



REPORT FOR: Pension Board

Date of Meeting:

12th July 2023

Subject:

Pensions Administration Update to 31
March 2023

Responsible Officer:

Dawn Calvert, Director of Finance and
Assurance

Exempt:

No

Wards affected:

Not applicable

Enclosures:

Appendix 1: Pension Administration
Performance Monitoring to 31 March
2023

Section 1 – Summary and Recommendations

This report summarises the performance of the Pensions Administration team for the quarter ended 31 March 2023 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 31 March 2023.
2. The pensions administration performance statistics measured against the national benchmarks for the Quarter to 31 March 2023 are set out in Appendix 1. The numbers of cases have been included in the table to provide further contextual information about performance. The level of performance had dropped in the quarter to 30 June and was similar in the quarter to 30 September. This was linked to the impact of the Council's new payroll arrangements, which have made the preparation of the pension payroll more labour intensive, alongside the additional workload which is always required during a triennial valuation. Since early October performance has improved and is more in line with expectations. The Board is invited to comment on this performance.
3. Work on the implementation of scheme member self-service is progressing well, and the roll out to active and deferred members is continuing. Feedback from users of the facility has been positive. Work is also progressing with the implementation of i-Connect (an employer self service module). I-Connect will streamline the monthly uploading of member contribution data from each employer, replacing the current approach which uses spreadsheets. Once these technology improvements are fully operational, they will reduce the team's workload in some areas leading to further improvements in performance.
4. Table 1 below sets out the membership of the Pension Fund in the current year at 31 March 2023, with previous years at 31 March as a comparator. The percentage of active members in the fund is one indicator of the maturity of the fund.

Table 1

	Pension Scheme members				
	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Pensioners	5,795	6,004	6,196	6,460	6,975
Deferred	6,966	7,037	7,033	6,957	6,929
Active Members	5,400	5,410	5,309	5,586	5,696
% Active Members	29.7%	29.3%	28.6%	29.3%	29.1%
Total	18,161	18,451	18,538	19,003	19,600

5. The three yearly “re-enrolment” exercise for members who had previously opted out of the LGPS (which is a statutory requirement) was completed in July 2022.

Requirement to Report Breaches of Law

6. The Pension Board reviewed the breaches in law policy and breaches reporting procedure at its meeting on 16th December 2021 – the document was approved by the Pension Fund Committee at its meeting on 9th March 2022.
7. Other than the items previously reported (Annual Benefits Statements issued late in respect of the Avanti Schools Trust because of delays by the Trust in providing year end data) and the data breach in respect of a small number of payslips in April 2022), there have been no known breaches of law in the current financial year.

Internal Disputes Cases and Complaints

8. Since the previous report, no further cases have been dealt with under the Internal Dispute Resolution Procedure.
9. As reported to previous meetings of the Board, two complaints which had been referred to the Pensions Ombudsman in 2021 remained outstanding. Both cases relate to decisions taken regarding ill health retirement.
10. At the Board’s request, officers contacted the Pensions Ombudsman expressing concern about the delays. In a response dated 7 November 2022, it was indicated that the case from January 2021 was likely to be passed to an adjudicator in 3-4 months, and the remaining case from October 2021 was likely to be passed to an adjudicator in 6-7 months. At the time of writing this report, no further communication had been received from the Pensions Ombudsman. This situation is clearly unsatisfactory for the complainants and reflects that the Pensions Ombudsman’s office continues to be dealing with a large number of complaints, (most of which are not related to the LGPS).

Payment of Employer Contributions

11. Employer contributions are required to be paid in arrears by the 19th of each month. In the current financial year to date, all employer contributions have been paid on time. Employers are contacted if payment has not been received by the due date.

Update on Legislation Changes

12. Another Government consultation on the McCloud remedy for public sector pension schemes was published in May 2023 and closed on 30 June 2023. This Consultation included draft Regulations for the LGPS. The proposals are complex – in summary they extend the “statutory underpin” in a range of circumstances, and if implemented in this form will present a significant workload for LGPS software suppliers and administration teams. A link to the Consultation is below.

[‘McCloud’ remedy in the LGPS – supplementary issues and scheme regulations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/mccloud-remedy-in-the-lgps-supplementary-issues-and-scheme-regulations)

The Board should also note that in early June 2023, the Court of Appeal granted the Fire Brigades Union leave to appeal the High Court’s decision on paying implementation of McLeod remedies, which the Union claims is age discriminatory. The outcome of that case is likely to affect other public sector schemes.

13. The consultation on investment pooling and related matters is still awaited. It is currently thought that this will now be issued in the autumn of 2023. A report will be brought to the Board when the consultation is published.

Other Matters

Scheme Advisory Board (SAB)

14. The SAB’s most recent meeting was on 22 May 2023. Items considered included

- Cost management of the scheme
- Risk Register – this covers both the Board and the Scheme
- Compliance and Reporting - including work to update guidance on
 - Pension Fund Annual reports and accounts
 - Funding Strategy Statements
 - Knowledge and Skills Framework
- Investment Cost Transparency

15. SAB agendas and papers can be found at the following link
<https://lgpsboard.org/index.php/about-the-board/prev-meetings>

Legal Implications

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

17. The terms of reference for the Board include the Board's role as set out in the following paragraphs.
18. The role of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist 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 (LGPS) including:
 - securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;
 - securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator; and
 - such other matters the LGPS regulations may specify.
19. The Administering Authority retains ultimate responsibility for the administration and governance of the scheme. The role of the Board is to support the Administering Authority to fulfil that responsibility.
20. In its role, The Board will have oversight of the administration of the fund including:
 - a. The effectiveness of the decision-making process
 - b. The direction of the Fund and its overall objectives
 - c. The level of transparency in the conduct of the Fund's activities
 - d. The administration of benefits and contributions
21. The Board will provide the Scheme Manager with such information as it requires to ensure that any Member of the Board or person to be appointed to the Board does not have a conflict of interest.
22. The Board will ensure it effectively and efficiently complies with the Code of Practice on the Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. It will help to ensure that the Fund is managed in the same way.
23. The Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

Financial Implications

24. 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

25. 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.
26. There are no specific risk management implications arising from this report.

Equalities implications / Public Sector Equality Duty

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

Council Priorities

29. 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: 3rd July 2023

Statutory Officer: Caroline Eccles

Signed on behalf of the Monitoring Officer

Date: 30th June 2023

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 3rd July 2023

Mandatory Checks

Ward Councillors notified: Not Applicable

Section 4 - Contact Details and Background Papers

Contact: Bola Tobun – Treasury and Pensions Manager

Email: Bola.Tobun@harrow.gov.uk

Telephone 020 8420 9264

Background Papers: None