

Report for: Pension Board

Date of Meeting:	16 December 2021
Subject:	Pensions Administration Update to 30 September 2021
Responsible Officer:	Dawn Calvert – Director of Finance and Assurance
Exempt:	No
Wards affected:	Not applicable
Enclosures:	Appendix 1: Pension Administration Performance Monitoring to 30 September 2021

Section 1 – Summary and Recommendations

This report summarises the performance of the Pensions Administration team for the quarter ended 30 September 2021 and updates the Board in respect of a number of other items.

Recommendations:

The Board is requested to note the report.

Section 2 – Report

1. Monitoring the service performance of the Fund is a key responsibility of the Board. The Board has been monitoring comparative pensions administration indicators since June 2017. This report provides information on performance to 30 September 2021.
2. The pensions administration performance statistics measured against the national benchmarks for the Quarter to 30 September 2021 are set out in Appendix 1. The numbers of cases have been added to the table to provide further contextual information about performance. The Board is invited to comment on this performance.

3. Table 1 below sets out the membership of the Pension Fund in the current year to 30 September 2021, with previous years to 31 March as a comparator. The percentage of active members in the fund is one indicator of the maturity of the fund.

	31 March 2019	31 March 2020	31 March 2021	30 September 2021
Pensioners	5,795	6,004	6,196	6,335
Deferred	6,966	7,037	7,033	6,987
Active Members	5,400	5,410	5,309	5,456
% Active Members	29.7%	29.3%	28.6%	29.05%
Total	18,161	18,451	18,538	18,778

Requirement to Report Breaches of Law

4. The Pension Board reviewed the breaches in law policy and breaches reporting procedure at its meeting on 20th September 2018.
5. There have been no known breaches of law in the current financial year to date.

Internal Disputes Cases and Complaints

6. No internal disputes or complaints have been raised since the previous report.
7. As reported to previous meetings of the Board, one complaint to the Pensions Ombudsman was received in December 2020. A response was sent to the Ombudsman in January 2021. This complaint related to a decision regarding ill health retirement taken in 2017 and followed a stage 2 appeal which was received and determined early in 2020. The Ombudsman's decision is still awaited.
8. Since the last meeting, two further cases have been referred to the Pensions Ombudsman – in both cases, responses were sent to the Ombudsman in October 2021. These cases also relate to decisions taken regarding ill health retirement, and again the decisions of the Ombudsman are awaited.
9. The Pensions Ombudsman has indicated that their office is dealing with a large number of complaints, (most of which are not related to the LGPS) and that it may be "several months" before they write to LBH again.

Payment of Employer Contributions

10. Employer contributions are required to be paid in arrears by the 19th of each month. All employer contributions have been paid on time in 2021-

22 to date. Employers are contacted if payment has not been received by the due date.

Update on Legislation Changes

McCloud

11. As previously reported, following the 2020 Consultation, on 13th May 2021 the Government announced plans to implement the changes proposed in the consultation from 1 April 2023. On 19 July 2021, a bill was put before Parliament amending the Public Service Pensions Act 2013 to rectify unlawful discrimination in public service pension schemes. The Bill to amend this Act is currently progressing through the committee Stage in the House of Commons. It is expected that draft LGPS regulations will be issued for consultation by the end of 2021. Currently these are still awaited.
12. Once there is some certainty regarding the structure of the new Regulations, the LGPS software providers will be able to make the necessary changes
13. As previously advised, work has begun to validate and where necessary to collect the data from employers to enable us to implement the changes. To complete this task Aquila Heywood are providing additional resource and assistance to the LBH Team.

Exit cap

14. As reported previously, the Public Sector “Exit Cap” Regulations were repealed in February 2021, and the Government announced that measures to achieve the cap’s intended outcomes would be implemented later in 2021. On 28th May, the Government issued Guidance on “Special Severance payments” to the rest of the public sector. A consultation in respect of the LGPS is still awaited.

Other Matters

Scheme Advisory Board (SAB)

15. The SAB’s most recent meeting was on 27 September 2021. Items considered were
 - Investment cost transparency and reporting thereof
 - Replacement of the CIPFA Pensions Panel with an SAB “Compliance and Reporting Committee”. One of this Committee’s important functions will be to review, develop and issue guidance on LGPS Funds’ Annual Reports and Accounts.
 - Legislative progress (meetings with DLUHC) including cost management of the scheme
 - Investment, Governance and Engagement
16. The agenda and papers can be found at the following link <https://lgpsboard.org/index.php/about-the-board/prev-meetings>

GAD Section 13 Report

17. An initial draft of the Government Actuary's Department (GAD) "section 13" report – which sets out the 2019 triennial valuation results for all LGPS funds on a comparable basis (i.e. using consistent actuarial assumptions) has been shared with the various actuarial firms, but as yet it has still not been published. When this happens, the report will be brought to the Board.

Triennial Valuation 2022

18. The Board will be aware that the next triennial valuation will be carried out based upon the Fund's position as at 31 March 2022. The Pension Fund Committee received a training presentation from Laura McInroy of Hymans Robertson before its last meeting on 24 November 2021. Laura explained the process and set out an outline timetable for the valuation and reporting of the results.

19. The timetable can be summarised as follows:

- Q4 2021 – pre-planning work and initial data cleansing is already underway.
- Q1 2022 – review of key actuarial assumptions (investment returns, inflation and pay growth, mortality)
- Q2 2022 – final data cleansing and submission of data to actuary, initial review of Funding Strategy Statement (FSS)
- Q3 2022 – whole fund funding level report, initial modelling of employer contribution rates
- Q4 2022 – employer results published, consultation on FSS, employer forum
- Q1 2023 – final valuation report signed off.
- April 2023 – "new" employer contribution rates implemented.

20. Further reports will be submitted to the Pension Fund Committee and to the Board as the valuation work progresses.

Legal Implications

21. There are no direct legal implications arising from this report.

22. The terms of reference for the Board include assisting the Administering Authority (London Borough of Harrow) as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme.

Financial Implications

23. There is a cost of engaging Aquila Heywood to assist in the collection of employer data in readiness to implement fully the McCloud Judgement when the new Regulations become available. The work to deliver the triennial valuation will result in additional fees payable to the Fund's

actuary, Hymans Robertson. These costs are being / will be met from the Pension Fund.

Risk Management Implications

24. The Pension Fund's Risk Register is reviewed regularly by both the Pension Fund Committee and by the Board. The next review will be considered elsewhere on the agenda for this meeting.
25. There are no specific risk management implications arising from this report.

Equalities implications / Public Sector Equality Duty

26. Was an Equality Impact Assessment carried out? No
27. There are no direct equalities implications arising from this report, although as the Committee is aware, the McCloud Judgement arose from an Equalities Claim against another public sector pension scheme.

Council Priorities

28. The performance of the Pension Fund directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 30/11/2021

Statutory Officer: Sharon Clarke

Signed on behalf of the Monitoring Officer

Date: 30/11/2021

Chief Officer: Charlie Stewart

Signed by the Corporate Director

Date: 30/11/2021

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Jeremy Randall – Interim Pensions Manager

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Telephone: 020 8736 6552

Background Papers: None