

Non-Executive Report of the: Pensions Committee Thursday, 27 June 2022	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: unrestricted
Pensions Administration and LGPS Quarterly Update – March 2022	

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 March 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	7,358	8,259	128	6,924	2,034
% of Membership	29.79%	33.43%	0.52%	28.03%	8.23%
Change from last quarter	53	127	(193)	17	183

Membership Category	At 31/12/22	+/- Change (%)	31/03/22
Active	7,315	0.58%	7,358
Deferred	8,132	1.54%	8,259
Undecided	321	-150.78%	128
Pensioner (incl spouse & dependant members)	6,907	0.25%	6,924
Frozen	1,851	9.30%	2,034
Total	24,526		24,703

- 3.2 The table below shows tasks completed and outstanding on 31 March 2022.

Task type	Tasks Outstanding 31/12/21	New Tasks	Tasks Closed	Tasks Outstanding 31/03/22
Transfer in quotes	15	30	34	11
Transfer Out quotes	29	54	67	16
Employee estimates	21	80	89	12
Retirement quotes	30	168	179	19
Preserved benefits	21	98	108	11
Opt out	33	184	189	28
Refund Calculations	12	122	122	12
Refund Payments	10	45	48	7
Death in payment or in service	29	108	116	21
Actual Transfers In	11	31	36	6
Actual Transfers Out	10	39	41	8
Others	16	341	324	33
Starters	42	373	415	0
Leavers	32	124	140	16
Total Tasks	311	1797	1908	200

- 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 March 2022.

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 in progress are:

- Optout
- Transfer in actual
- Transfer out actual
- Bank account change
- Bacs return
- AVC
- APC
- Over payment of pension

- 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. However, this quarter has been impacted by a combination of annual leave and the move of staffing resourcing to help with council employee manual data correction in time for the triennial valuation. The June quarters performance will also be impacted.

Description	Altair Workflow Ref	CIPFA Target (Days)	Oct	Nov	Dec
			% Within Target	% Within Target	% Within Target
Retirements					
Voluntary	AHEARLYA	15	60.00	60.00	66.67
Redundancy	AHREDUNA	15	60.00	50.00	66.67
Medical	AHIHRETA	15	100.00	100.00	100.00
Late	AHLATERA	15	80.00	50.00	50.00
Flexible	AHFLEXRA	15	-	-	-
Deferred into Payment	AHDBPAYA	15	55.00	50.00	68.42
Transfers					

Transfer In - Quotes	AHTVIQ	10	25.00	40.00	57.14
Transfer Out - Quotes	AHTVOQ	10	33.33	66.67	38.89
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	35.71	75.00	74.51
Refund Payments	AHRFNDA	10	63.64	66.67	80.00
Estimates					
Voluntary	AHBENEST & AHEARLYQ	15	59.26	81.26	81.40
Redundancy	AHREDUNQ	15	80.00	0.00	80.00
Medical	AHIHRETQ	15	50.00	100.00	100.00
Late	AHLATERQ	15	100.00	0.00	100.00
Flexible	AHFLEXRQ	15	66.67	42.86	25.00
Deferred into Payment	AHDBPAYQ	15	56.00	95.12	72.22
Deferred					
Deferred Calculations	AHDEFLV	30	100.00	93.33	79.49
Opt Out					
Opt Out	OPTOUT	2	workflow to be developed		
New Starters					
New Starters	AHNEWST	40	98.39	100.00	100.00
Nominations					
Nomination Changes	AHNOMIN	10	75.00	85.71	87.50
Address					
Address Changes	AHADDRES	15	95.45	100.00	97.22
Bank Account					
Bank Account Change	BANK-01	0	workflow to be developed		
General Enquiry					
General Enquiry	AHMEMBER	10	80.00	75.00	81.02
Deaths					
Death Cases - General	AHDEATH	15	40.74	56.41	85.11
Monthly Average			64.28	63.21	71.72

Pension Tax Update 2021/22

3.8 Although inflation is close to double digits, the September 2020 CPI measure of inflation of 0.5% remains the inflation figure applied when calculating members pension input amounts for 2021/22.

Therefore, scheme member who has had a promotion or significant pay rise above 0.5% from April 2021, especially for those with significant years' service before 2014 is now more than likely than ever to breach or get close to the £40,000 standard Annual Allowance.

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

EMPLOYER UPDATES

3.9 Employers with active members on 31 March 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	

- 3.10 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

- 3.11 No new employer admissions during the quarter.

LGPS SCHEME and LEGISLATIVE UPDATES

LGPS recruitment and retention survey

- 3.12 The LGA emailed LGPS pension managers on 12 April 2022 inviting them to

complete the recruitment and retention survey. The recruitment and retention difficulties experienced by LGPS funds in England and Wales was acknowledged. The aim of the survey was to understand the extent the extent of the issue. This includes understanding how salary levels and homeworking contracts are contributing. It is expected that the information collected will give a national picture, helping administer authorities with workforce planning.

- 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%

2022 Valuation

- 3.14 Work is underway to manually clean data required for a few employers who have been unable to resolve on going data issues. es 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.

McCloud

- 3.15 On 10 March 2022, the Public Sector Pensions and Judicial Offices Bill received

Assent. The next stage in the process will therefore be for Regulations for each of the Public Sector Schemes to be released together with a consultation on draft guidance to assist Funds in implementing the remedy. Both are expected prior to parliamentary recess in the summer. Employers have been contacted in respect of data collection.

Member Self Service (MSS) Roll Out

- 3.16 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.

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 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

	Altair Workflow	Jan-22				Feb-22				Mar-22			
		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													
Voluntary	AHEARLYA	3	8	6	5	5	7	5	7	7	7	7	9
Redundancy	AHREDUNA	4	4	5	3	3	3	2	4	4	4	4	6
Medical	AHIHRETA	0	2	2	0	0	1	1	0	0	1	1	1
Late	AHLATERA	4	4	5	3	3	1	2	2	2	5	4	3
Flexible	AHFLEXRA	0	0	0	0	0	0	0	0	0	0	0	0
Deferred into Payment	AHDBPAYA	15	18	21	12	12	10	10	12	12	24	19	17
		26	36	39	23	23	22	20	25	25	41	39	27
Transfers													
Transfer In - Quotes	AHTVIQ	7	6	8	5	5	5	5	5	5	10	7	8
Transfer Out - Quotes	AHTVOQ	24	18	27	15	15	22	15	22	22	9	20	11
Transfer In - Actual	IFAIN03 & TVIN03	11	8	12	7	7	16	14	9	9	7	10	6
Transfer Out - Actual	IFAOUT02 & TVOUT02	10	2	5	7	7	17	6	18	18	12	22	8
		52	34	52	34	34	60	40	54	54	38	59	33
Refunds													
Refund Calculations	AHRFNDP	11	31	30	12	12	44	39	17	17	48	53	12
Refund Payments	AHRFNDA	10	11	11	10	10	12	13	9	9	22	24	7
		21	42	41	22	22	56	52	26	26	70	77	19
Estimates													
Voluntary	AHBENEST & AHEARLYQ	21	24	27	18	18	24	16	26	26	32	46	12
Redundancy	AHREDUNQ	2	5	5	2	2	2	2	2	2	5	5	2
Medical	AHIHRETQ	1	1	2	0	0	2	1	1	1	1	2	0
Late	AHLATERQ	1	2	2	1	1	0	1	0	0	7	6	1
Flexible	AHFLEXRQ	2	11	3	10	10	0	7	3	3	1	4	0
Deferred into Payment	AHDBPAYQ	12	58	25	47	47	14	42	19	19	52	53	16
		39	101	64	78	78	42	69	51	51	98	116	31
Deferred													
Deferred Calculations	AHDEFVLV	21	56	51	26	26	21	16	31	31	21	41	11
Opt Out													
Opt Out	OPTOUT	33	51	62	22	22	64	57	29	29	69	70	28
New Starters													
New Starters	AHNEWST	42	91	132	1	1	174	163	12	12	108	120	0
Nominations													
Nomination Changes	AHNOMIN	4	8	10	2	2	15	8	9	9	26	29	6
Address													
Address Changes	AHADDRES	1	21	22	0	0	21	16	5	5	36	36	5
Bank Account													
Bank Account Change	BANK-01	0	0	0	0	0	4	3	1	1	2	3	0
General Enquiry													
General Enquiry	AHMEMBER	11	35	31	15	15	43	29	29	29	130	137	22
Deaths													
Death Cases - General	AHDEATH	29	30	28	31	31	38	41	28	28	40	47	21