards Regulations. The consultation closes on 13th March 2022.

3.23 GDPR Documents

The LGPS Scheme Advisory Board issued new versions of GDPR documents updated to reflect Brexit, the Schrems II decision on transfer data outside the European Economic Area and guidance on data sharing agreements issued by the Information Commissioner's Office.

The Tower Hamlets Pension Fund GDPR documents have been processed, passed to the Administering Authority's Governance Information team for comments and presented to Pensions Committee in March 2022 for approval.

- Full privacy notice (v4)
- Summary privacy notice (v3)

- Data retention policy (funds) (v2)
- Data retention policy (employers) (v2)
- Memorandum of understanding (v2)

3.24 Updated Code of Transparency

Following a consultation with Code signatories, proposed amendments to the LGPS Code of Transparency were agreed by the LGPS Scheme Advisory Board at its meeting of 27th September.

Investment costs are a complex area which pension committees and officers need to consider and understand.

The Code of Transparency covering investment management fees and costs was developed and approved by the Board and launched in May 2017. Fund managers to the LGPS have been encouraged to sign up to this Code. All Tower Hamlets Pension Fund investment managers have signed up to the Code. Officers receive annual breakdown of costs in the Transparency Code format.

The LGPS Code of Transparency helps LGPS clients gather cost information in a consistent format. Cost information must always be viewed in the context of risk and return and should form part of any overall value for money assessment.

The compliance system makes the process of collation more efficient than the previous adhoc arrangements and will ensure the Board can monitor compliance for LGPS funds and pools.

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 Reports, Appendices and Background Documents

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:

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Appendix 1

Monthly Data Submission on 31 December 2021

(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	Employer inhouse payroll	31/12/21
Atlantic Cleaning Services	00037	Admitted Body	Employer inhouse payroll	31/12/21
City Gateway	00025	Admitted Body	EPM	31/12/21
Compass Contract	00027	Admitted Body	Compass Group	31/12/21
Gateway (Bethnal Green & Vic)	00010	Admitted Body	Employer inhouse payroll	31/12/21
Greenwich Leisure Limited	00007	Admitted Body	Employer inhouse payroll	31/12/21
Juniper Catering St Saviours	00040	Admitted Body	Employer inhouse payroll	31/12/21
Juniper Cleaning St Saviours	00041	Admitted Body	Employer inhouse payroll	31/12/21
Medequip	00035	Admitted Body	Employer inhouse payroll	31/12/21
Olive Dining	00043	Admitted Body	Employer inhouse payroll	31/12/21
One Housing (Toynbee Island)	00011	Admitted Body	Employer inhouse payroll	31/12/21
Purgo Supply Cyril Jackson	00039	Admitted Body	Employer inhouse payroll	03/12/21
Purgo Supply St Paul's	00042	Admitted Body	Employer inhouse payroll	04/12/21
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	Employer inhouse payroll	31/12/21
THCH (Closed Scheme)	00003	Admitted Body	Employer inhouse payroll	31/12/21
THCH (Open Scheme)	00008	Admitted Body	Employer inhouse payroll	31/12/21
Taylor Shaw - Catering	00036	Admitted Body	Elior	31/12/21
Taylor Shaw - Stepney Green	00048	Admitted Body	Elior	
Wettons Cleaning Services Ltd	00034	Admitted Body	Employer inhouse payroll	31/12/21
Bishop Challinor Catholic Federation of Schools	00131	Scheduled Body	SGW Payroll	31/12/21
Canary Wharf College	00021	Scheduled Body	Employer inhouse payroll	31/12/21
Clara Grant - Boelyn Trust	00046	Scheduled Body	Access Group	31/12/21
Cyril Jackson Academy	00044	Scheduled Body	Midland HR	31/12/21
East London Arts & Music	00030	Scheduled Body	Day One Trust	31/12/21
Ian Mikardo Academy	00029	Scheduled Body	EPM	31/12/21
LETTA Trust	00028	Scheduled Body	Access Group	31/12/21
London Enterprise Academy	00023	Scheduled Body	Strictly Education	31/12/21
Paradigm Trust	00033	Scheduled Body	Neo People	31/12/21
Sir William Burrough Academy	00018	Scheduled Body	Data Plan	31/12/21
Stepney Green -Mulberry Trust	00047	Scheduled Body	EPM	31/12/21
St Pauls Way Trust Academy	00019	Scheduled Body	Midland HR	31/12/21
Wapping High School	00024	Scheduled Body	Employer inhouse payroll	31/12/21
Olga Primary School	00128	Council Pool	Employer inhouse payroll	31/12/21
Bowden House	00129	Council Pool	Employer inhouse payroll	31/12/21
Cayley Primary School	00130	Council Pool	Strictly Education	31/12/21
TH EPM MPP	00001	Council Pool	EPM	31/12/21
Tower Hamlets LBC	00001	Council Pool	LBTH Payroll	31/12/21
Itres (Fortnightly Payroll)	00001	Council Pool	LBTH Payroll	31/12/21
Central Foundation	00001	Council Pool	LBTH Payroll	31/12/21
East End Homes	00006	Admitted Body	LBTH Payroll	31/12/21
Mulberry Academy	00026	Scheduled Body	LBTH Payroll	31/12/21
Tower Hamlets Homes	00013	Scheduled Body	LBTH Payroll	31/12/21