# **Newham Pensions Board Annual Report 2022/23**

## **Purpose of Report**

1. The report is compiled to provide feedback on the work undertaken during April 2022 to March 2023 (2022-23) by the Newham Pensions Board and to meet the legislative requirement for producing an Annual Report.

## **Background**

1. The Pensions Board oversees the administration of the Newham Pension Fund on behalf of the Administrating Authority. Decisions made on the investment of the fund is carried out by the Newham Pension Committee
2. The London Borough of Newham Pension Fund Local Pensions Board (“Pensions Board”) was established in accordance with changes to the Public Service Pension Act 2013 (PSPA13) statutory pension scheme that is connected with it.
3. The Pensions Board is supported by officers of the London Borough of Newham Administering Authority (“Administrator”), by the appointment of an Independent Chair, and by assurance statements and information provided by external service providers to London Borough of Newham Pension Fund (“Fund”).
4. There are three employer representatives and three scheme member representatives.
5. The Pensions Board has met four times in the Municipal Year 2022-23.
6. The costs of the Pensions Board’s operations;
   1. Meeting and Independent Chair Allowances are paid by the London Borough of Newham
   2. Training costs are charged to the Pension Fund and are included in the Fund budget.

## **Implications and Risks**

**Financial implications and risks:**

None

**Legal implications and risks:**

None

**Human Resources implications and risks:**

None

**Equalities implications and risks:**

None

## **Membership Attendance at Meetings**

1. The Membership of the Pensions Board is:

|  |  |
| --- | --- |
|  |  |
| Independent Chair | Tejonidhi Kashyap |
| Employee Representative | Catherine Hanlon (GMB) |
| Employee Representative | Donford Vardon (UNITE) up to Mar-23 |
| Employee Representative | Veronica Holley (UNISON) up to Jan-23 |
| Employee Representative | Christine Lander (UNISON) with effect Feb-23 |
| Employer Representative | John Saunders |
| Employer Representative | John Hollands |

**Attendance at Meetings**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Meeting Date** | Tejonidhi Kashyap  (TK) | Catherine Hanlon (CH) | Veronica Holley (VH) | Christine Lander  (CL) | Donford Vardon (DV) | John Hollands (JH) | John Saunders (JS) |
| 25th Jul 22 | X | X |  |  |  | X | X |
| 26th Sep 22 | X |  |  |  | X | X | X |
| 7th Nov 22 | X | X | X |  |  | X | X |
| 6th Feb 23 | X | X | X | X |  | X | X |
| 24th Apr 23 |  |  |  |  |  |  |  |

**Attendance at Training**

1. See appendix 1, for a summary of Training and attendance for the Pension Board.

**Areas Covered at Pension Board**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Items Covered** | **Meeting Dates** | | | | |
| **25th Jul 22** | **26th Sep 22** | **7th Nov 22** | **6th Feb 23** | **24th Apr 23** |
| Review Pension Board Plan for forthcoming year | **x** |  |  |  | **x** |
| Draft Pension Board Annual Report | **x** |  |  |  | **x** |
| Project PACE Update |  | **x** |  |  |  |
| Risk Register |  |  | **x** |  |  |
| Abatement Update |  |  | **x** | **x** |  |
| Membership Update |  | **x** | **x** | **x** |  |
| Terms of Reference Update |  |  | **x** | **x** |  |
| LPPA Performance Report |  | **x** | **x** | **x** |  |
| LPPA Risk & Compliance Report |  | **x** | **x** | **x** |  |
| Pensions Administration Report |  | **x** | **x** | **x** |  |
| Pensions Fund Update |  | **x** | **x** | **x** |  |
| LPPA Update; UPM, Current Pressures and plans for service improvements |  |  |  | **x** |  |
| Newham Fund Annual Report |  | **x** |  |  |  |

*\*\* A committee update, is an Administration update which was presented to committee at the last Pension Committee*

## **Chair’s Comments**

1. I would like to thank the members of the Pensions Board and the officers for their commitment to ensure effective and efficient service to our scheme members and employers, as we emerge from the Covid-19 pandemic.
2. The Pension Board regularly reviews the performance of the Pensions Administration service provider. During 2021-22, the Board reviewed data breaches, complaints and IDRP cases. The Pensions Board also reviewed the performance of the service provider in relation to adherence to various SLAs.
3. During 2021-22, the Pensions Board reviewed progress of efforts made to increase engagement with employees to join the scheme. This is a key area of focus over 2022-23 due to a high number of existing employees opting out of the scheme in Q1 2022.
4. In addition, the Pensions Board raised questions to understand the preparedness of the Newham Pensions Fund on key events over 2021-22 such as transition away from LIBOR, and threats relating to cybersecurity.
5. Another key area of focus over 2022-23 will be the implementation related to the migration of the new Administration System (“Project PACE”). The Administrator has started to go live with the migration for various schemes with the migration for the Newham Pensions Fund scheduled for Q3-Q4 2022. The Pensions Board will monitor the implementation keeping in view the operational impact on the scheme and its members.

Tejonidhi Kashyap

Chair of the Pensions Board

## **Business Plan and Execution**

1. The Pensions Board has created a Business Plan which can be viewed [here](https://www.newham.gov.uk/downloads/file/7577/pensions-board-business-plan-2023-24-v2-0)
2. In the period from April 2022 to March 2023, the Pensions Board has considered a number of matters, some of which are listed below;
   1. Adherence to regulations
      1. Changes to regulations and guidance.
      2. LGPS exit cap, McCloud judgement to understand the impact on employees, the Fund and any Administrative implications.
      3. Training needs analysis and monitoring
   2. Governance
      1. Review of the Authority’s Fund Risk Register
      2. Review Administration and Fund Complaints statistics
      3. Discussions on proposed updates to Terms of Reference.
      4. Review of Fund Annual Report
   3. Administration
      1. Administration Performance Reports
         1. Including data quality
      2. Administration Service Contract
      3. Reviewing Administrators plan for migrating to a new system, Project PACE
         1. Proposed changes to SLA, through changes to how cases are managed
         2. Enhancements from existing system, move to member self-service, monthly reporting.
      4. Post implementation review on performance
         1. Impact go live has hand on call centres and SLAs
   4. Membership and communication
      1. Reviewed membership statistics, percentage of eligible members who are in full or 50:50 scheme for the main Newham fund by age and earnings
      2. The impact of the February 2022 Re-enrolment on final numbers who remained in the scheme
      3. Discussions on communications with employers and schools, to look at promoting LGPS and increasing membership numbers.
      4. Working on strategy for membership numbers
   5. Record keeping
      1. Data report covering performance of service provider in relation to processing times, time to answer phone calls and overall work against SLA’s.

## There have been no conflicts of interest involving any of the work undertaken by the Pensions Board or during any agenda items.

## **Review of Risks**

1. The Pensions Board monitors the risk register on a regular basis. The Pensions Board seeks to ensure greater consideration on particular investment and non-investment risks identified to drive its work forward.

## **Forward Plan for 2022/23**

1. The Pensions Board has made a business plan for the 2023-24 period taking into account key milestones and challenges the scheme is expected to face in this period. The plan is available [here](https://www.newham.gov.uk/downloads/file/7577/pensions-board-business-plan-2023-24-v2-0).
2. Further information regarding the Newham Local Pension Board including minutes of the meetings are available <https://mgov.newham.gov.uk/mgCommitteeDetails.aspx?ID=1429>

**Glossary**

|  |  |
| --- | --- |
| **Exit Cap** | The cap limits the exit payments made to employees of public sector bodies. |
| **GDPR** | General Data Protection Regulation |
| **Good Governance Framework** | SAB commissioned report reviewing the governance of the LGPS on effectiveness and reviewing existing models |
| **Guaranteed minimum Pension** | This is the minimum guaranteed level of pension, which a pension scheme had to provide to members if they were contracted out of the SERPS between 6 April 1978 and 5 April 1997. |
| **LPPA** | Local Pension Partnership Administration (LPPA), Newham Pension Fund Administrators |
| **McCloud** | The McCloud judgement refers to the Court of Appeal's ruling that Government's 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members' age |
| **National Fraud Initiative** | Exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. |
| **Project PACE** | LPPA led project to implement new Pension Administration system. |
| **SAB** | Scheme Advisory Board - is a body set up under [Section 7 of the Public Service Pensions Act 2013](http://www.legislation.gov.uk/ukpga/2013/25/section/7) and [The Local Government Pension Scheme Regulations 110-113](http://lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014) to review and provide guidance relating to the LGPS working with the regulator and Scheme Managers |
| **SERPS** | State Earnings Related Pension Scheme, aka State Second Pension |
| **SLAs** | Service Level Agreements, agreed standards and timescales of work |
| **UPM** | Universal Pensions Management, the pension database and calculation system utilised by Newham Pension Fund’s pensions administrators, LPPA |

**Appendix 1 – Board Members Training Schedule**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Board Members** | | | | | | | | |
| **Ref** | **Training Title** | **Description of Content** | **Training Provider** | **Date of Training** | **TK** | **CH** | **DV** | **CL** | **JH** | **JS** | | **VH** | |
| **Completed** | | | | | | | | | | | | |
| 0 | Pensions Regulator Trustees Toolkit | There are 11 learning modules: five core modules aimed at all trustees, four aimed at trustees of DB schemes and two aimed at trustees of DC schemes | The Pension Regulator |  |  |  |  |  |  |  | |  | |
| 16 | LGPS Introduction to Pension Committee | Presentation on Regulations of LGPS, Fund Responsibility and stakeholders | Barnet Waddingham | 16/7/22 |  |  |  |  |  |  | |  | |
| 11 | Understanding Internal Processes and Procedures | Cover the internal processes within Newham and LPPA, to highlight expectations and standards for members | Jacqui Andress  James Cocks | 3/11/22 |  |  |  |  |  |  | |  | |
| 14 | CIPFA/Isio Local Pension Board Training Webinar | The aim is to support LPB members maintain their knowledge and understanding in line with the legislative requirements | CIPFA | 8/11/22 |  |  |  |  |  |  | |  | |
| 18 | Valuation | BW to run through a presentation on valuation process and outcome/impact for Newham in preparation for Committee | BW | 24/11/22 |  |  |  |  |  |  |  | | |
| 20 | Pension Fund Committee & Pension Board Training Session | Upcoming TCFD climate change reporting requirements. The challenges of TCFD climate reporting in private markets. An overview of domestic and global current economic conditions. | LB Westminster | 29/3/23 |  |  |  |  |  |  |  | | |
| 19 | UPM System Demo | Session on UPM Member Module - Pension Point | LPPA/Officers | 24/4/23 |  |  |  |  |  |  |  | | |