

Report for: Pensions Committee and Board – 12 September 2022

Title: Pensions Administration Update

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officers: Tim Mpofo, Head of Pensions & Treasury, and Jamie Abbott, Pensions Manager, 020 8489 3824, Jamie.Abbott@haringey.gov.uk

Ward(s) affected: Not applicable

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with the following updates regarding Pension Fund's administration activities:
- a. Membership update
 - b. Resourcing of the pensions administration team
 - c. Update on Annual Benefit Statements
 - d. Update on McCloud remedy activities

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is requested:

- 3.1. To note the report and the information provided regarding the Pension Fund's administration activities.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

Membership Update

- 6.1. The table below provides a breakdown of Haringey Pension Fund's scheme members as at 30 June 2022.

Member status	30 June 2022
Active members	6,308
Pensioner members	8,426
Deferred members	10,727
Total scheme members	25,461

Resourcing the pensions administration team

- 6.2. Following the retirements of a few experienced members of staff last year, the Council has appointed replacements to some of the vacancies including the Pensions Manager role.
- 6.3. Due to the restructure of the pensions administration team earlier this year, there still remain a number of vacancies in the team which officers are currently recruiting for. These include the Pensions Team Leader and Pensions Payroll officer positions. Final applications close at the end of August 2022 with interviews expected in early September 2022.

Update on Annual Benefit Statements

- 6.4. The Local Government Pensions Scheme (LGPS) Regulations 2013 require the administering authorities to issue an Annual Benefit Statement (ABS) to all active and deferred members by 31 August following the end of the Scheme year to which the ABS relates.
- 6.5. The ABS provides scheme members with a summary of their pension benefits built up over the course of their membership to 31 March 2022. The statements were made available online on the member self-service portal before the 31 August 2022. A copy of the statement has been sent to members' home addresses with a message encouraging sign up to the member self-service portal.

Update on McCloud remedy activities

- 6.6. The Pensions Committee and Board has previously received advice regarding the outcome of the McCloud case, an age discrimination court case involving the transitional protection arrangements introduced as part of the 2014 reforms of the LGPS.
- 6.7. On 17 March 2022, the Public Service Pensions and Judicial Offices Bill received Royal Assent which turned it into an act of law. In mid-July 2022, the Department for Levelling Up Housing and Communities (DLUHC) provided an update on its work to rectify the "McCloud" age discrimination across all affected public service pension schemes, including the LGPS.

- 6.8. The Government is expected to publish its response to the 2020 consultation later this year. Subsequently, the Scheme Advisory Board intends on resuming their McCloud implementation groups (including representatives of different LGPS stakeholders) which the Department also plans to attend.
- 6.9. DLUHC have indicated their intention to publish the updated draft regulations for McCloud remedy implementation alongside the Government's consultation response. It is intended that regulations will come into force on 1 October 2023, following a period a consultation. A meeting with software providers to discuss the implementation of McCloud remedy to this timetable is planned for later this year.
- 6.10. A paper will be brought to the Pensions Committee and Board to consider the implications of the proposed remedial regulations once these have been issued.
- 6.11. Preliminary work is currently underway to assess the impact of the proposed amendments to the Pension Fund. Officers have engaged with Heywood, the Pensions Fund's administration software provider, to assist with the necessary data collection/validation in preparation for the activity necessary to implement the remedies for those members impacted by the proposed remedial regulations. The latest status report from Heywood is attached as Appendix 1 to this paper.
- 6.12. Officers anticipate that the implementation of the proposed remedial regulations will be both complex and time consuming, particularly the collection of information and the subsequent McCloud calculations required to perform any retrospective corrections required to member benefits. Additional resources are likely to be required to undertake this work.
- 6.13. Officers will continue to keep the Pensions Committee and Board informed of developments related to the McCloud remedy activities.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including Procurement), Head of Legal and Governance, Equalities)

Finance and Procurement

8.1. The implementation of the McCloud remedial regulations is expected to increase the volume of work undertaken by the pensions administration service. If, additional resources are required, this may lead to an increase in costs related to the administration of the Pension Fund.

Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. Members are referred specifically to the Public Service

Pensions and Judicial Offices Act 2022 referred to in this report as a result of the McCloud Case. There will be implications for the Pension Fund and legal advice will be provided on this when the report on this matter is brought back to the Pensions Committee and Board.

Equalities

8.3. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equalities issues arising from the contents of this report.

9. Use of Appendices

9.1. Appendix 1: McCloud Project Highlight Report

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.