


Non-Executive Report of the:  <b>Pensions Committee</b>  Monday, 3 July 2023	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Caroline Holland, Interim Corporate Director, Resources	<b>Classification:</b> unrestricted
<b>Pensions Administration and LGPS Quarterly Update – March 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 Committee is recommended to:

1. Note and comment on the contents of this report and appendix.
2. Agree the admission of Riverside Housing Association previously known as One Housing.
3. Note the conversion of Cannon Barnet LEA maintained school to academy status and.
4. Agree to extend the annual overseas existence checks to include a once every 3 years additional checks via Convera (previously known as Western Union).

### 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 on 31 March 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.

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,810	8,392	48	7,139	2,890
% of Membership	29.72%	31.93%	0.18%	27.17%	11.00%
Change from last quarter	111	6	(96)	65	131

Membership Category	At 31/12/22	+/- Change (%)	At 31/03/2023
Active	7,699	1.4	7,810
Deferred	8,386	0.1	8,392
Undecided	144	(66.7)	48
Pensioner (incl spouse & dependant members)	7,074	0.9	7,139
Frozen	2,759	4.7	2,890
<b>Total</b>	<b>26,062</b>	<b>0.8</b>	<b>26,279</b>

- 3.2 The table below shows tasks completed and outstanding on 31 March 2023.

Casetype	Cases Outstanding Dec 2022	New Cases	Cases Closed	Cases Outstanding Mar 2023
Transfer in quotes	19	38	45	12
Transfer Out quotes	18	87	87	18
Employee estimates	10	94	89	15
Retirement quotes	13	173	150	36
Preserved benefits	26	119	124	21
Opt out	25	159	155	29
Refund Calculations	9	127	126	10
Refund Payments	15	79	79	15
Death in payment or in service	69	138	145	62
Actual Transfers In	10	34	31	13
Actual Transfers Out	11	56	57	10
Others	102	399	424	77

Starters	0	340	329	11
Leavers	43	162	166	39
<b>Total Case</b>	<b>370</b>	<b>2005</b>	<b>2007</b>	<b>368</b>

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 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.

3.4 The pensions email inbox response time lag is now down to 5 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.

3.5 2022 Triennial Valuation Update

The Fund 2022 triennial valuation has since been completed. The fund was 123% funded.

#### Overseas Pensioners Existence Checks 2023 (Life Certificates)

3.6 All overseas pensioners and dependents are required to complete a Life Certificate each year which serves as an existence check. All overseas pensioners are required to verify that our records are correct and to ensure pension payments should continue to be made. This acts as an anti-fraud exercise and safeguards the pension fund.

The 2023 Life Certification process commenced in February. Overseas pensioners who do not return Life Certificates after 2 reminders will have their pensions suspended. So far about 25 pensioners have yet to return their Life Certificates. These pensioners will be issued via recorded delivery a final reminder after which pensions will be stopped.

Officers are looking into adopting additional existence check on overseas pensioner every 3 years via Convera, UK branch previously known as Western Union International Bank who currently assist with remitting overseas pensioner payments. Officers will engage with Convera to facilitate this process and will contact pensioners to advise of the necessary actions required. In essence, this will require a visit to a Convera Agent location to confirm your identity and that

you are remain entitled to receive a pension from Tower Hamlets. Alternative process will be available should health or location reasons prevent a pensioner from visiting a Convera Agent location.

#### Performance Against CIPFA Pensions Administration Suggested Targets

- 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 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.

Retirements	Altair Workflow	Target Days	January % Within Target	February % Within Target	March % Within Target
Voluntary	AHEARLYA	15	40	0	36.36
Redundancy	AHREDUNA	15	-	100	-
Medical	AHIHRETA	15	-	0	-
Late	AHLATERA	15	25	0	50
Flexible	AHFLEXRA	15	-	-	-
Deferred into Payment	AHDBPAYA	15	36.36	33.33	29.41
<b>Transfers</b>					
Transfer In - Quotes	AHTVIQ	10	28.57	50	70
Transfer Out - Quotes	AHTVOQ	10	62.5	69.23	78.79
Transfer In - Actual	IFAIN03 & TVIN03	0	work flow in use since 1 June 2023		
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	work flow in use since 1 June 2024		
<b>Refunds</b>					
Refund Calculations	AHRFNDF	10	87.88	48.15	87.69
Refund Payments	AHRFNDA	10	41.67	22.73	63.33
<b>Estimates</b>					
Voluntary	AHBENEST & AHEARLYQ	15	83.33	87.1	90.32
Redundancy	AHREDUNQ	15	75	0	100
Medical	AHIHRETQ	15	-	-	-
Late	AHLATERQ	15	50	50	87.5
Flexible	AHFLEXRQ	15	50	100	100
Deferred into Payment	AHDBPAYQ	15			
<b>Deferred</b>					
Deferred Calculations	AHDEFLV	30	81.08	91.67	98
<b>Opt Out</b>					
Opt Out	OPTOPRT2	2	53.66	65.91	43.28
<b>New Starters</b>					
New Starters	AHNEWST	40	100	100	100
<b>Nominations</b>					
Nomination Changes	AHNOMIN	10	33.33	40	45
<b>Address</b>					
Address Changes	AHADDRES	15	57.89	72.73	84.09
<b>Bank Account</b>					
Bank Accoun Change	BANKCHGE	10	40	42.86	62.5
<b>General Enquiry</b>					
General Enquiry	AHMEMBER	10	73.08	69.62	59.69
<b>Deaths</b>					
Death Cases - General	AHDEATH	15	28.57	76.67	50
<b>Average</b>			<b>55.15</b>	<b>53.33</b>	<b>70.31</b>

## EMPLOYER UPDATES

### 3.8 Employers with active members on 31 March 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	

### Employer Insourcing

- 3.9 The following insourcing arrangements is ongoing:  
 Tower Hamlets Council – Greenwich Leisure  
 Tower Hamlets Council – Breast feeding team from NHS.

### New Employer Admissions

- 3.10 Cannon Barnet Academy LEA maintained converted to academy status on 1 June 2023. One Housing was taken over by Riverside Housing Group.

### Employer Data Quality

- 3.11 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 however the pensions team in the next 12 to 15 months will now focus on monthly review of data with the aim of alerting employers each month of inaccuracies as well as continuing to amend existing records.

### Employer Cessation

- 3.12 The following employers have had their last contributing members left. Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association) left in September 2022, Juniper Catering (St Saviours) left May 2022 and Medquip left March 2023. This process triggers a cessation, the actuary has been informed and cessation calculations are underway.

## LGPS SCHEME and LEGISLATIVE UPDATES

### Gender pensions gap report

- 3.13 On 29 March 2023, the Scheme Advisory Board published a report on the gender pensions gap in the LGPS from the Government Actuary's department. The report provides an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation. It shows the difference (in men's favour) is 34.7 percent in the CARE scheme and 46.4 per cent in the final salary scheme. The Board however notes that these findings need to be interpreted with caution. The Board will do further work to understand the data and investigate causes, as well as considering possible next steps.

### Annual and lifetime allowance limits

- 3.14 On 15 March 2023, the Chancellor of the Exchequer announced in the 2023 Spring Budget announced that, from 6 April 2023:
- the standard annual allowance will increase from £40,000 to £60,000.
  - the money purchase allowance will increase from £4,000 to £10,000.
  - the adjusted income for the tapered annual allowance will increase from £240,000 to £260,000.
  - the minimum tapered annual allowance will increase from £4,000 to £10,000.

	Definition	Limit in 2023/24
Threshold income	Broadly, taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£260,000
Minimum AA	If AA is tapered, the minimum AA that can apply	£10,000

### Pensions dashboards

- 3.15 Delays to the dashboard connection deadlines was recently announced by DWP. Legislation to amend schemes' connection deadlines is expected. The delays are necessary to give the dashboard programme time it needs to meet the challenges in developing the digital architecture. It is currently not clear whether the 2024 connection deadlines for public service schemes will change.

The Fund continues with the task of reviewing member records.

#### Annual Pensions Increase

- 3.16 From 10 April 2023, LGPS administering authorities increased qualifying pensions. This increase applied applies to a pension that begin before 11 April 2022 is 10.1%. Part year increases also apply per the Pensions Increase (Review) Order 2023. Other increases apply to various aspects of benefits.

#### McCloud legislative Update

- 3.17 In March 2023, the SAB published administering authorities with guidance setting up options when data needed to implement McCloud remedy is unavailable or lacks credibility.

On 6 April 2023, the Department for Levelling Up, Communities and Housing (DLUHC) published their response to the consultation on amendments to the underpin. The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgement and to ensure that it works effectively and consistently for all qualifying members. DLUHC expects to launch a further consultation which will seek views on:

- Issues like aggregation, flexible retirement, compensation, interest and excess teacher service; and
- Updated draft regulations

#### McCloud project update

- 3.18 The process of data collection from employers is still ongoing templates were issued to employers in July 2022. 30% of employers returned data as of 27 April 2023. However, others are yet to return include Council. The table below provides the future actions in the next quarter. Consideration is being given on data collection for employers with no active scheme members.

Task	Responsible For
Chase the employers that have not returned data	LBTH
Send returned data to Heywood	LBTH
Insights Analysis of Returned Data	Heywood
Review of Insights Analysis Report and review data errors	LBTH
Provisional Load of 'Good' Data into Altair TEST	Heywood
Review of errors from provisional load of 'Good' Data into Altair TEST	LBTH
Actual Load of 'Good' Data into Altair TEST	Heywood
Review of data loaded into Altair TEST	LBTH



Provisional Load of 'Good' Data into Altair LIVE	Heywood
Review of errors from provisional load of 'Good' Data into Altair LIVE	LBTH
Actual Load of 'Good' Data into Altair LIVE	Heywood
Return of cleansed data from review of Insights Analysis Report	LBTH
Provisional Load of 'Cleansed' Data into Altair TEST	Heywood
Review of errors from provisional load of 'Cleansed' Data into Altair TEST	LBTH
Actual Load of 'Cleansed' Data into Altair TEST	Heywood
Review of data loaded into Altair TEST	LBTH
Provisional Load of 'Cleansed' Data into Altair LIVE	Heywood
Review of errors from provisional load of 'Good' Data into Altair LIVE	LBTH
Actual Load of 'Cleansed' Data into Altair LIVE	Heywood
<b>Slippage and remediation actions</b>	
Fund looking into possibility of extracting data from historic payroll records in Resource Link payroll system and transferring over to datasheet.	LBTH
<b>Risks</b>	
Time scales not met	

### Update Guides

- 3.19 LGA issued updates HR and Payroll guides in April 2023. All payroll providers and employer contacts have been forwarded a copy of the payroll guide.

### 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.

### Academy Guarantee

- 3.21 The Department of Education (DfE) recently released policy statement amending how existing LGPS Academy guarantee applies to the LGPS liabilities for academy outsourcings. The new DfE Academy Trust LGPS Guarantee Policy confirms that the existing academy guarantee will apply to all academy outsourcings which fall into one of three scenarios. This is an important development as previously outsourcings in scenarios 2 and 3 below were not being covered by the guarantee. This meant that the academy could not be a guarantor to the admission agreement. This issue is now resolved.

The scenarios covered are only applicable to staff who are eligible for LGPS and if the admission is operating under a 'pass-through' arrangement:

1. Staff currently working for an academy transfer to an outsourced contractor under TUPE.
2. Staff who transfer to an outsourced contractor under TUPE before the academy converted (i.e., when it was still a maintained school) and the outsourcing contract passes to the academy following conversion.
3. Staff who currently work for the local authority which is providing services to the academy under a contract, but the contract is then awarded to another third-party contractor and the staff transfer to the contractor under TUPE.

3.22 Academies do not need to request ESFA approval in the above scenarios. If the outsourcing is not covered under the scenarios, then academies still must contact ESFA for approval.

ESFA's view is that this now removes the need for a bond for outsourcings in these scenarios. If an administering authority still insists on a bond, then the contractor has to provide it as academies cannot provide bonds for LGPS liabilities. The policy is retrospective in its application.

The Fund is currently working with the actuary to update admission guides/policies and funding strategy statement which need to be updated in light of these changes.

#### **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 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:**

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**Monthly Data Submission on 31 March 2023**

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

Employer Name	Employer Code	Employer Type	Data Submitted to
Age UK	00045	Admitted Body	31/03/2023
Atlantic Cleaning Services	00037	Admitted Body	31/03/2023
City Gateway	00025	Admitted Body	31/03/2023
Compass Contract	00027	Admitted Body	31/03/2023
Greenwich Leisure Limited	00007	Admitted Body	31/03/2023
Juniper Cleaning St Saviours	00041	Admitted Body	31/03/2023
Olive Dining	00043	Admitted Body	31/03/2023
One Housing (Toynbee Island)	00011	Admitted Body	31/03/2023
Phoenix Trust (Closed Scheme)	00051	Admitted Body	31/03/2023
Purgo Supply Cyril Jackson	00039	Admitted Body	24/03/2023
Purgo Supply St Paul's	00042	Admitted Body	25/03/2023
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	31/03/2023
THCH (Closed Scheme)	00003	Admitted Body	31/03/2023
THCH (Open Scheme)	00008	Admitted Body	31/03/2023
Taylor Shaw - Catering	00036	Admitted Body	31/03/2023
Wettons Cleaning Services Ltd	00034	Admitted Body	31/03/2023
Bishop Challinor Catholic Federation of Schools	00131	Scheduled Body	31/03/2023
Canary Wharf College	00021	Scheduled Body	31/03/2023
Clara Grant - Boelyn Trust	00046	Scheduled Body	31/03/2023
Cyril Jackson Academy	00044	Scheduled Body	31/03/2023
East London Arts & Music	00030	Scheduled Body	31/03/2023
Ian Mikardo Academy	00029	Scheduled Body	31/03/2023
LETTA Trust	00028	Scheduled Body	31/03/2023
London Enterprise Academy	00023	Scheduled Body	31/03/2023
Olga Primary School	00128	Scheduled Body	31/03/2023
Paradigm Trust	00033	Scheduled Body	31/03/2023
Sir William Burrough Academy	00018	Scheduled Body	31/03/2023
Stepney Green -Mulberry Trust	00047	Scheduled Body	31/03/2023
St Pauls Way Trust Academy	00019	Scheduled Body	31/03/2023
Wapping High School	00024	Scheduled Body	31/03/2023
Bowden House	00129	Main Scheme	31/03/2023
Cayley Primary School	00130	Main Scheme	31/03/2023
TH EPM MPP	00001	Main Scheme	31/03/2023
<b>Internal Upload by Pension Team</b>			
Tower Hamlets LBC	00001	Main Scheme	31/03/2023
Central Foundation	00001	Main Scheme	31/03/2023
East End Homes	00006	Admitted Body	31/03/2023
Mulberry Academy	00026	Scheduled Body	31/03/2023
Tower Hamlets Homes	00013	Scheduled Body	31/03/2023