


Non-Executive Report of the: Pensions Committee Monday, 13 March 2023	 TOWER HAMLETS
Report of: Caroline Holland, Interim Corporate Director, Resources	Classification: unrestricted
Pensions Administration and LGPS Quarterly Update – December 2022	

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Quarterly Administration and LGPS updates at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

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 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	7,699	8,386	144	7,074	2,759
% of Membership	29.54	32.18	0.55	27.14	10.59
Change from last quarter	7	-11	61	-5	242

Membership Category	At 30/09/22	+/- Change (%)	At 31/12/2022
Active	7,692	0.09	7,699
Deferred	8,397	-0.13	8,386
Undecided	83	73.49	144
Pensioner (incl spouse & dependant members)	7,079	-0.07	7,074
Frozen	2,517	27.91	2,759
Total	25,767	2.57	26,062

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

Casetype	Cases Outstanding Sept 2022	New Cases	Cases Closed	Cases Outstanding Sept 22
Transfer in quotes	8	43	32	19
Transfer Out quotes	8	82	72	18
Employee estimates	9	70	69	10
Retirement quotes	10	105	102	13
Preserved benefits	39	87	100	26
Opt out	23	206	204	25
Refund Calculations	18	116	125	9
Refund Payments	9	101	95	15
Death in payment or in service	116	101	148	69
Actual Transfers In	7	36	33	10
Actual Transfers Out	5	62	56	11

Others	38	499	435	102
Starters	5	522	527	0
Leavers	46	144	147	43
Total Case	341	2,174	2,145	370

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.

3.4 2022 Triennial Valuation Update

The Fund held its employer forum on 11 January 2023, the scheme actuary presented the whole fund results, valuation process, draft Funding Strategy Statement in the first half of the Forum after which employer 1-2-1 sessions took place providing employer with opportunity to discuss individual results with the scheme actuary.

Additional 2022 valuation reporting requirement include explicit statements about how climate change risk has been factored into the valuation and clear information on any contribution prepayments have been calculated.

Life Certificates 2023

3.5 All overseas pensioners and dependents are required to complete a Life Certificate each year which serves as an existence check. The 2023 Life Certification process commenced in February. Overseas pensioners who do not return Life Certificates after 2 reminders will have their pensions suspended.

Update on workflows

3.6 All workflows have now been completed for all key pension administration tasks. A total of 42 workflows were produced, this helps ensure consistency, monitoring and KPI's.

Workflow Name/Description	Workflow Name/Description
AHRETA - Retirement (Actual)	AHIHRETQ - Ill Health Retirement (Quote)
AHRETQ - Retirement (Quote)	AHFLXRQ - Flexible Retirement (Quote)
AHRFNDA - Refund (Actual)	AHEARLYQ - Early Retirement (Quote)
AHRFNDF - Refund frozen	AHLATERQ - Late Retirement (Quote)
AHDEFVLV - Deferred Leaver	AHREDUNQ - Redundancy Retirement (Quote)
AHDVRCQ - Divorce (Quote)	AHADDDRES - Change of Address
AHDVRCQ - Divorce (Quote)	AHNOMIN - Nomination

AHTVIQ - Transfer in (Quote)	AHNEWST - New Starter
AHTVOQ - Transfer Out (Quote)	AHDBPAYA - Deferred into Payment (Actual)
AHDEATH - Death	AHDBPAYQ - Deferred into Payment (Quote)
AHDINSA - Death in Service (Actual)	AHMEMENQ - Member Enquiry
AHDDEFA - Death from Deferred (Actual)	AHBENEST - Benefit Estimate (Quote)
AHDDEPA - Death of Dependant (Actual)	AHAGG - Aggregation
AHDINSQ - Death In Service (Quote)	OVERPAYM - Recovery of Overpayment
AHDDEFQ - Death From Deferred (Quote)	AVCREQ - AVC Request
AHDDEPQ - Death of Dependant (Quote)	AVCCNFM - AVC Process
AHIHRETA - Ill Health Retirement (Actual)	APCREQ - APC Request
AHFLXRA - Flexible Retirement (Actual)	APCCNFM - APC Process
AHEARLYA - Early Retirement (Actual)	BANKCHGE - Change of Bank Details
AHLATERA - Late Retirement (Actual)	OPTOPRT1 - Opt out Forms
AHREDUNA - Redundancy Retirement (Actual)	OPTPRT2 - Opt Out Process
	BACSRTN - BACS Return

- 3.7 A review of letters have since commenced to ensure only letters which have the most up to date regulations are in use. Once completed these letters would be linked to specific workflows. The use of barcode letters is also underway to ensure that posts are easily scanned to tasks.
- 3.8 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.

			July	August	September
Retirements	Altair Workflow Ref	CIPFA Target Days	% Within Target	% Within Target	% Within Target
Voluntary	AHEARLYA	15	80.00	100.00	45.45
Redundancy	AHREDUNA	15	50.00	-	100
Medical	AHIHRETA	15	100.00	100.00	-
Late	AHLATERA	15	50.00	33.33	100
Flexible	AHFLEXRA	15	100.00	100.00	100
Deferred into Payment	AHDBPAYA	15	30.00	44.44	34.62
Transfers					
Transfer In - Quotes	AHTVIQ	10	63.64	37.50	69.23
Transfer Out - Quotes	AHTVOQ	10	72.73	24.00	50
Transfer In - Actual	IFAIN03 & TVIN03	0	Workflows now completed. Reporting to commence		
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	Workflows now completed. Reporting to commence		
Refunds					
Refund Calculations	AHRFNDF	10	58.49	58.54	81.18
Refund Payments	AHRFNDA	10	78.79	50.00	64.52
Estimates					
Voluntary	AHBENEST & AHEARL'	15	88.24	75.00	57.89
Redundancy	AHREDUNQ	15	100.00	100.00	60
Medical	AHIHRETQ	15	100.00	100.00	0
Late	AHLATERQ	15	50.00	100.00	80
Flexible	AHFLEXRQ	15	100.00	100.00	100
Deferred into Payment	AHDBPAYQ	15	81.63	66.67	83.33
Deferred					
Deferred Calculations	AHDEFLV	30	77.46	96.67	89.87
Opt Out					
Opt Out	OPTOUT	2	Workflows now completed. Reporting to commence		
New Starters					
New Starters	AHNEWST	40	100.00	42.97	54
Nominations					
Nomination Changes	AHNOMIN	10	66.67	50.00	100
Address					
Address Changes	AHADDRES	15	86.36	88.89	86.36
Bank Account					
Bank Account Change	BANK-01	0	Workflows now completed. Reporting to commence		
General Enquiry					
General Enquiry	AHMEMBER	10	67.16	51.28	73.91
Deaths					
Death Cases - General	AHDEATH	15	59.52	73.08	77.14
Average			75.49	71.07	71.79

EMPLOYER UPDATES

3.9 Employers with active members on 31 December 2022.

Administering Authority	Scheduled Bodies
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)

Admitted Bodies	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	

Employer Data Quality

- 3.10 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

- 3.11 A number of employer admissions are currently in the pipeline. These include Accent Catering CH&CO and COMPASS.

Employer Cessation

- 3.12 Last active employee of Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association) left in September 2022. This process triggers a cessation. The actuary has been informed and cessation calculations are underway.

LGPS SCHEME and LEGISLATIVE UPDATES

Contribution Employee Contribution Bands

- 3.13 The table below sets out the employee contribution bands effective from 1 April 2023. These are calculated by increasing the 2022/23 employee contribution bands by the 1 September 2022 CPI figures of 10.1 per cent and then rounding down 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 £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Annual Allowance for tax year 2021/ 2022

- 3.14 The issue of Pensions savings statements to scheme members who exceeded their annual allowance in the 2021/22 tax year is ongoing. The process has been delayed in part by data issues and Hymans turnaround time.

McCloud update Progress

- 3.15 LGPS guidance on McCloud is expected at the end of February which is expected to set out options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It is expected to also cover both missing data and data the Fund is not confident as accurate.

McCloud Legislative Update

Teachers Pensions McCloud remedy and the LGPS implementation of the McCloud remedy in the Teachers' Pension Scheme (T P S) means that some teachers will be retrospectively eligible for the L G P S for the period from 1 April 2015 to 31 March 2022. The Department for Education (D f E) is in the process of identifying affected members. Officials from D f E will, in some cases, need to confirm the employment status of members during the remedy period with their employer. DFE will contact relevant schools. To confirm, affected T P S members are those with a part time employment in addition to a full time employment who are being rolled back into the legacy scheme as part of the McCloud remedy.

- 3.16 The process of data collection from employers is still ongoing templates were issued to employers in July 2022. 30% of employers returned data. However, others are yet to return include Council. The table below provides the current action and future actions in the next quarter.

Consideration is being given on data collection for employers with no active scheme members.

Completed Tasks	Responsible for
<p>The following activities have been completed so far:</p> <ul style="list-style-type: none"> • Kick off call/Employer survey (Fund/ • Run reports and identify all in scope members • Employer contact details supplied • 3rd chaser sent to employers 	<ul style="list-style-type: none"> • LBTH/Heywood • Heywood • LBTH • Heywood
Slippage and remediation actions	
<ul style="list-style-type: none"> • Fund looking into possibility of extracting data from historic payroll records in Resource Link payroll system and transferring over to datasheet. • Implementation study <p>Risks</p> <ul style="list-style-type: none"> • Review time scales 	<ul style="list-style-type: none"> • LBTH • Heywood • LBTH/Heywood

TPR Issues New Version of Transfer Guidance

- 3.17 On 12 January 2023, TPR published a new version of the Dealing with transfer requests guidance, with updates made to the “Direct members to mandatory guidance from MoneyHelper’ section. The guidance assists pension schemes when applying the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. Schemes are required to sign post members to receive guidance about scams from MoneyHelper, schemes should make it clearer that members must book a MoneyHelper safeguarding guidance appointment rather than the previous Pension Wise advice line.

The guidance also asks pension schemes to advice members who are transferring multiple pensions to wait until they have requested all transfers before booking their MoneyHelper safeguarding guidance appointment. The LGA on 30 January issued a new version of the non-Club transfers out guide to reflect these changes. The team has since updated its procedures to reflect these changes.

Member Self Service (MSS) Roll Out

- 3.18 The role out of Member Self Service (MSS) continues although take up remains Low.

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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Monthly Data Submission on 31 December 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	31/12/2022
Atlantic Cleaning Services	00037	Admitted Body	In House	31/12/2022
City Gateway	00025	Admitted Body	EPM	31/12/2022
Compass Contract	00027	Admitted Body	Compass Group	31/12/2022
Gateway (Bethnal Green & Vic)	00010	Admitted Body	In House	31/10/2022
Greenwich Leisure Limited	00007	Admitted Body	In House	31/12/2022
Juniper Catering St Saviours	00040	Admitted Body	In House	31/05/2022
Juniper Cleaning St Saviours	00041	Admitted Body	In House	31/12/2022
Medequip	00035	Admitted Body	In House	31/12/2022
Olive Dining	00043	Admitted Body	In House	31/12/2022
One Housing (Toynbee Island)	00011	Admitted Body	In House	31/12/2022
Phoenix Trust (Closed Scheme)	00051	Admitted Body	EPM	30/09/2022
Purgo Supply Cyril Jackson	00039	Admitted Body	In House	31/12/2022
Purgo Supply St Paul's	00042	Admitted Body	In House	31/12/2022
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	In House	31/12/2022
THCH (Closed Scheme)	00003	Admitted Body	In House	31/12/2022
THCH (Open Scheme)	00008	Admitted Body	In House	31/12/2022
Taylor Shaw - Catering	00036	Admitted Body	Elior	31/12/2022
Wettons Cleaning Services Ltd	00034	Admitted Body	In House	31/12/2022
Bowden House	00129	Main Scheme	In House	31/12/2022
Cayley Primary School	00130	Main Scheme	Strictly Education	31/12/2022
TH EPM MPP	00001	Main Scheme	EPM	31/12/2022
Bishop Challinor Catholic Federation of School	00131	Scheduled Body	SGW Payroll	31/12/2022
Canary Wharf College	00021	Scheduled Body	Peter Young	31/12/2022
Clara Grant - Boelyn Trust	00046	Scheduled Body	Access Group	31/12/2022
Cyril Jackson Academy	00044	Scheduled Body	Midland HR	31/12/2022
East London Arts & Music	00030	Scheduled Body	Day One Trust	31/12/2022
Ian Mikardo Academy	00029	Scheduled Body	EPM	31/12/2022
LETTA Trust	00028	Scheduled Body	Access Group	31/12/2022
London Enterprise Academy	00023	Scheduled Body	Strictly Education	31/12/2022
Olga Primary School	00128	Scheduled Body	In House	31/12/2022
Paradigm Trust	00033	Scheduled Body	Neo People	31/12/2022
Sir William Burrough Academy	00018	Scheduled Body	Data Plan	31/12/2022
Stepney Green -Mulberry Trust	00047	Scheduled Body	EPM	31/12/2022
St Pauls Way Trust Academy	00019	Scheduled Body	Midland HR	31/12/2022
Wapping High School	00024	Scheduled Body	In House	31/08/2022
Internal Upload by Pensions Team				
Tower Hamlets LBC	00001	Main Scheme	LBTH	31/12/2022
Itres (Fortnightly Payroll)	00001	Main Scheme	LBTH	27/03/2022
Central Foundation	00001	Main Scheme	LBTH	31/12/2022
East End Homes	00006	Admitted Body	LBTH	31/12/2022
Mulberry Academy	00026	Scheduled Body	LBTH	31/12/2022
Tower Hamlets Homes	00013	Scheduled Body	LBTH	31/12/2022

Appendix 2

Performance Stats detail – December 22

		Oct-22					Nov-22				Dec-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	6	7	7	6	6	8	7	7	7	6	6	7
Redundancy	AHREDUNA	15	0	3	3	0	0	3	1	2	2	1	2	1
Medical	AHIRETA	15	0	4	3	1	1	2	0	3	3	1	0	4
Late	AHLATERA	15	4	6	6	4	4	3	5	2	2	5	2	5
Flexible	AHFLEXRA	15	1	2	3	0	0	2	2	0	0	0	0	0
Deferred into Payment	AHDBPAYA	15	13	15	9	19	19	13	22	10	10	17	10	17
			24	37	31	30	30	31	37	24	24	30	20	34
Transfers														
Transfer In - Quotes	AHTVIQ	10	6	9	2	13	13	9	12	10	10	5	4	11
Transfer Out - Quotes	AHTVOQ	10	5	32	18	19	19	20	26	13	13	8	11	10
Transfer In - Actual	IFAINO3 & TVIN03		7	7	7	7	7	15	18	4	4	14	8	10
Transfer Out - Actual	IFAOUT02 & TVOUT02		5	13	5	13	13	28	32	9	9	21	19	11
			23	61	32	52	52	72	88	36	36	48	42	42
Refunds														
Refund Calculations	AHRFNDF	10	18	40	41	17	17	45	53	9	9	31	31	9
Refund Payments	AHRFNDA	10	9	45	37	17	17	32	28	21	21	26	30	17
			27	85	78	34	34	77	81	30	30	57	61	26
Estimates														
Voluntary	AHBENEST & AHEARLYQ	15	9	31	25	15	15	25	32	8	8	14	12	10
Redundancy	AHREDUNQ	15	2	1	1	2	2	4	5	1	1	1	1	1
Medical	AHIRETQ	15	2	1	1	2	2	4	3	3	3	2	1	4
Late	AHLATERQ	15	2	4	3	3	3	4	4	3	3	5	6	2
Flexible	AHFLEXRQ	15	2	0	1	1	1	3	3	1	1	1	1	1
Deferred into Payment	AHDBPAYQ	15	2	17	16	3	3	52	53	2	2	6	3	5
			19	54	47	26	26	92	100	18	18	29	24	23
Deferred														
Deferred Calculations	AHDEFLV	30	39	34	60	13	13	34	34	13	13	19	6	26
Opt Out														
Opt Out	OPTOPRT2	2	23	74	44	53	53	104	110	47	47	28	20	25
New Starters														
New Starters	AHNEWST	40	5	305	194	116	116	120	236	0	0	97	97	0
Nominations														
Nomination Changes	AHNOMIN	10	1	9	8	2	2	9	6	5	5	8	9	4
Address														
Address Changes	AHADDRES	15	4	34	34	4	4	16	13	7	7	15	13	9
Bank Account														
Bank Account Change	BANKCHGE	0	0	1	1	0	0	5	5	1	1	6	3	4
General Enquiry														
General Enquiry	AHMEMBER	10	33	123	118	38	38	170	170	38	38	115	64	89
Deaths														
Death Cases - General	AHDEATH	15	116	36	41	111	111	44	49	106	106	21	58	69
			221	616	500	337	337	502	623	217	217	309	270	226